NOW IN EFFECT

New State Loan Program Helps Minority Groups Borrow Capital

BATON ROUGE, La. (AP) — Russell N. Dunn of Baton Rouge is opening a new business in a few days, and he's doing it through a new state program that helps members of minority groups borrow money.

"It helps in going to the bank," Dunn said of the Louisiana Minority Business Authority's guaranteed loan program.

Dunn had to take several steps before he got his money, beginning with an application at the program's office in the Department of Commerce, followed by an interview of the loan committee.

"Everything went real smooth," he said. The loan process was completed within 30 days and, after reviewing the application, the state agreed to guarantee 90 percent of Dunn's $50,000 loan from Baton Rouge Bank.

"With the state's backing of the loan, the bank immediately jumped on it," he said.

Secure Loan

Dunn said he isn't planning to default on the loan, but he feels that it's a secure one for the bank and the state.

Dunn said he put up a four-plex building he owns as collateral and is also investing some of his own money to start his safety equipment and supplies business for industries up and down the Mississippi River.

"I will be out knocking on doors on Oct. 1," he said.

Although he's not operated such a business before, he once worked for Gulf States Utilities, who he sees as a possible customer.

Dunn has 10 years banking experience, including finance, accounting, sales, budget and staff supervision. He was assistant vice president and branch manager at Louisiana National Bank.

The Legislature appropriated $1 million to the minority business aid program. Another program now being organized is the Louisiana Small Business Equity Corporation, which has a $2 million budget.

Small Business

LASBEC will also function as a catalyst in getting financing for small businesses, said Nadia Goodman, director of the Division of State Business Development.

Ms. Goodman and Gregory Allen, a state loan administrator, are daily involved in the minority business program.

Since the first loan made to Dunn last March, the authority has made $215,104 in direct loans and approved $400,000 in loan guarantees. A total of 62 loans have been sought, and 15 approved, Ms. Goodman said.

Allen said the loans have been diverse, including an industrial supplier, fast food stand, day care center, self-service gasoline station, dental office, fried chicken franchise, a construction company and a commercial welding company.

Farm Loan

"We even made a loan to a farmer for equipment and working capital," Allen said.

The program has approved just 25 percent of the loan applications, Allen added.