

OCC ADVISORY LETTER

Comptroller of the Currency
Administrator of National Banks

Subject: Financing Minority Businesses

TO: Chief Executive Officers of All National Banks and National Bank Operating Subsidiaries, Department and Division Heads, and All Examining Personnel

PURPOSE

The purpose of this advisory letter is to identify ways in which national banks can satisfy the financing needs of minority business entrepreneurs (MBEs), consistent with safe and sound banking practices, and to describe risk mitigation techniques useful in this line of business. The advisory letter also provides information on strategies that some national banks have used successfully to provide credit and investment capital to a growing MBE market.

This advisory letter replaces Advisory Letter AL 98-9, “Financing for Minority Small Businesses,” issued in 1998. Since the issuance of AL 98-9 there has been significant growth in the minority-owned small business market, consolidation within the banking industry, and periods of growth and decline in the general U.S. economy. All of these activities have affected the availability of credit and investment capital for MBEs.

BACKGROUND

Barriers to Credit and Investment for MBEs

In 1998, AL 98-9 identified the key barriers to MBEs attempting to access credit and investment capital. Those barriers included difficulties in accessing convenient full-service branches, the lack of technical and management assistance, language and cultural impediments, and a lack of products that met MBEs’ needs. These barriers continue to exist today.

Access to Credit

An inadequate credit history is often cited as a serious impediment for MBEs attempting to obtain bank financing. MBEs often find it difficult to secure business loans if they do not have an established business credit history, or if their business or personal credit history is blemished. MBEs facing this challenge report that they often use personal credit cards or home equity lines to pay for short-term working capital needs. These types of credit can be expensive, tie up the owner's personal assets, and prevent businesses from developing a separate credit history. Also, MBEs tend to have higher participation rates in the retail and service industries¹ – sectors that tend to have lower capital investment requirements often resulting in insufficient collateral available to secure financing from banks. Smaller loans often needed by MBEs, in the \$5,000 -

\$50,000 range, continue to be difficult to access because loans in such relatively small amounts are less cost-effective for banks to provide.

Access to Investment Capital

Recent economic conditions have reduced the overall availability of venture capital investments and may have adversely affected some MBEs' efforts to expand. Likewise, MBEs that are expanding have had difficulty gaining access to the appropriate capital market networks.

MBEs tend to be smaller, with less revenues and employees than comparable majority firms. Studies indicate that 80 percent of all MBEs have annual revenues of less than \$100,000.ⁱⁱ Research shows that smaller firms are less likely to survive than larger firms, and that single-unit firms are more likely to close than firms with multiple locations.ⁱⁱⁱ Surveys also have established a direct correlation between the amount of start-up capital at the launch of a small business and the survivability of the new company.^{iv} MBE survivability therefore is dependent on growth, and growth is dependent on access to investment capital.

Taken individually or as a whole, the result of these barriers is that MBEs continue to have difficulties in accessing credit and investment capital needed to start or grow their businesses.^v

Growth and Opportunities in the MBE Market

Growth in the MBE Market

The growth of MBEs, both in number of firms and in sales, nevertheless indicates that this is likely an untapped market for bank credit and investment products. According to the most recent information from the 1997 *Survey of Minority-Owned Business Enterprises (SMOBE)*, there are an estimated 3 million MBEs in the United States generating revenues of \$591 billion.^{vi} These 3 million MBEs represent an estimated 15 percent of all private U.S. firms. The snapshot taken from *SMOBE* for the ten-year period beginning in 1987 and ending in 1997 illustrated a 17 percent annual increase in the growth of MBEs, which far surpassed the 3 percent growth rate for all businesses during this period. Asian-owned firms increased by 18 percent per year, while Latino-owned firms grew by 23 percent and African-American-owned firms by 11 percent, annually. Similarly, sales by MBEs rose 34 percent during this period, while sales for all firms increased 13 percent. MBE sales growth was therefore more than twice the national average during this decade. It is also estimated that MBEs employ 4.5 million workers – many from the minority community work force.^{vii}

