Arkansas Small Businesses Thinking Big

When local entrepreneurs, banks and governments in Arkansas realized they needed to find a better way to gather the views and assess the needs of small business, they didn't just talk about the problem—they took action. By forming the Arkansas Small Business Coalition last summer, these groups are helping small businesses network for opportunities to trade with government and large corporations, while also promoting their success stories.

Little Rock entrepreneur Mary Ann Campbell's involvement with the National Women's Business Coalition in Washington convinced her a similar coalition in Arkansas was just what small firms needed to supply information about job opportunities and the conditions that apply in making those opportunities possible. Campbell knows firsthand the frustrations of small business owners when dealing with regulations, lack of knowledge of available resources, and how financial assistance is not always targeted to the most pressing needs. After being encouraged by Little Rock city staff members, Campbell approached Sam Hinton, vice president of NationsBank. Hinton not only embraced the idea, but offered ideas to expand Campbell's vision that included a small business data base. With NationsBank's financial and staff backing, the idea became a reality.

In addition to maintaining a database of small businesses and service providers, the Coalition's goals include:

- creating an environment that supports small business development by defining issues and opportunities that affect small businesses and offering challenges and solutions to policy makers and community leaders;
- strengthening the capacity of small businesses by providing information on funding and business opportunities;
- extending support to small businesses by identifying how existing or additional services can better meet their needs; and
- promoting collaboration among small business, government, and industry by creating a communication network to allow rapid dissemination of information, views and action needed.

Several business owners have begun to build the Pulaski County Chapter of the Coalition and have already successfully facilitated communication between small business owners and public policy makers. The Coalition hopes to have a chapter in every county and to become a statewide information clearinghouse.

All small businesses are encouraged to join and become a part of the Coalition's database. There is no membership fee, and attendance at meetings is optional. Members can participate in surveys, identify opportunities and issues, and learn about resources available to small businesses. There are several ways to access the information provided by the Coalition: via website at www.arsmallbusiness.org; toll-free at (888) 802-7722; fax at (888) 792-7722; or monthly meetings.
Academy of Finance Offers Career Training for High School Students

High school students throughout the nation are getting a leg up in the job market by getting started now. The Academy of Finance, one of three educational programs of the National Academy Foundation (NAF), introduces high school students to career opportunities in the financial services industry, while equipping them to make sound choices for the future. The NAF is a 501(c)(3) nonprofit partnership of education and business leaders.

The Academy of Finance supports local program activities in high schools (referred to as Academies). The Academies enable and encourage students to participate in paid internships at financial services corporations and to obtain employment in the financial services industry or to pursue higher education after graduation. Under NAF's guidance, there currently are more than 12,000 students enrolled in more than 200 Academies in nearly 100 school districts.

In St. Louis, Beaumont High School recently was selected as the first Academy of Finance school in the area. As of September, Beaumont students interested in careers in the financial services industry now are able to apply for enrollment in the special four-year program thanks to an educational partnership between The Copeland Companies and the NAF.

Floyd Crues, principal of Beaumont, said the NAF will provide curriculum, technical assistance and teacher training. The NAF, working cooperatively with educators and experts within the finance industry, developed the curriculum used in Academy courses. The foundation selects teachers from existing staff and requires them to participate in special industry-specific training offered by the NAF’s business partners.

During their freshman year, students have a six-week shadowing experience and a stipend provided by business partners. Students who successfully complete their junior year in the Academy program are offered a paid, on-the-job summer internship between their junior and senior years to gain practical experience and apply classroom learning.

"These experiences will better prepare today's Beaumont students for finance-related careers of tomorrow," Crues said. "These kids will now know how to manage their money, not just how to make money."

Curtis Stewart, an English teacher at Beaumont who teaches Academy students, said the experience has been "very rewarding for me. We are laying a foundation for these students and exposing them to an element of the business world that they would have never been exposed to."

Carol Teicher, chairperson of the Advisory Board for the St. Louis Academy and regional manager with The Copeland Companies, said her company helped to form the Academy in St. Louis because it expects fewer young people will enter the workforce in the next decade, and most of them will not be truly qualified for the jobs that will exist.
"The Academy will provide a vital link between the classroom and the workplace," she said.

