



EDDIE BAZA CALVO  
GOVERNOR OF GUAM  
I MAGA' LAHEN GUAHAN  
RAY TENORIO  
LT. GOVERNOR OF GUAM  
I SEGUNDO NA MAGA' LAHEN GUAHAN  
KARL PANGELINAN  
ADMINISTRATOR  
ADMINISTRADOT

This is a joint release from the Governor of Guam, Congresswoman Madeleine Bordallo, the U.S. Treasury Department and the Administrator of the Guam Economic Development Authority (GEDA)

## **Calvo Pulls Through Funding for Small Businesses & More Private Sector Jobs**

***Guam awarded State Small Business Credit Initiative. Financing will create jobs and spur more than \$131 million in additional small business lending.***

FOR IMMEDIATE RELEASE

October 4, 2011

There will be more money for small businesses to grow and hire more people. Governor Eddie Baza Calvo received approval of U.S. Treasury funding that translates into \$131 million in loans to small businesses looking to expand.

**"This will be a \$131 million shot in the arm of our economy,"** Governor Calvo said. **"That means \$131 million circulating through small businesses, and \$131 million worth of new jobs and better businesses. That's a lot of new activity. That's a lot of new jobs. I really thank the men and women at GEDA for burning the midnight oil to get this done."**

Early in his term, the Governor pursued the Obama Administration's State Small Business Credit Initiative (SSBCI) to get this money to small businesses. The Governor was notified Guam will receive up to \$13.1 million through this SSBCI program. The notice of award was signed by the Deputy Assistant Secretary of the US Department of the Treasury in a letter dated September 16, 2011.

The funding for this program was made possible through the 111th U.S. Congress. Congresswoman Madeleine Bordallo was an advocate.

**"This funding will help make it easier for our small businesses and local entrepreneurs to obtain capital to develop and grow their businesses,"** said Congresswoman Bordallo. **"The State Small Business Credit Initiative was established as a result of Congressional action during the 111th Congress. The provision allows federal funds to be used to help leverage private lending to creditworthy small businesses. I commend Governor Calvo and GEDA Administrator Karl Pangelinan for their efforts to secure these funds, and I look forward to them spurring economic development on our island."**

The program will release up to \$13.1 million from the U.S. Treasury to GEDA. GEDA will work with banks to provide loans to small businesses on Guam. The banks can finance up to 10 times that amount. This provides lenders the capital to finance a small business that may not have had the collateral or the credit to obtain a loan.

**"These funds will help break down barriers to loans for creditworthy small businesses looking to invest and hire in their local communities,"** said Treasurer of the United States Rosie Rios. **"This program will help ensure that more Main Street entrepreneurs have access to the credit they need to expand their businesses and create new jobs."**

The Governor emphasizes that GEDA found and pursued this opportunity. GEDA has been working tirelessly to pursue opportunities for small business and industry development since the Calvo Tenorio administration took office in January.

Karl Pangelinan, GEDA Administrator, says he is very excited to get these funds into the hands of small business owners. **"The SSBCI program must be initiated within 90 days of receiving a grant. All of Guam's \$13.1 million will have to be deployed within two years, so the money will be going to businesses fairly quickly once Guam receives its first allocation, anticipated in early October."**

GEDA, in partnership with local financial institutions, will use the funds for the following programs:

1. Capital Access Program

- Reserve pool concept allows lenders to draw funds in case of default
- Provides businesses with access to capital they might otherwise be disqualified
- Maximum loan amounts of \$200,000

2. Participation Loans

- GEDA can purchase up to 40% from a lender on new diversification projects that exhibit short-term cash flow deficiency.
- GEDA can offer preferred terms (no interest and/or principal) for up to 36 months.

3. Loan Guarantee Program

- This program is meant to encourage banks to make small business loans that are not traditionally bankable.
- The program provides a lender with the necessary security, in the form of a guarantee, for the lender to approve a loan or line-of-credit it might normally disapprove.
- GEDA will guarantee up to 75% of a loan, not to exceed \$500,000

Loan funds can be used for any business purpose including start-up costs, working capital, business procurement, franchise fees, equipment, inventory, and the purchase, construction, renovation or improvements of an eligible place of business.

Purchases of real estate (commercial or otherwise), securities or the acquisition or holding of any other real property for passive investment purposes, and lobbying activities are not considered eligible business

purposes under an SSBCI-approved program. Furthermore, loan or investment proceeds may not be used to pay delinquent federal or state tax debts unless a repayment plan is in place and in no circumstances may be used to repay taxes held in trust or escrow (e.g., payroll or sales taxes). Loan or investment proceeds may not be used to reimburse funds owed to or purchase any portion of the ownership interest of any owner of the business.

For more information about the SSBCI program, please contact GEDA at 671-647-4332, via email at [help@investguam.com](mailto:help@investguam.com) or visit them on the 5th floor of the ITC Building, Tamuning.

*\*\* End of Report \*\**