Opportunities for Banks

Banks that have shown an interest in cultivating the MBE segment of the commercial market do so for a variety of reasons. First, these banks view MBE relationships in the context of the overall profitability of the MBE customer's accounts. MBEs, like their majority small business counterparts, can provide banks with significant deposits and fee-based revenue from services such as cash management and owner trust and wealth management products. Small business owners often link their business needs with their personal banking and wealth management needs, so that a bank acquires both business and personal accounts. It is not uncommon for these banks' small business portfolios to generate deposits in excess of their loan business.^{viii} These banks recognize MBEs as a fast-growing market segment and expect banking relationships with MBEs to provide profitable referrals within the minority business community. Finally, the banks

believe that some MBEs are well-positioned to expand their businesses into foreign countries as a result of their ethnic ties.

BANK STRATEGIES FOR MBES

Marketing

Bank-Wide Commitment

To be successful, bank programs designed to attract and lend to MBEs should have a dedicated focus on particular segments of the minority business community, with centralized coordination from the leadership of a bank. Bank personnel at all levels and functions must support MBE goals and programs in all of a bank's local communities. Development and sharing of publicly stated goals for MBE lending, along with adoption of programs to achieve these objectives, are also critical to maintaining visibility and focus.

Branch Business

MBEs are heavily concentrated in low-income and inner-city areas and are positioned to take advantage of strategic business opportunities untapped by other competitors. As a result of this market opportunity, as well as the Community Reinvestment Act (CRA), some banks have expanded their branch presence in low- and moderate-income and minority communities, while others have expanded branch business hours. These branches have served as a gateway for banks to attract new MBE loan and deposit business. Additionally, banks have increased the ethnic diversity of staff employed in branches to better reflect the communities' cultural background.

Outreach In Diverse Markets

Banks should employ a variety of communication and marketing channels to attract the business of MBEs. For example, some banks have had success in tailoring retail branch designs to make them more accessible and attractive to particular ethnicities. Bilingual signs and merchandising are also important. Some banks even tailor their institutions' entire branding concepts in other languages to resonate with particular ethnic segments. In addition, these banks employ bilingual and bicultural sales forces that are focused on minority lending. Banks have found that a dedicated focus builds trust, provides education, and nurtures long-term relationships.

Marketing Partnerships

Many banks have tapped successfully the MBE market by developing business relationships with minority business advocacy organizations and local chambers of commerce. These organizations frequently offer opportunities for lenders to network with MBEs. The U.S. Small Business Administration (SBA) and the Minority Business Development Agency (MBDA) of the Department of Commerce, frequently hold networking forums that provide banks the opportunity to offer one-stop shopping to MBEs, with loan information and technical assistance all in one setting. Bank involvement in these types of activities helps to build credibility and spread the word that banks are seeking business opportunities with MBEs.

Technical and Management Assistance

Mentoring and technical assistance play a critical role in enabling MBEs to access capital. Banks that have effectively tapped the MBE market often have established partnerships with nonprofit organizations and government agencies that can provide early-stage MBEs assistance and advice on developing business plans and financial statements. Obviously, not all MBEs require the same type and level of technical assistance. The MBDA generally categorizes MBEs according to their revenue size for purposes of determining the type of assistance that might be required.^{ix} For example, microenterprises with less than \$100,000 in annual revenues may need a full range of technical, planning, financial accounting, and marketing services, while early-stage and emerging MBEs may need assistance in networking with equity providers. Finally, high-growth MBEs with national or international markets may need a higher level of technical assistance often referred to as “strategic coaching.”

The SBA and MBDA operate technical assistance centers at many locations around the nation. These centers offer a wide range of management, planning, and technical assistance services that are tailored to the specific needs of individual small businesses, including MBEs. Additionally, the SBA encourages its participating lenders to refer applicants that they consider not ready to borrow to one of its technical assistance offices. For more information on the locations and services offered at SBA and MBDA technical assistance centers, please visit the OCC’s Small Business Resource Guide, which is available on OCC’s Web site at www.occ.treas.gov/cdd/commfoc.htm.

