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or grow their business. Unfortunately, after the market crash of 2008, most traditional lenders moved upstream to target loan sizes greater than \$1 million.

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Small businesses create more jobs than any other industry sector. In fact, over half of Americans either own their business or work for a startup, and two of every three jobs made available in the country every year are possible because of small business. Enacting any needed future regulation at the federal level – vs. a patchwork of state-by-state regulations – is the best way to make sure small businesses are in a position to continue creating the jobs America needs.

A majority of small business owners seek loans of less than \$250,000 in order to start

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match business owners to a variety of lenders and loan products, Lendio utilized our lending data\* from April 2015 to April 2016 to identify the top ten states for small business lending.

The top ten states for small business lending are:

1. Vermont ☐
2. California ☐
3. Utah ☐
4. Washington ☐
5. New Hampshire ☐
6. Texas ☐
7. Florida ☐
8. Georgia ☐
9. Colorado ☐
0. Hawaii ☐

Among the top five states, the average loan size ranged from \$14,500 in Vermont to \$39,000 in Utah. The approval ratio for loans ranged from 52 percent in California to 68 percent in Vermont, compared to [33 percent] to [34 percent] at large banks in each state, according to the 2015 Small Business Credit Survey (SBCS).

In a recent survey of small business owners who secured capital from a lender on Lendio's platform, entrepreneurs told us they used the working capital to increase their marketing efforts, pay their employees, purchase needed inventory and equipment, and hire additional employees. This capital is what entrepreneurs need to help grow their small business, ultimately supporting our economy.

In general, specific states have not been concerned with marketplace lending, viewing it as a beneficial technology involving many of the same steps as traditional

lending with statutes and regulations adequately protecting borrowers from risk.

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Known for being the eighth largest economy in the world, California came in at number two on our list of Best States for Small Business Lending. As reported by the Office of Advocacy at the U.S. Small Business Administration, 99.2% or \$3.7 million of the total commerce in California is generated by small companies and startups. These businesses employ close to half of the workforce, or in other words, 6.7 million are working in this sector alone in the state.

This activity gives a huge boost to the financial sphere as well. According to statistics gathered by the FFIEC, in 2014, lenders in California made loans worth \$11.7 billion. Entrepreneurs took out 836,919 loans in amounts of less than \$100,000.

California has stringent regulations in place specific to business loans and requires additional licensing, a time consuming process that often hinders access to necessary capital. Under the California Finance Lenders Law, business must obtain a license from the California Department of Business Oversight prior to making or brokering a loan.

Both Illinois and New York have also recently discussed potential statutes specific to marketplace lending.

Small business lending is in a much better place today than it was in the several years following the crash. Through alternative lenders and marketplaces, thousands of small businesses have been able to obtain the funding they need to create and grow jobs.

While some argue that additional restrictions are necessary, typically focusing on the interest rates attached to some shortterm loans, statebystate regulations will ultimately stifle economic growth and impact the availability and terms of small business funding. Ideally, any future regulation will be executed on a federal level,

thus limiting the requirement of having 50 different rule books that a lender or

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