The Beaumont Academy is seeking other sponsors to help make this program a success. With money provided by sponsors, Beaumont can purchase computers, printers, subscriptions to financial periodicals/books and other resources that are needed to help the students become productive in the financial arena. To find out how your company can become a sponsor or about the roles of sponsors, call Teicher at (314) 469-0404.
Academy Participation Can Improve CRA Rating

According to a Sept. 17, 1997, CRA interpretive letter from the banking regulators, financial institutions would receive favorable credit for participating in the Academy of Finance project based on the following description of activities:

- Active participation by financial institution personnel on Program advisory boards and other involvement with the Program such as appearing as guest classroom speakers, providing mentors to Academies with mentoring programs, assisting school districts with local staff development through teacher mentoring programs and by having bank staff teach financial principles to Program instructors.
- Financial contributions to the Program for student enrichment activities (e.g., field trips to stock exchanges, attendance at conferences, scholarships for exemplary graduates, etc.)
- Providing paid summer internships for students who have completed their junior year academic requirements and have successfully prepared for their internship experience. Internships are an extension of the curriculum of the Program in that they are educational activities that are monitored, structured and evaluated as part of a student’s academic record in the Program. Participating institutions, therefore, provide students with meaningful and instructive internships, rather than merely summer jobs.

The regulatory agencies indicated that the financial education activities, as described, have a community development purpose if targeted to low- and moderate-income individuals. Therefore, examiners may consider them favorably during a CRA examination. For a copy of the interagency letter, please contact Judy Armstrong at (314) 444-8646.
1996 CRA Data Now Available

The Federal Financial Institutions Examination Council (FFIEC) recently released the new CRA data, which includes 1996 information about small business and farm loans, community development loans and institution assessment areas. The FFIEC reported several key findings from the data in its Sept. 30, 1997, press release:

- For 1996, a total of 2,078 banks and thrifts reported data on 2.4 million small business loans totaling $147 billion and 216,629 small farm loans totaling $10.4 million. Reported loans include both originations and purchases of loans during the year.
- For small business loans, the maximum loan size reported was $1 million, and the average was about $61,000. Eighty-seven percent were for amounts under $100,000.
- Among reported small farm loans, the maximum was $500,000, and the average was about $48,000. The majority, 88 percent, were for amounts under $100,000.
- Small business lending varies by region; a variation that closely follows differences in the number of business establishments. For example, New England had 5 percent of the business loans and the region had 5.9 percent of the businesses.
- Small business loans are heavily concentrated in central city and suburban areas (about 80 percent of all small business loans). In lower-income areas, most newly originated small business loans occur in central city census tracts; in higher-income areas, suburban census tracts have the most small business loans.
- For 1996, 32,677 community development loans totaling $17.7 billion were reported by 57 percent of the commercial banks and 46 percent of the savings associations reporting CRA data. On average, community development loans ($542,000) are larger than the typical small business loan reported in the CRA data.

The data may be obtained for $10 in two format options—a CD-ROM software package or an individual institution or aggregate report on paper. The CD-ROM software package includes data for all reporting institutions from around the country. The paper-based report includes an institution's disclosure or an aggregate report for either an individual MSA or all non-MSA counties in a particular state. If you have specific questions about the data or would like to place a data order, please contact the FFIEC at (202) 872-7584.
Retired Arkansas Air Force Base Converted to Retirement Housing

Many Towns Looking to Offset Impact of Base Closings

As a result of the end of the cold war, many military installations have been reduced or closed throughout the United States. In the wake of this wave of closings, many towns and cities have been left with large parcels of land, buildings and infrastructure that once housed and supported military personnel. Now, these towns and cities must develop creative responses to the economic adjustment challenge presented by defense cutbacks.

A town in Arkansas that found itself faced with this situation is the city of Blytheville, former home of Eaker Air Force Base, which supported a group of Strategic Air Command B-52 bombers until its closure in 1992. After the closure and the departure of more than 6,000 people, officials tried to attract businesses to the base. When the federal government started its program of closing military installations, it developed a process to minimize the negative economic effects of the closures. In 1993, U.S. Sen. David Pryor of Arkansas oversaw the development of economic conveyances that would free up land associated with military base closures. Rural communities could receive government property free, providing an economic benefit was evident.

One of the organizations that envisioned potential uses for the Blytheville base is the Presbyterian church, which formed the Presbyterian Development Corporation (PDC) to pursue a multifaceted ministry at the base. PDC grew out of a vision of the presbyteries of Memphis and St. Andrew of the Presbyterian Church (U.S.A.). This plan encompasses an integrated project consisting of three elements: a retirement community, a college for Delta and Ozark residents unable to meet admission requirements at typical institutions, and a conference center. The retirement community is the first of these elements developed.

The government donated to PDC 828 family housing units, a chapel and community center, a dining facility, a recreation and activities center, and a swimming pool, among other structures. The PDC is combining these buildings to make a retirement community called Westminster Village with a full range of amenities for residents.

