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When Roland Foss, a California entrepreneur, went looking for a loan to start his small business, he was optimistic even though he knew the odds were stacked against him.

After all, he was young, had never owned his own company and was seeking a fairly large amount — more than \$150,000. On top of all that, he had heard the horror stories about the tight lending environment.

“I reached out to SCORE,” Foss said, referring to the business mentoring service. “They hooked me up with some folks from their finance committee, (but) they said, ‘good luck finding a loan, it’s just not going to happen.’”

Yet Foss, a 29-year-old Army veteran with a master’s degree in business administration from Cornell University, managed to secure a \$155,000 loan from the Credit Union of Southern California. The money, backed by the U.S. Small Business Administration, allowed him in May to open Mission Market, an upscale convenience store in Fullerton.

“Maybe the lending environment is getting a little bit better,” Foss said. “The fact that someone like me can get that amount of money does say something.”

He’s right. After years of uncertainty in the credit markets, small-business lending is on the rise in Orange County.

In the past three months, lenders made 465 SBA loans to local companies accounting for more than \$312 million in total financing. That’s a 14 percent increase over the same period a year ago, according to data released last week by the SBA’s Santa Ana district office.

Financial institutions made 1,108 SBA loans in Orange County for a total of almost

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Top lending market

Federally backed SBA loans, including standard business financing under the 7(a) program and commercial real estate loans through the 504 program, are popular among small-business owners because the loans can be obtained with as little as 10 percent down.

Orange County ranks fourth nationwide of 68 districts in total SBA loan dollars, trailing only Los Angeles and the offices covering Georgia and Illinois.

CDC Small Business Finance, a nonprofit focused on commercial real estate loans, was the top local lender during the past quarter by dollar amount. The institution made 47 loans to O.C. businesses for a total of about \$34 million.

Among other large SBA lenders, Chase Bank made 59 loans totaling about \$15 million and Wells Fargo Bank lent nearly \$19 million across 40 loans.

Mark Hogan, a senior loan officer for CDC, said signs of economic recovery have encouraged more small businesses to expand and buy new properties. At the same time, low interest rates have fueled a rebound in the lending market. "It's a combination of factors."

Those factors are helping entrepreneurs like Foss.

After graduating from business school, he went to work on the corporate side of Irvine-based Taco Bell Corp. But Foss said he did not feel fulfilled working for a big company, and he set out to start his own business after being struck by inspiration one

Foss, who lives near Fullerton College and Fullerton Union High School, noticed that there were large crowds of students and others in the area each day, but he thought

there were relatively few good on-the-go food options. To fill the void, he decided to

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unions for several months beginning in January before landing the loan with Credit Union of Southern California.

Like Foss, Lisa Hoehle also had to reach out to numerous lenders when she went looking for a small-business loan.

As president of Fullerton-based Western States Envelope Corp., she wanted to refinance the company's existing loan and get some cash to support the company's operations. After several lenders dragged their feet, Hoehle approached Irvine-based Plaza Bank, which she said was eager to give her an SBA loan. "That gave us a needed cash cushion for the growth we're experiencing."

Western States, a family-owned company founded in 1968, manufactures envelopes. The company has 34 employees.

Hoehle, who has taken out business loans in the past, said she has noticed that the credit environment for small businesses seems to be improving. "I think that it is a more promising time now," she said.

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