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Program feeds loan funds to small **Mass. businesses**

JENNIFER HELDT POWELL / SMALL **BUSINESS** MATTERS

Jack Urbaczewski already had three Dockside Restaurants in the area, but the opportunity to open a fourth just around the corner from where he grew up in Chelsea was irresistible. All he needed was a loan.

Not only was he able to get a loan from the Savings Bank of Wakefield, he was able to get it at a lower rate because of a state program designed to support small **businesses** with no risk to taxpayers.

Through the Small **Business Banking Partnership,** the state deposits a portion of its funds in local banks, which then use the money for loans to small companies.

With the $250,000 loan, Urbaczewski was able to buy the equipment he needed for the new Dockside and had working capital to get going. Although all of his restaurants are important to him, this one has special meaning

'It means a lot to him to be in the community where he grew up,' said Jack's daughter, Lisa, co-owner and manager.

Urbaczewski already had qualified for the loan, but the state money enabled the bank to lower its rate by half a percent.

'It's another arrow in our quiver to service small **businesses**,' said Larry Andrews, the bank's senior vice president. 'It gives us the motivation to say, how can we make this deal work.'

State **Treasurer** Steve **Grossman** launched the program a little more than a year ago as a way to help small **businesses**. At the time, he said, they reported that access to capital was among their biggest challenges. Under the **partnership,** the state puts its reserve funds in local banks that can provide a competitive interest rate. Previously, much of the money was kept in out-of-state banks, including 60 percent overseas.

This gives banks much needed money to loan out to small **businesses**. Some have been limited in their ability to make loans because they just don't have enough money on deposit. The banks are urged to make loans to companies creating jobs and those owned by women and minorities, but there are no requirements.

Last week the state put another $5 million into the program, bringing the total to $236.75 million in 44 banks. The state could deposit up to $300 million if there is enough demand. So far, there have been 1,337 loans. Participating banks are required to post on their websites the number of new loans and the volume in order to ensure they are using the money as intended.

The state gets a market rate return on the funds and it doesn't get directly involved with the loans, avoiding problems like Rhode Island recently had when 38 Studios missed a payment on its state-backed loan. That company, owned by former Boston Red Sox pitcher Curt Schilling, filed for bankruptcy last week.

'We get a competitive interest rate, we take no risk, but we're a catalyst for small **business** lending that really dried up in 2008 and 2009,' **Grossman** said.

The biggest challenge has been that small **businesses** are still leery about borrowing money, he said. There are indications, however, that they are becoming less skittish.

'There's a distinct sense of optimism among small **business** owners that I haven't seen since 2008,' **Grossman** said.