

# Small loans build dreams

## Latino program is expanding

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STAFF WRITER

**RALEIGH** - It's 10:20 on a Tuesday night. Christian Ruiz, 29, leans down and picks up two 50-gallon garbage bags,

transparent to the dirty tissues and crumpled paper of a busy eyeglasses clinic and factory on Six Forks Road in North Raleigh.



Ruiz founded Jani-King.

Ruiz is among thousands of Latino immigrants who have created their own businesses in North Carolina. Between 2002 and 2007, Latino entrepreneurship grew by 135 percent in the state - faster than in any state but Arkansas, according to the most recent figures from the U.S. Census Bureau.

Now, the Durham-based Latino Community Credit Union - the largest Hispanic-focused credit union in the United States - is trying to accelerate that growth, introducing a micro-lending program to boost

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Christian Ruiz, left, unloads cleaning equipment for a job at a Cary church as his father, Rigoberto, takes a vacuum inside. Christian Ruiz got funding for much of his equipment from the Latino Community Credit Union.

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# LOANS

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small businesses.

La Cooperativa Latina de Crédito, as it's called in Spanish, loaned Ruiz \$6,000 to buy vacuum cleaners, a floor scrubber and buffer, a lawnmower and a minivan to work faster and expand his client base.

He started his Jani-King commercial cleaning franchise last fall with five clients. Now he has 15.

His parents, Rigoberto and Sara Ruiz, have spent the past two-and-a-half hours vacuuming, dusting and mopping offices, conference rooms and the show-room of Eye Care Associates and its fellow tenants, a dental clinic and law firm.

The elder Ruizes still have at least an hour of work to do as Christian heads home to Holly Springs, where he'll catch a few hours of sleep before rising at 2 a.m. for his full-time job as a quality-assurance specialist at FedEx.

"It's part of the American dream, that you can't sleep," Ruiz says with a slight grin, his eyes narrowed with fatigue.

## Life lines

In 2006, a study out of UNC's Kenan-Flagler Business School found lack of credit-history was one of the greatest barriers for Latino startups.

Despite that challenge, at the last census count in 2007, more than 21,300 Latino-owned businesses in North Carolina generated \$4.2 billion in sales. The number of Latinos working for themselves more than quadrupled from 1995 to 2005, compared to a less than 10 percent increase among non-Hispanics.

Jim Blaine, CEO of the State Employees Credit Union, which is the LCCU's partner organization, said Latinos are following in the footsteps of European immigrants a century ago.

"They all come in, and they have to be entrepreneurs," he said. "They have a hustle, they have a second job, they have a cleaning service."

But most banks have avoided lending to very small businesses because they're not very profitable, said David Beck, policy director at the Center for Community Self-Help in Durham. In general, entrepreneurs have relied on home-equi-

ty loans or higher-interest credit cards to start and expand their businesses.

A common alternative is federal Small Business Administration financing processed by nonprofits such as Self-Help or ACCIÓN Texas-Louisiana. A typical SBA small-business loan runs about \$13,000.

But in North Carolina, no financial institution has the immigrant community's trust like La Cooperativa.

"This is the best opportunity out there," said Kenan-Flagler professor James Johnson, who co-wrote the Hispanic economic-impact study. Most small loans of a few thousand dollars are only available at predatory interest rates.

La Cooperativa is willing to lend to illegal immigrants, helping them to secure Individual Tax Identification Numbers in lieu of Social Security numbers.

Blaine, who also sits on LCCU's board of directors, doesn't fault the credit union for lending to workers in the country illegally and said immigration is an issue for Congress and employers to solve.

"We just can't have this large population sitting in limbo in our country," he said.

The credit union wants to show that Latino businesses are a good investment because they typically provide basic services minimally affected by fluctuations in the economy. It loans up to \$10,000 and avoids high-risk businesses like restaurants, preferring those with lower overhead like janitorial, construction and landscaping services.

"I would hope what we are doing is not so strange but is normal," said Alejandro Sanchez, organizational development director with La Cooperativa. "The whole society, in one way or another, needs them."

## Branching out

Founded 10 years ago in Durham to protect immigrants' money from muggers and burglars, La Cooperativa opened its 10th branch this year, serving 53,000 members from Fayetteville to Charlotte. Until starting the small-business program this year, the credit union focused on consumer lending:

home mortgages, car loans and credit cards.

Its service to the Latino community has won LCCU dozens of national awards.

But credit-union executives across the nation say it's LCCU's backing by Self-Help and the State Employees credit unions that have made it the national model. Self-Help offered technical assistance and cheap rent at the start, while SECU continues to provide accounting, data-processing, auditing and ATM access.

"It's synonymous to an 18-year-old going and applying for a loan with a bank, but if he comes in with a parent who's going to co-sign with an 850 [credit] score, he can get anything he wants," said Raul Pickett, CEO of El Futuro Credit Union in Central California. El Futuro recently merged with Self-Help Federal Credit Union in order to gain the stability that LCCU enjoys.

Self-Help and SECU have given LCCU credibility with bigger banks and back-office expertise that most community-development credit unions covet. Without them, experts say, LCCU wouldn't be in the position to help many immigrant entrepreneurs.

Ruiz has big dreams. Living with his parents and younger brother, he saved more than \$5,000 from his full-time job so he could buy into Jani-King. He wants to build his franchise, giving his friends jobs along the way, and go back to school to study business at N.C. State. In 2006, he left an international business program at the Universidad Tecnológica in Peru after his third - and successful - application for a green card, joining his family in North Carolina.

He wants to start an import/export company between the United States and his home country, bringing mangoes, strawberries, and Peruvian-made brands such as Nike, Polo, Lacoste and Dolce & Gabbana.

"I have friends, they were studying with me, and they work for Gucci now, they work for Calvin Klein," he says. "Make business, that's what I want. Help my family. Help my friends. Get married one day. Have kids. That's it. I don't know if it's a lot, but it's what I want."

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