The community is located on a 225-acre tract featuring large, open grassy areas, as well as mature trees and extensive landscaping. With 12 different floor plans, the duplex housing ranges from 1,027 to 1,566 square feet and features extra outside storage space, garbage disposals, individually controlled heating and air conditioning, washer/dryer hookups, gas ranges and many more amenities. The majority of homes have three bedrooms, but two- and four-bedroom units are available in smaller numbers. PDC rents these units in the range of $395 to $495 per month—providing for the long-term financial independence of the retirement community by keeping them at this affordable rate.

PDC began a pioneer program of 58 units in December 1996. After rapidly outgrowing that initial phase, it acquired an additional 84 units and the chapel and religious education building last March. PDC has leased a
total of 94 units, a figure that has exceeded initial business plans, and that number is expected to grow. PDC has an aggressive marketing plan to reach area residents that have annual incomes of less than $35,000. Generally, they do not have a substantial down payment from the sale of an existing home and are looking for rental. A market study revealed that more than 45,000 such individuals live within 100 miles of Blytheville.

The project has had help from several partners throughout the community. George Barber, president and CEO of PDC, says that one of the first and most critical commitments came from the Enterprise Corporation of the Delta (ECD). Although this was somewhat outside ECD's normal projects that involve manufacturing, or manufacturing-related businesses, ECD president Bill Bynum saw the economic development potential of the project. ECD was able to provide a $300,000 loan guarantee, which was leveraged to bring in community participation, and get additional guarantees from other organizations. This included a $75,000 loan guarantee from the Arkansas Community Foundation and another $75,000 from 12 individuals and businesses in the Blytheville area. These guarantees helped secure a line of credit for $600,000 from eight area banks. Mike Davis, CRA officer for one of the participating banks, First National Bank of Blytheville, has seen an impact from his bank's involvement in the form of new depositors and growth in the community.

"We were hit pretty hard with the base closure a few years ago, but now we are seeing an improvement," he said. "Not only do we see people from Blytheville coming to live at Westminster Village, but also from Memphis and the surrounding area. We felt like this was something the community really needed. Plus, we have realized a direct benefit through some of the new residents coming into our bank."

PDC continues to seek funding to complete the next phases of the project. For more information, contact George Barber, president and CEO of Westminster Village, at (870) 532-6696 or (800) 914-2516.
Consumer Protection Regulations

In addition to the Community Reinvestment Act, the Federal Reserve has responsibilities for other regulations in the consumer credit area. These responsibilities began in 1968 with passage of the Consumer Credit Protection Act, which required creditors to state the costs of borrowing using uniform terminology so that consumers could compare credit costs. Since 1968, protections have been expanded to cover virtually every stage of the consumer credit transaction—protections outlawing discrimination in credit granting, allowing consumers access to their credit records, and preventing harassment in debt collections.

- **Regulation B, Equal Credit Opportunity**, prohibits creditors from discriminating against credit applicants on the basis of age, race, color, religion, national origin, sex, marital status or receipt of income from public assistance programs. It establishes guidelines for gathering credit information, for rating creditworthiness and for considering credit histories. It also requires written notification when credit is denied.

- **Regulation C, Home Mortgage Disclosure (HMDA)**, provides data to help determine whether lenders are meeting the credit needs of their communities and complying with fair lending laws. HMDA requires certain institutions to report data, (such as race, income and gender) to its supervisory agency about home purchase and home improvement loans it originates, purchases or for which it receives an application. Data are available to the public.

- **Regulation E, Electronic Fund Transfer**, protects consumers who engage in electronic fund transfers by establishing rules governing documentation of electronic transfers, correction of errors, liability for lost or stolen EFT cards and pre-authorized transfer.

- **Regulation M, Consumer Leasing**, formerly part of Regulation Z, ensures meaningful and accurate disclosure of the terms of personal-property leases for personal, family or household use, allowing consumers to compare leasing and buying costs.

- **Regulation Z, Truth in Lending**, prescribes uniform methods for computing the cost of credit and for disclosing the cost in terms of both the finance charge and the annual percentage rate. In addition, Regulation Z addresses the disclosure of other credit terms, requires certain disclosures in credit advertising, outlines the procedures to follow in the case of a credit-billing dispute, provides certain other protections regarding credit cards, and governs the right to cancel certain residential transactions.

- **Regulation AA, Unfair or Deceptive Acts or Practices**, establishes procedures for filing consumer complaints about an alleged unfair or deceptive act or practice of a state member bank. Complaints about other types of depository institutions may be made directly to the Federal Reserve, which will forward them to the appropriate regulatory agency.

- **Regulation DD, Truth in Savings**, requires depository institutions to provide disclosures so consumers can make meaningful comparisons among depository institutions.

