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Federal Reserve helps connect small businesses to credit

Baltimore Business Journal - by [Gary Haber](#) Staff

About 75 business owners, lenders and federal regulators met in Baltimore on Monday to discuss ways to improve small business owners' access to credit.

The forum hosted by the Baltimore branch of the **Federal Reserve Bank of Richmond** heard some familiar themes. Small business owners say they are struggling to get the financing they need to expand, buy new equipment and hire more workers. Bankers say they want to lend but businesses need to have the cash flow to support a loan.

As Rep. Elijah Cummings, (D-Md.), one of the attendees at Monday's forum, put it, the result is a "disconnect" between bankers and small business owners.

Cummings said that while he understands why banks have tightened credit, some bankers may need to take a look beyond a business' balance sheet. If a company is adding jobs, it is probably in pretty good shape, Cummings said.

"Maybe some of these bankers need to look at these businesses and what they do," he said.

The difficulty of obtaining bank loans and other financing for business expansion is the No. 1 issue on the minds of many small business owners. It is also of crucial importance to the economy as small businesses are credited with creating most of the jobs the economy needs.

Business owners, lenders and federal regulators met in Baltimore on Monday to talk about ways to improve access to credit for small businesses.

Karen Graveline, owner of Home on the Harbor, a home furnishings store, was looking for a \$75,000 loan guaranteed by the **Small Business Administration** to help her company which moved to Key Highway in Baltimore from Mt. Washington. Graveline could only get a \$50,000 loan which meant she has to defer some of the plans she has for her business, including putting up a permanent sign, rather than the banner she now has, and hire two part-time workers in addition to the one full-time worker she hired.

"I was in a mindset that I'll take what I can get and work with it."

Kimberly Brown, CEO of Amethyst Technologies LLC in Catonsville, said bankers some to want to make risk-free loans, a concept that does not exist when you are dealing with small businesses.

"What I hear is risk, risk risk," Brown said. "But when you're a small business there's always risk."

Monday's meeting is one of about 40 the Federal Reserve is holding around the country, including one two weeks ago in Annapolis.

In July the Federal Reserve's board of governors will meet and talk about possible changes in Fed policy.

"We want to take a look at what we've learned and see if any changes are necessary," said Dave Beck, senior vice president and regional executive for the Federal Reserve.

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