

SMALL BUSINESS NEWS



CENTER *for* RURAL AFFAIRS

WINTER 2022



3-5

ENTREPRENEUR DRIVES HIS TRUCKING BUSINESS TO THE NEXT LEVEL

Frank Villegas started his own business with the Center's assistance.

6-7

STEPS TO START YOUR BUSINESS

A good starting point and 20-step guide to build the business of your dreams.

9

RESEARCH CAN HELP KEEP BUSINESSES FROM BEING VICTIMS OF PREDATORY LENDERS

Don't fall prey to loans that may sound too good to be true, many reputable lenders are available.

HOUSING LOANS AVAILABLE



Little to no credit history or low credit score? We may be able to help.

The Center for Rural Affairs believes in building sustainable communities. To serve more diverse community members, we are often more flexible than traditional lenders.

\$5,000 TO \$100,000

Information and terms:

- Term: Up to 15 years and will be amortized over up to 30 years
- Down payment: We do not require applicants to provide a down payment on property to be purchased. However, applicants who provide a down payment may be eligible for discounted interest rate
- Use of funds: Purchase of home, owner occupied rehabilitation or renovation, emergency repair to a property.

For more information, visit cfra.org/homeloans, call 402.687.2100, or email loans@cfra.org.



CENTER *for* RURAL AFFAIRS

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Call 402.687.2100 or email info@cfra.org

On the cover: Frank Villegas, owner of FV Logistics | Photo by Kylie Kai

ENTREPRENEUR DRIVES HIS TRUCKING BUSINESS TO THE NEXT LEVEL

BY LIZ STEWART | ROCIO ESPARZA AND VERONICA REYES CONTRIBUTED TO THIS STORY

In 2019, Frank Villegas was able to do something he'd always dreamed of: He started his own business in the U.S.

FV Logistics, Frank's trucking company, operates out of Columbus, Nebraska, and specializes in refrigerated transport.

A native of Cuba, Frank lived in different parts of the world before coming to the U.S., and he had already dipped his toes into the world of entrepreneurship when he owned a restaurant in Spain for several years. Upon moving to America, he hoped to find another business opportunity to explore.

FV Logistics was born out of that desire, and even throughout the COVID-19 pandemic, Frank kept his trucks running.

"When the pandemic shut things down, my workload decreased, so I've had to increase the number of routes," said Frank. "Without COVID-19, it would be better, but we're doing what we can."

Including himself, Frank employs three people full-time, and he leases out a truck as well. He has been able to start and keep his business in operation due, in part, to guidance from the Center for Rural Affairs.

Frank Villegas' trucking business, FV Logistics, is based in Columbus, Nebraska, and specializes in refrigerated transportation. | Photo by Kylie Kai



Center Latino Loan Specialist Veronica Reyes has assisted Frank throughout the process of obtaining financing for his business and coached him through one-on-one business counseling. Frank also received technical assistance through the Center and attended business training events hosted by the organization.

Frank increased his sales exponentially in the past two years, and Veronica said FV Logistics is one of the fastest-growing businesses she has ever worked with. And, he has more expansion plans in place.

“Frank is what I like to call a ‘next-level’ client,” said Veronica. “He is

always thinking about the next step while still working on a business milestone. His decisions have been assertive and smart since he started the business, and he is not afraid of working hard.”

One of the things Veronica admires most about Frank is how easy it is for him to teach others.

“He has been a mentor for other start-up trucking clients of the Center and has passed a great deal of information along to me about the industry so I can better serve my other trucking business clients,” she said. “The industry is so intricate and interesting that having him as a guide is like having a bright light in the darkness that you can access at any time.”

Veronica Reyes, Latino Loan Specialist, provides one-on-one business counseling to Frank Villegas. | Photo by Kylie Kai

Veronica said Frank is a great example for other busi



ness owners, whether they are in the start-up process or are already well-established, and she feels lucky to work with him.

“I am very proud of his growth, discipline, organization, and research abilities,” she said. “Frank won’t get stopped or discouraged by the things he doesn’t know or the first answers he finds. He will dig and dig until he finds the best option.”

Frank is grateful for all of the Center’s help, and recommends the organization to other business owners who are looking for assistance.

“Working with the Center has been a good experience,” he said. “I have referred many people to the Center—everyone should take advantage of the opportunities they offer. I have



While Frank Villegas has received business assistance from the Center, he also has been a mentor for other trucking business owners.
| Photo by Kylie Kai

done very well because I have had the opportunity to grow from the Center’s support.” 🚛

INTRODUCING.... TRUCKING ACADEMY

BY RHEA LANDHOLM

This spring, those considering starting a trucking business or those who have a trucking business and need more guidance are invited to Trucking Academy.



This five-day course includes sessions on business start up, federal department of transportation and authority (process for applying, responsibilities, preparing for audits, and paying annual Unified Carrier Registration), Clearinghouse (drug and alcohol testing requirements, registering in Clearinghouse, pre-employment and annual queries on drivers), Nebraska Department of Motor Vehicle Licensing, and Nebraska Department of Motor Vehicle International Fuel Tax Agreement quarterly reporting.