- **Real Estate Settlement Procedures Act (RESPA)** is a law covering the settlement process for residential real estate requiring advance disclosure to home buyers and sellers of settlement costs, the elimination of kickbacks or referral fees that tend to increase unnecessarily the costs of certain
settlement services, and a reduction in the amounts home buyers are required to place in escrow accounts established to insure the payment of real estate taxes and insurance. The Department of Housing and Urban Development enforce the act that is implemented through its Regulation X.

Some consumer-related statutes have no implementing regulation but are enforced by various federal regulatory agencies, depending on the type of institution involved. They are listed below.

- **The Fair Housing Act** prohibits discrimination in the sale, rental or financing of housing on the basis of race, color, religion, sex, familial status or national origin.
- **The Fair Credit Reporting Act** gives consumers the right to examine information in their credit records and sets out procedures for correcting errors in credit reports. It also sets limits on how long certain kinds of information may be kept in credit records and governs the privacy of credit reports.
- **The Fair Debt Collection Practices Act** establishes rules for collection of debts by certain individuals or agencies, prescribing methods of locating and contacting a debtor and prohibiting harassing or excessive contact in connection with collection of a debt.
- **The Right to Financial Privacy Act** establishes procedures that financial institutions must follow when releasing information about customers’ accounts.

For more information, contact Diana Judge at the St. Louis Fed at (314) 444-8761.
Spanning the Region

British Visit St. Louis to Learn about Jobs Program

A delegation of high-ranking British government officials visited St. Louis in September to learn more about innovative approaches to labor market development. The delegation was sent to the United States by British Prime Minister Tony Blair after an aide viewed the televised kickoff to the national Welfare to Work Partnership by President Clinton in St. Louis.

The delegation included officials from the British Departments of the Treasury, Education and Employment, Economic Development, Government Employment Service and the British Embassy. The St. Louis visit included extensive debriefings and site visits of the Bridges To Work, Regional Jobs Initiative, and YouthBuild programs. Knowledge obtained during the visit will be used to assist in the design of similar programs in Great Britain, including how banks and business leaders can participate in labor market development.

Texarkana Profile Available

The Federal Reserve Banks of Dallas and St. Louis have released a community profile of the Texarkana, Texas-Arkansas, metropolitan statistical area.

The profile, Texarkana Community Partnership Opportunities, is a resource guide that contains information on organizations and programs working to meet the community and economic development needs of the area. For copies of the profile, call Kim Bowlin (501) 324-8251.

New Program for Delta Businesses

Enterprise Corporation of the Delta (ECD) recently announced a new partnership to bring investment capital to the Delta region. The limited liability company--ECD Investments--will create a partnership between the entrepreneurial nurturers at the nonprofit corporation and at least nine Mid-South banks.

The banks have invested $5 million in the new enterprise and promise to increase that to $15 million by March 1998--more than doubling ECD's existing $12-million revolving loan fund. The partnership will provide loan money and training for Delta businesses that would not qualify for conventional financing.

For more information, contact Elgin Clemons at 1-800-332-5405.

START Program Expanded

The Tennessee Housing Development Agency (THDA) announced that effective Oct. 1, 1997, its Special Targeted Affordable Rate for Tennesseans (START) Program was expanded to families earning up to $18,500. The 5.5 percent, 30-year fixed interest rate remains the same.
THDA also raised the acquisition limit for the homes being purchased with START financing. Now, families can choose homes which cost up to $47,500 in any county in Tennessee. The program is targeted to families who are first-time homebuyers.

To assist families in preparing for their home purchase, THDA has printed a brochure series for first-time homebuyers. They are available upon request by calling (615) 741-2400 or 1-800-228-THDA.
Community 2020

HUD's new desktop geographic information system that maps local, regional and state information about housing and community development. The Community 2020 software correlates HMDA data to other key economic and financial variables of specific neighborhoods. Contact HUD's Community Connections office at (800) 998-9999.

Essential Information's Geographic Information Systems (GIS)

The GIS will allow traditional database queries including the ability to analyze data based on location. Essential Information uses GIS as a tool for advocacy purposes to highlight patterns of discrimination. Information is available on such issues as banking/fair lending, demographics, congressional districts and the environment. The banking and fair lending page has the following information available:

- Home Mortgage Disclosure Act data
- Community Reinvestment Performance data for FDIC-insured Depository Institutions
- Small Business and Minority Neighborhoods information and maps
- Home page: http://www.essential.org/gis/
- Banking and Fair Lending page: http://www.essential.org/gis/banking.html

Interagency CRA Questions and Answers

Consumer Compliance Task Force of the Federal Financial Institutions Examination Council (FFIEC) has supplemented, amended and republished its "Interagency Questions and Answers Regarding Community Reinvestment." For a copy of the questions and answers, contact Judy L. Armstrong at (314) 444-8646.