Another technical assistance resource for microenterprise and early stage MBEs is small business incubators. Incubators focus on assisting small businesses to develop planning skills through intensive management and technical assistance and guidance on financial reporting. Banks can provide support to incubators through contributions of time and money and by serving as directors and instructors for incubator clients.

Some banks have found success in helping sole proprietors and microenterprises that lack credit histories or have blemished ones to build a credit record by providing them with a secured business credit card. Once the MBE has built an acceptable credit history, the customer is graduated to an unsecured credit card or small business loan.

Underwriting

Banks that have been successful in lending to MBEs have learned to balance judgmental underwriting systems with the new technology provided by credit scoring models. While neither underwriting system is perfect, banks that rely exclusively on credit scoring systems, also known as scorecards, may find them reducing relationship lending opportunities with MBEs, which may not receive the top scores under these models.

Credit Scoring Models

Credit scoring models, if properly managed, can offer a fast, cost-efficient method of making sound decisions based on bank or industry experience. Banks using small business credit scorecards tend to be larger in size and volume, and they often use credit-scoring models for loans under a certain dollar threshold, while judgmentally underwriting loans above that limit. These banks’ credit scoring models use credit characteristics such as delinquency and default experience to predict the performance of potential borrowers and to serve as an effective portfolio and risk management tool. These models also help banks track loan performance

across loan officers and, through the use of objective numeric risk ratings, can lead to more consistent underwriting.^x

OCC Guidance on Credit Scoring Models

OCC Bulletin 97-24 provides guidance on the use of credit scoring systems.^{xi} The bulletin outlines guidelines banks should follow for proper scorecard management, including proper monitoring of scorecard performance, including the performance of overrides. OCC Bulletin 97-24 also points out that banks should recognize that credit scoring systems are only a tool and that disparate treatment on a prohibited basis can occur if, for instance, (1) credit information is characterized subjectively before being entered for scoring, or (2) assistance is provided to improve one applicant's qualifications and not those of others. The bulletin also cautions banks against including in their credit scoring systems variables that have little influence on the total credit score; yet disadvantage applicants on a prohibited basis to a statistically significant degree.^{xii}

The use of credit scoring by banks also helps promote the development of a secondary market for the sale and securitization of small business loans. The use of credit scoring models as a tool for underwriting, should result in more refined estimates of loss-probabilities, allowing for greater potential for securitization.

Second-level Reviews

Banks that have successfully deployed credit-scoring models have also developed processes to work with borrowers who do not meet the scored credit criteria. These banks often will establish second-level review processes using judgmental underwriting in which all denied applicants meeting certain nondiscriminatory criteria (e.g., length time in business) are reconsidered by a senior credit officer or review committee. Alternatively, some banks that use scorecards send all applicants achieving marginal scores to departments that handle special small business loan products and government programs. In all cases, a bank must comply with fair lending laws that prohibit discrimination when making credit decisions.

Special Purpose Credit Programs under Regulation B

A Special Purpose Credit Program (SPCP) is a tool banks can use to increase the availability of credit to underserved populations, including MBEs (12 CFR 202.8). SPCPs allow for-profit lenders to extend credit to a class of prospective borrowers who, under a bank's customary underwriting guidelines, probably would not receive such credit or would receive it on less favorable terms than are available to other borrowers who meet the bank's underwriting criteria. Applicants under an established SPCP may be required to share a common characteristic, which might include race, national origin, or gender. SPCPs must be established and administered in accordance with a written plan that supports the need for the program, identifies the class of applicants the program is designed to benefit, and establishes the procedures and standards for extending credit under the program. The written plan must also state how long the SPCP will be in effect or when it will be reevaluated.

Banks establishing SPCPs should be vigilant in monitoring portfolio performance as well as the program's adherence to both the spirit and letter of Regulation B. Banks are encouraged to discuss their plans for a SPCP with the OCC.

