



Sharing your vision.
Delivering flexibility.

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Baltimore Community Lending, Inc., is a **501(c)(3) CDFI** that has been making real estate construction and development loans to help strengthen underserved Baltimore City neighborhoods since 1989.

Recognizing that growth does not happen through building improvements alone, in 2018, BCL developed an innovative **small business loan program** designed around the primary barriers to credit for small businesses in Baltimore, especially businesses owned by women and people of color.

A NEW SMALL BUSINESS LENDING MODEL

BCL looked at the most common barriers to small business credit and designed its program around those challenges.

Virtually all traditional small business lending above \$5,000 **requires collateral**. But many small business borrowers in Baltimore simply do not have it or face other barriers to traditional credit.

BCL makes loans to entrepreneurs who have reasonable credit but who **don't have collateral** or face other barriers to credit

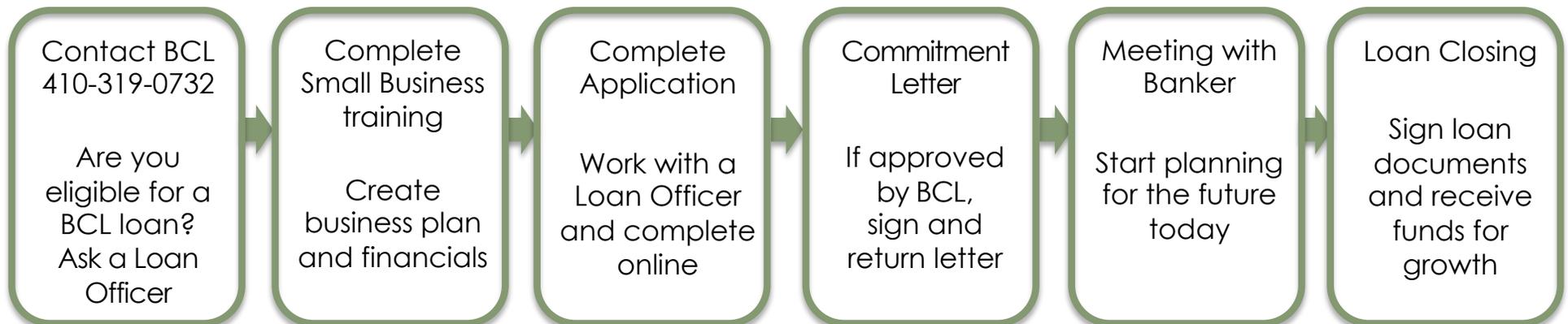
Many entrepreneurs have great ideas and are good at what they do, but don't understand **how to write a business plan** or how to complete and analyze their own financials.

BCL requires that all applicants complete a customized **small business training program**.

BCL'S LENDING AREA

- BCL was originally created as an agency of Baltimore City to finance affordable housing. It then became a 501(c)(3) nonprofit and CDFI. **BCL has been making loans in Baltimore City since 1989.**
- **In 2002, BCL expanded its lending area to the surrounding counties.** We now make loans in Baltimore City, Baltimore County, Anne Arundel County, Carroll County, Harford County, and Howard County.
- A BCL small business borrower may do business anywhere, including nationwide, but they **must be headquartered or have a primary office in our lending area.**

APPLICANT'S STEPS IN THE PROCESS



EMERGING LOANS

\$10,000-\$50,000

3-6 YEAR TERM

GROWTH LOANS

\$50,000-\$150,000

5-10 YEAR TERM

Interest rates currently at 7.25%.

- Typical borrower: Startup or less than 2 years old
- Good business model
- Reasonable credit
- Faces barriers to credit

- Typical borrower: In business 2-5 years
- Successful business
- Reasonable credit
- Faces barriers to credit

Must be a for-profit small business located in Baltimore MSA.
Must complete BCL's Small Business training requirements and submit a written business plan with financials.

CONSIDERATIONS FOR APPROVAL:

- All owners of 20% or more of the business must sign a personal guarantee.
- Borrowers cannot have a bankruptcy that was resolved less than 2 years ago.
- Borrowers cannot have an outstanding debt to the IRS unless they have entered into a written agreement with the IRS.
- We put a lot of focus on owner experience and the management team, especially for startups.
- Business and Owner credit history matters, but we don't have a credit score cutoff number.
- Ability to repay. (Cashflow projections and secondary sources of revenue)
- Small business checking account. Start working with a business banker.

LOANS TO JUSTICE SYSTEM-IMPACTED PEOPLE USING THE R3 SCORE

- The R3 Score is designed to enhance traditional credit scoring to fairly evaluate the creditworthiness of people with a criminal justice system history.
- The R3 score measures risk, readiness and resilience using a multi-factor algorithm based on more than 11 holistic factors assessing character, capacity, and continuity of choice.

At Baltimore Community Lending, we believe that asset ownership is not the one and only indicator of business acumen and loan repayment, and that requiring small business training is a far more equitable way – and sensible way – to mitigate risk. We believe in Baltimore entrepreneurs.



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