

ALTERNATIVE LENDING

DESCRIPTION

Over the last five years, there has been a boom in alternative lending practices. Learn what these practices involve, what institutions may be able to offer such financing, and what public resources may be available to help guide you through the process.

Moderator: Scott Rogalski, *Director of Lender Relations*, Capitol Region SBDC

Panelists:

- **Jose Bravo**, *Vice President Business Banking Officer*, Rabobank, N.A.
- **Bob Nash**, *CEO*, Superior California Economic Development
- **Chris Baumann**, *Team Leader for Loans and Investments*, Socotra Capital
- **Heather Luzzi**, *Managing Director of Business Relations*, Golden Pacific Bank

MAJOR THEMES OF DISCUSSION

1. There are alternative and viable ways small business owners and entrepreneurs can fulfill their dream.
2. The panel is more lenient on guidelines.
3. Banks make it very hard for business lending.
4. Shop around for the loan that you want- take your time searching.
5. Use the public resources available to you to help you in the loan process:
 - [Capital Region SBDC](#)
 - [Superior California Economic Development](#)

SCOTT ROGALSKI

The Northeastern SBDC helps clients get capital for their business. 70 to 80 percent of banks decline loans of small businesses. The process to apply for a loan ranging from \$50,000 to \$1,000,000 is the same.

HEATHER LUZZI, GOLDEN PACIFIC BANK

- I. Golden Pacific Bank Loans:
 - A. At Golden Pacific Bank, the loans they give to small businesses range from \$5,000 to \$5,000,000.
 - B. They have given more loans at \$25,000, but as of right now, \$127,000 is their sweet spot.

II. Lending to Startups:

- A. Heather states, “It’s all about relationships...We can’t help everyone, but those we can we are really proud of.”
- B. An example she gave of a company they helped is **Brovo**, a robot programming company.
 - a. With excellent credit, they were denied by six banks because of the “unknown”.
 - b. Golden Pacific Bank loaned them \$100,000.
 - c. The bank was interested in growing with the company and seeing the business succeed in the long-run.
- C. When asked about lending money to start-ups by an audience member, Heather affirmed the borrower has to be invested in the process.
 - a. Having their financial statements prepared is critical.
 - b. *Scott stepped in and told the audience this is where the SBDC can step in and help the borrower prepare the package.*

JOSE BRAVO, RABOBANK

A native to Oroville, CA and with a farming background, Jose feels passionate about assisting entrepreneurs in the North State fulfill their dream. With 12 years of banking experience, Jose commented Rabobank will take your package, prepare it for you, and educate you on the loan process.

BOB NASH, SUPERIOR CALIFORNIA ECONOMIC DEVELOPMENT (SCED)

Superior California Economic Development (SCED) provides small business training, counseling, and low-interest financing to small business owners.

- A. SCED is a nontraditional financing source through their Revolving Loan Fund and SBA 504 Loan Programs for existing and start-up businesses whose needs are not often met by traditional lending institutions.

B. Details of the Revolving Loan Fund and SBA 504 Loan Programs are the following:

Revolving Loan Fund:	SBA 504 Loan Program
<ul style="list-style-type: none"> ○ No prepayment penalties ○ Flexible repayment terms ○ \$5,000 to \$250,000 ○ Fixed interest rates ○ Business start-ups and working capital are among loans you can get 	<ul style="list-style-type: none"> ○ Lower down payment requirements- you can borrow up to 90% of your financing needs ○ Below market interest rates ○ Financing closing and soft costs- keep out out-of-pocket expenses to a minimum

CHRIS BAUMANN. SOCROTA CAPITAL

Chris is a local, private, hard-money private lender. This is a temporary fix option to business owners.

- A. Interest rates are as low as eight-nine percent and as high as 14-15 percent.
- B. Hard money underwriting guidelines focus on equity, not borrower credit.
- C. No limit on number of properties.
- D. Most deals are funded within two weeks of application.

WARNING FROM SCOTT AND HEATHER

There are many **unregulated predatory lenders** taking advantage of small business lenders:

- A. They promise clients a “personal guarantee” on a loan, but often have substantial large interest rates ranging from 84- 104 percent.
- B. These interest rates don’t compare to what Chris Baumann offers.
- C. Don’t listen to these people.
- D. Do your research first and seek assistance if you need it!

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