Self-Testing Option under Regulation B

The Federal Reserve Board published a final rule 12 CFR 202.5(b) (1), which became effective April 15, 2003, permitting banks the option of collecting any information (including race and gender), on applicants for their nonmortgage credit products. The collection of these data must be used by banks to measure their success in compliance with Regulation B. Provided that a bank carefully follows the procedures specified in Regulation B and uses the collected information only for self-testing purposes, it will be protected from disclosure under the self-test privilege. For additional information on this topic, please see OCC Bulletin 2003-20, "Equal Credit Opportunity (Regulation B)."

Risk Mitigation through Government Programs

There are several federal and state programs that are designed to increase lending by banks to small businesses, including MBEs. These programs often provide a credit enhancement, such as guarantees, for borrowers that do not meet standard credit or collateral requirements. The credit enhancements enable banks to lend to MBEs with a higher risk profile without compromising their risk selection criteria. Guaranteed loans also transfer credit risk, resulting in lower loan loss allocations for these loans. Additionally, a secondary market has been established for guaranteed loans, providing banks that originate and sell these loans with options to manage liquidity. Moreover, many of these government programs have been streamlined to a point where they can be considered low documentation programs. Some programs require only a one-page application, and processing is expedited.

Recognizing the need to help immigrant business owners obtain financing and to assist banks wishing to tap into emerging domestic markets, the SBA permits participating lenders to provide guaranteed loans to MBEs that are owned by persons who are not citizens of the United States. Specific information on borrower eligibility is available from the SBA.^{xiii}

Banks intending to become new lenders in these government programs should take advantage of the extensive training opportunities available from these agencies. These government programs have performance requirements that banks must follow if they wish to preserve the agency guaranty. Banks that obtain training from the agencies for their small business loan and credit officers reduce their exposure to the risk that future default claims will not be honored because they have failed to meet the agencies' requirements. Banks can learn more about these training opportunities by visiting the Web sites of these government agencies or by contacting the OCC directly. Please see the final section of this advisory letter for further information. Some of the more widely known and used government sponsored loan programs are listed below.

U.S. Small Business Administration Programs

The SBA's 7(a) and 504 Programs are the primary programs banks have used to penetrate the MBE market. Over the ten-year period from 1990 to 2000, the dollar volume of 7(a) and 504 loans to MBEs grew from 12.9 percent to 29.5 percent of the SBA's total.^{xiv} Recent SBA volume indicates a 38 percent increase in loans to MBEs between 2002 and 2003.^{xv}

- The SBA 7(a) Loan Guarantee Program. The SBA 7(a) program provides up to an 85 percent guaranty to a bank for loans up to \$150,000 and up to 75 percent for loans above

\$150,000 up to a maximum SBA guaranty of \$1 million and maximum loan amount of \$2 million. Under the umbrella of the SBA's 7(a) program, there are various specialty products to meet both lender and borrower needs. Of special interest to banks might be the *SBALowDoc* product, which uses a one-page application for loans up to \$150,000, and *SBAExpress*, which permits banks to use their own documentation and procedures to approve loans up to \$250,000.

- The SBA CommunityExpress Program. As a subset of the 7(a) program referenced above, the CommunityExpress program includes loan guarantees of up to 85 percent on loans up to \$250,000. The unique features of the CommunityExpress program are that it targets low- and moderate-income geographies and women and MBEs. It also includes a requirement for pre- and post-loan technical assistance to be provided by independent third parties. The local SBA field office generally leaves the selection of a technical assistance provider to a bank subject to SBA final approval.
- The SBA 504 Certified Development Company (CDC) Loan Program. The SBA's 504-CDC loan program provides subordinate financing needed by some MBEs. A certified development company is a nonprofit corporation established to work with lenders who make senior debt financing available to growing small businesses, including MBEs. Typically, a 504 project includes a loan secured by a senior lien from a bank covering up to 50 percent of the project cost, a subordinate 504 loan from the CDC (backed by a 100 percent SBA-guaranteed debenture) covering 40 percent of the cost, and the remaining 10 percent in equity from the borrower. Loans made under the SBA 504 program are typically used for the purchase of real estate or machinery and equipment for small business expansion or modernization.

