

Arizona sets record for SBA loan activity

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Scott Day moved to Arizona in June with his wife and four children because of economic opportunities.

But being an Army orthodontist at Fort Bliss, Texas, didn't produce the capital to start his own practice, so he began inquiring about Small Business Administration-backed loans.

Day, like thousands of other Arizona entrepreneurs, turned to SBA lenders for help. The SBA's Arizona District office recorded 2,057 loans for the fiscal year ended Sept. 30 for an all-time high of \$829 million, up from \$797 million in 2004.

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Venture capital also on the rise, **PAGE 5**

The total set a state record for the eighth consecutive year, mirroring national figures. It also comes despite increased fees on the loans, which leverage risk for lenders allow-

ing businesses with limited credit histories to qualify at competitive rates.

With the help of CIT Small Lending Corp., which operates offices in Scottsdale and Phoenix, Day was able to secure an \$825,000 loan in July. The money was used to purchase and renovate a building in Gilbert, and provide working capital to establish Oasis Orthodontics.

"The working capital was extremely helpful in getting my new business up and off the ground," said the Minnesota native. "It takes money to make money."

Using the SBA loan, the office was equipped with the latest instruments in high-tech orthodontics, including digital X-rays and computerized charts.

Sandra Levitt used a \$1.1 million SBA loan, also acquired through CIT in September 2004, to purchase

SBA: Phoenix ranks No. 1 in average 7(a) loan amount

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a 4,100-square-foot building in Gilbert to establish her business. Innovative Primary Care LLC, which employs nine people, opened Aug. 15.

Working capital from the SBA loan was used to fund the medical practice, which combines internal medicine with alternative care. She also was able to purchase furniture and medical equipment.

"Without the SBA loan, there would be no way I could have brought this vision to reality," said Levitt. "I've helped to invest in an emerging way of practicing medicine."

Arizona SBA District Director Robert J. Blaney said the agency is being more responsive to the business community and entrepreneurs like Levitt.

"Our mission of providing an economic environment in which Arizona entrepreneurs can succeed is working," he said.

Small businesses continue to power the Arizona economy and create jobs, he said.

In 2004, there were an estimated 396,318 small businesses in Arizona, which comprised more than 97 percent of total businesses in the state, according to the U.S. Departments of Labor and Commerce.

"Small business is the backbone of this economy," said Mary Ann Miller, president and chief executive of the Tempe Chamber of Commerce.

The Arizona District Office of the U.S. SBA receives hundreds of calls a week from entrepreneurs looking for access to capital.

In an average five-day work week, Blaney said, about eight Arizona businesses receive SBA-guaranteed loans, but many others never get the opportunity.

"A lot of great ideas die in the parking lot of a bank," he said. "With the SBA guarantee, that gives the banks an impetus to make this type of a loan."

Economists at University of Arizona's Eller College of Business estimate that SBA programs and services contribute more than \$11 billion to the state's economy.

The record SBA loan amount comes on the heels of a report by the National Policy Research Council that ranked Phoenix and Tucson as top cities for new business and entrepreneurs.

Phoenix ranked No. 1 for large metros, while Tucson ranked No. 2 among midsize cities.



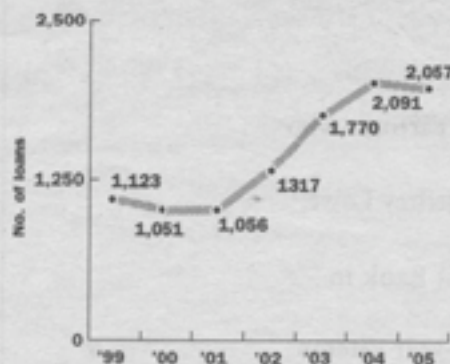
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Dr. Sandra Levitt, who opened Innovative Primary Care LLC in August, is among a growing number of business owners who are financing startup and expansion through SBA loans.

ARIZONA SBA FACTS

NUMBER OF LOANS

Total number of SBA-guaranteed loans made in Arizona:



LOAN PROGRAMS

- **7(a):** The Arizona district generated 1,714 loans in fiscal 2005, which accounted for more than 83 percent of the 2,057 loans taken out last year.
- **504:** The loan for fixed assets increased 17 percent from \$327 million

last year to \$382 million this year.

- **Microloans:** Generated 123 loans to budding entrepreneurs for \$947,000 in fiscal 2004.

OTHER SERVICES

- The Arizona SBA and its partners counseled, trained and assisted more than 40,000 small businesses in the state in fiscal 2005.
- The agency completed 85 surety bonds, which guarantee performance, totaling \$20 million.

RANKINGS

- Arizona's SBA office ranked No. 10 nationally in total 7(a) loan amounts for fiscal 2005.
- The local office ranked No. 1 based on the average 7(a) loan amount of \$259,000.

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- 602-745-7200, www.sba.gov/az

Source: Arizona District Office, U.S. SBA