Lafayette state leader in SBA loans

By Jim Bradshaw
Business Editor

Lafayette Parish is the state leader in the number of Small Business Administration guaranteed loans issued in Louisiana so far this year, issuing more in the first six months of fiscal 1993 than for all of last year.

Dan Lavergne, director of USL’s Small Business Center and chairman of the Acadiana Regional Economic Development Agency (AREDA) says that, if business at his agency is any indicator, the numbers will keep pushing up.

The SBA loans until recent years have been used for small businesses that could not secure lending through regular channels. Rules have since been liberalized, making more people eligible. The loans, made through banks or authorized lending agencies, are substantially guaranteed by the federal government.

The Small Business Center does not make the loans, but helps put together the business plans and other financial data businesses need to apply for the loan. Lavergne says that he has seen a 35 percent to 40 percent increase in activity so far this year.

He attributes part of that also to AREDA activity. The agency has actively promoted SBA loans through small business seminars and other venues, and has provided funding for the City of Lafayette’s Le Centre Community Development Corporation to expand its SBA activities. The city agency helps package loans and connect potential borrowers and bankers. It sometimes also acts as a direct lending agency.

Hubert (Red) Dumesnil of Lafayette’s Premier Bank attributes much of the activity to the LCCDC activity.

“A lot of it is because (LCCDC) has done a lot of work to put the financial packages together and ‘spoon feed’ it to the banks,” Dumesnil says. He says, too, that local banks have become more active in making SBA loans.

Scott Hollier of First National Bank agrees that LCCDC has helped promote the market. He notes also that the SBA 504 program is “an exceptionally good program” that allows banks to extend credit in instances that they may not be able to do so without SBA backing.

Lavergne says that a part of the increase may come from the fact that other kinds of loans have not been as readily available, but, he notes, “That should stand true for New Orleans and Baton Rouge, too. It doesn’t explain what’s happening in Lafayette.”

The data shows that Lafayette issued 29 loans in fiscal year 1992, second that year to East Baton Rouge Parish. But so far in 1993, 32 loans have been issued in the parish, to lead the state. Caddo Parish is second this year, with 25.

A year-by-year, parish-by-parish breakdown of loans since 1990 shows that Lafayette has consistently been a leader in Acadiana:

EVANGELINE: 1990, 1; 1991, 3; 1.