Contract Financing

Qualified enterprises can be certified under two programs administered by the SBA for small disadvantaged businesses (SDBs). The SBA's 8(a) Business Development Program and the Small Disadvantaged Business Certification Program help small businesses become eligible for federal contracts awarded under restricted competition to certified firms. While the 8(a) Program offers a broad scope of assistance to socially and economically disadvantaged firms, SDB certification strictly pertains to benefits in federal procurement. Small businesses that are 8(a) firms automatically qualify for SDB certification. Once they have been awarded government contracts, many qualified enterprises need short-term financing to bridge the time period between delivery of services or products and receipt of payment. Two government programs that have assisted banks in providing contract financing to qualified enterprises are the following:

- SBA CAPLines — a special 7(a) loan guaranty program designed to meet the short-term financing needs of all small businesses, including MBEs.
- Department of Transportation Short-term Lending Program — a short-term lending program (STLP) for MBEs through a network of banks. STLP provides revolving lines of credit to finance accounts receivable arising from transportation-related projects.

Many state and local governments have certification programs that are similar to the SBA's 8(a) program.

U.S. Department of Agriculture's Business and Industry (B&I) Loan Guarantee Program

The Business and Industry, or B&I program, involves the guarantee of a direct loan from a bank to a public or private borrower, including MBEs, who cannot obtain credit from other sources and is located in a rural area. B&I program guarantees are available for up to 90 percent of the loan amount with a maximum aggregate exposure to any one borrower of \$10 million.

Capital Access Programs

Capital Access Programs, or CAPs, are small business lending programs available in 20 states and two cities. These programs establish a loan loss reserve, funded jointly by the state, borrower, and lender that insures against the risk of loss. CAPs allow lenders to make loans that do not always meet conventional lending guidelines.

Investment Opportunities

To develop businesses of the size and scale required to have significant economic impact, MBEs need access to equity capital, appropriately priced to match the risk faced by investors. High-growth MBEs, defined as firms that will employ nearly 100 additional workers within five years, are candidates for venture capital investments. These high-growth MBEs can create jobs, share wealth, improve communities, and enhance the quality of life for those they employ. Likewise, smaller MBEs, perhaps in the emerging company category, need patient capital, sometimes provided in the form of mezzanine financing, which is often described as debt with equity features.

Authority for national banks to provide equity capital directly or indirectly to MBEs originates from two separate and distinct sources: 15 USC 681-682 and 12 USC 24(Eleventh).

Small Business Investment Companies — 15 USC 681-682

National banks are permitted to invest in Small Business Investment Companies (SBICs) under 15 USC 681-682. SBICs are privately owned and managed companies licensed by the SBA. The primary benefit of becoming a licensed SBIC is that once approved, an SBIC is eligible to receive a 2-to-1 public/private-funding match from the SBA on the required minimum private capital, thereby leveraging the investor's initial equity contribution. Funds raised by SBICs are then invested in firms that meet the SBA's definition of small businesses or small enterprises. From fiscal year 1994 through 2002, SBICs provided 8 percent of all venture financing dollars, 64 percent of all venture seed-stage financing dollars, and more than 62 percent of the total number of venture financings to small businesses in the United States.^{xvi}

SBICs are a vehicle for banking organizations to make venture capital investments in small businesses, including MBEs. Banking organizations have made good use of their authority to invest in SBICs by forming and capitalizing their own SBICs. Currently, there are more than 80 bank or bank holding company-owned SBICs licensed by the SBA. One important difference between bank-owned SBICs and all others is that bank-owned SBICs do not normally participate in the SBA's 2-to-1 funding match (or leverage) since banks have their own readily available source of funding at a lower cost. National banks are permitted to invest up to 5 percent of capital and surplus in SBICs.

Under SBA rules, national bank ownership of an SBIC that receives a funding match is limited to 70 percent, while the remaining ownership must include at least three investors unaffiliated with the bank or each other. There are no ownership limits for banks that own SBICs that do not receive leverage from the SBA. Additionally, a national bank that controls one SBIC is generally limited by the SBA from owning more than 10 percent of a second SBIC without prior approval. SBICs are governed by SBA regulations at 13 CFR part 107.

Part 24 Authority — 12 USC 24(Eleventh)

National banks also have the express authority to make community and economic development investments of up to 5 percent of a bank's capital and surplus under 12 USC 24 (Eleventh) and the OCC's regulation at 12 CFR part 24, traditionally known as "part 24."^{xvii} An eligible investment must primarily benefit low- and moderate-income individuals, low- and moderate-income areas, or other areas targeted by a governmental entity for redevelopment; or it must meet the definition of a "qualified investment" under the CRA regulation, 12 CFR 25. Examples of investments can include equity and debt financing for small businesses, particularly those that support creating or retaining jobs for low- and moderate-income persons. Part 24 investments meeting these criteria may include the following structures:

- **Venture Capital Funds** — In an effort to make additional equity capital available to high-growth MBEs, some venture capital funds have specifically targeted their investments to MBEs. Their purpose here is two-fold: to generate attractive monetary returns and to promote the growth of MBEs. Research conducted for the National Association of Investment Companies (NAIC), a trade organization representing minority-focused venture capital firms, indicates that when minorities start high growth companies, their rates of return are comparable to all companies in this class. More importantly, this research also shows that investment funds targeted primarily at minority businesses perform at comparable levels to funds not specifically targeted to minority businesses.^{xviii} Banks have been a vital source of venture capital for MBEs by investing in minority-oriented venture capital funds, as well as by creating their own funds.
- **Mezzanine Funds** — Mezzanine financing, also known as gap financing or subordinated debt, can be used to fill a void between equity and senior debt that can exist in a MBE's capital structure. Mezzanine debt, sometimes called patient capital, is debt with some equity features. A bank or mezzanine fund may structure a typical loan as subordinated debt with a collateral position secondary to the bank's senior loan. It might be a term loan with higher risk-based pricing and with flexible amortization of principal. Privately managed, public-purpose mezzanine funds have found success partnering with banks that provide customer referrals and the senior debt and that participate in the mezzanine financing. The typical market for mezzanine funds is middle-market companies and high-growth MBEs that require capital to grow.
- **New Markets Tax Credits** — The New Markets Tax Credit Program (NMTC), administered by the CDFI Fund of the U.S. Department of the Treasury under 26 USC 45D, raises capital from investors who desire tax credits in return for their investments, similar to the well-established Federal Low Income Housing Tax Credit program. The CDFI Fund certifies Community Development Entities (CDEs), which may use capital raised from investors to make direct equity investments in, or loans to, businesses located in low-income

communities. Some banks have established their own CDEs for the purpose of generating a new source of funds to invest in or lend to MBEs operating in low-income communities.

- Other Bank Investments — Banks have taken advantage of a number of additional investment vehicles to channel funds into the minority small business community. These investment activities include:
 - Community Development Financial Institutions — The Community Development Financial Institutions Fund (CDFI Fund) administers programs that provide financial assistance which supports markets that have been underserved by traditional financial institutions. The CDFI Fund's activities leverage private-sector investments from banks, foundations, and other funding sources. The CDFI Fund indicates that many of its CDFIs' business loans are made to MBEs.
 - Minority-Owned Banks — Minority-owned banks often provide essential financing to MBEs in their communities, and investments or deposits in minority-owned banks support the capital base of these institutions.
 - Community Development Venture Capital (CDVC) Funds — CDVC funds invest in small businesses operating in communities in need of expanded employment opportunities for entry-level workers.
 - Community Development Corporations and Revolving Loan Funds — Banks may capitalize, provide lines of credit, or make equity-equivalent investments in bank-owned or local or regional community development corporations or loan funds established for the purpose of providing credit to small businesses, including MBEs.
 - Microenterprise Loan Funds — Nonprofit corporations usually administer local and regional funds established for the purpose of fostering microenterprises. Bank investments in these funds are often structured as equity equivalents or grants. The SBA has established a micro-loan program, which provides very small loans to start-up, newly established, or growing small businesses through nonprofit community-based lenders. These loans do not exceed \$35,000, with an average size of \$10,500.

COMMUNITY REINVESTMENT ACT

Many of the credit and investment opportunities identified in this advisory letter may be eligible for CRA consideration. Banks should consult the CRA regulation, 12 CFR 25, and the Interagency Questions and Answers Regarding Community Reinvestment at 66 Fed. Reg. 36,620 (July 12, 2001) for further information.

FURTHER INFORMATION

For more information about the various types of initiatives described here, please access the Small Business Resource Guide on the Community Affairs page of the OCC Web site, www.occ.treas.gov/cdd/commfoc.htm. Additionally, bankers may want to speak with their bank's examiner-in-charge or assistant deputy comptroller for guidance on this line of business. District community affairs officers in the OCC's district offices also are available to provide consultations and answer questions.

Anna Alvarez Boyd
Deputy Comptroller for Community Affairs

Notes:

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- ⁱ Alicia M. Robb, *Entrepreneurial Performance by Women and Minorities: The Case of New Firms*, Journal of Developmental Enterprise, December 2002
- ⁱⁱ Minority Business Development Agency, *Accelerating Job Creation and Economic Productivity – Expanding Financing Opportunities for Minority Businesses*, September 2003.
- ⁱⁱⁱ Alicia M. Robb, *Entrepreneurial Performance by Women and Minorities: The Case of New Firms*, Journal of Developmental Enterprise, December 2002.
- ^{iv} Timothy Bates, *Race, Self-Employment, and Upward Mobility: An Illusive American Dream*, Johns Hopkins University Press, 1997.
- ^v David G. Blanchflower, et al., *Discrimination In The Small Business Credit Market*, National Bureau of Economic Research, December 1998.
- ^{vi} The Surveys of Minority- and Women-Owned Business Enterprises (SMOBE/SWOBE) provide basic economic data on businesses owned by women, Blacks, persons of Hispanic or Latin American ancestry, and persons of Asian, Pacific Islander, American Indian, or Alaska Native descent. These surveys are part of the economic census program, which the U.S. Census Bureau is required to conduct every five years. Data from the 1997 survey were published in Fall 2000. As of this date, data from the 2002 survey have not been published.
- ^{vii} Milken Institute and the Minority Business Development Agency, *The Minority Business Challenge*, September 2000.
- ^{viii} “Small Businesses Are a Big Deal, but Banks Are Giving Short Shrift,” *The American Banker*, February 7, 2003.
- ^{ix} Minority Business Development Agency, *Accelerating Job Creation and Economic Productivity – Expanding Financing Opportunities for Minority Businesses*, September 2003.
- ^x Office of the Comptroller of the Currency, *Examination Guidance on Credit Scoring Models*, OCC Bulletin 97-24, May 20, 1997.
- ^{xi} Ibid.
- ^{xii} Ibid.
- ^{xiii} U.S. Small Business Administration, *Partial Alien Ownership Requirements and Verification of Status for 7(a) & 504 Loans*, Policy Notice 5000-851, February 11, 2003.
- ^{xiv} U.S. Small Business Administration Office of Advocacy, *Minorities in Business, 2001*, November 2001.
- ^{xv} U.S. Small Business Administration, News Release 03-72, October 10, 2003.
- ^{xvi} U.S. Small Business Administration, *SBIC Program FY 2002 Special Report*.
- ^{xvii} National banks may invest up to 10 percent of capital and surplus with OCC approval.
- ^{xviii} Timothy Bates and William Bradford, *Minority and Venture Capital: A New Wave of American Business*, The Kaufman Foundation, July 2003.