For more information, visit cfra.org/events or contact Raul Arcos Hawkins at raulah@cfra.org or 308.833.0260.

STEPS TO START YOUR BUSINESS

Here's a guide to build the business of your dreams. This is a good starting point. In Nebraska, the Center for Rural Affairs staff can take you even further. Give us a call at 402.687.2100 or email loans@cfra.org.

Step 1: Develop the concept

What is the concept of the business?
What will it offer? Business name?
What is the benefit to the customer?
What assistance will you need?

Step 2: Business plan

A business plan establishes a guide or map from startup stage to business administration, marketing, financial, and operational needs. When you complete the steps below, you will have a good foundation for a business plan.

Step 3: Business identity

How will you craft the business identity / develop the brand, the logo, and the slogan. How will your business stand out or be recognized?

Step 4: Target market

Who is your target market? How will you determine your target market?
How will you reach your target market?

Step 5: Structure and registration

- Determine the legal structure.
- Register trade name or business with the Nebraska Secretary of State.
- If registered as a "trade name" and it's approved, newspaper publication within 45 days, and send proof to the Secretary of State.
- Obtain EIN with IRS.
- Unemployment Insurance Tax (UI Form 1).
- Register the NE Sales Tax (Form 20).
- Local or state records (if applicable: contractor, electrician, transportation).

Step 6: Location

Location is just as important as the identity of the business. Check: lease agreement or purchase conditions; zoning; building inspection by the city, fire department, and health department (if applicable).

Step 7: Permits and licenses

Industry-relevant licenses of the business (if applicable):
onestop.nebraska.gov.

The most common are:

- Restaurants/food trucks,
- Food stores,
- Liquor (liquor store or bars),
- Department of Health and Human Services,
- Day care centers,
- Department of Agriculture, and
- Department of Motors and Vehicles.

Step 8: Commercial insurance

Protect your investment. Consider what type(s) of insurance you will need. Talk to an insurance agent about the type of business and all pertinent information to determine the type of coverage you will need.

Step 9: Commercial bank account

Keep your accounts separate, personal and commercial banking. The requirements for opening a business account vary from bank to bank. Check with your bank to see what you will need to open a business account.

Step 10: Financing

Will you need a loan? Before looking for a loan:

- Calculate how much money you will need.
- Decide what type of loan best suits your business needs.
- Check your credit score.
- Gather the required documents.
- Assess the value of the collateral.
- Compare the best terms for business loans.
- Apply for a business loan.

Start with your bank. If it doesn't grant you the loan, visit our website, or contact a loan specialist: cfra.org/loans.

Step 11: Training, coaching, and assistance

Consider taking business classes or training to expand your business knowledge. Seek help, business advice, and/or coaching.

Step 12: Financial statements

Taking basic accounting classes can help you better understand your business finances. You don't need to be an expert, but classes will help you better understand the financial statements.

Three important financial statements:

- Balance sheet,
- Profit and loss statement, and
- Cash flow.

Step 13: Marketing

Do you have a marketing strategy and plan? How will consumers know about your product or service?

Marketing is a long-term investment.

Step 14: Record keeping

Having a good system for keeping track of documents is the first step toward organizing. The most common are: legal, financial, general business documents, workforce records, and taxes.

Step 15: Taxes

Remember federal, state, and local tax deadlines. You must collect and pay taxes on time. The most common taxes are:

- Income,
- Sales,
- Payroll,
- Occupation tax (local), and
- Autonomous.

Always seek the help of a reputable, trusted, and certified accountant.

Step 16: Security

Protecting your assets is key to a good security system. This includes: software, security cameras, protection of sensible personal and customer information, and cybersecurity.

Step 17: Emergency planning

Having an emergency, continuity, and recovery plan is essential. This will ensure all protocols are in place in the event of an emergency.

Step 18: Networking

One way to build connections and present your business is joining Chamber of Commerce events, volunteering, tutoring, or attending community events.

Step 19: Community support

A business that supports its community builds community support. Show support by sponsoring community events, sports, schools, and/or organizations, etc.

Step 20: Update your business plan

Review and update your business plan every three years. Make changes or adjustments. Ask yourself, what has changed or what changes need to be made.



OUR LOAN PRODUCTS

Apply at cfra.org/loans

✓ Small Business Loan

Up to \$250,000 for working capital, equipment, inventory, and real estate.

✓ Express Loan

For borrowers with credit needs less than \$20,000. Fewer documents and faster decision.

✓ Housing Loan

Mortgage loans between \$5,000 and \$100,000 are available for purchase of home, owner-occupied rehabilitation or renovation, or emergency repair to a property.



BUSINESS DEVELOPMENT SERVICES

Business counseling

Business development specialists are available for consultations on business troubleshooting, cash flow and budget, loan packaging, and more.

Loan specialists

We have a statewide network of loan specialists ready and willing to help you along your small business journey. Find your specialist on pages 10 and 11.

Start-up checklist

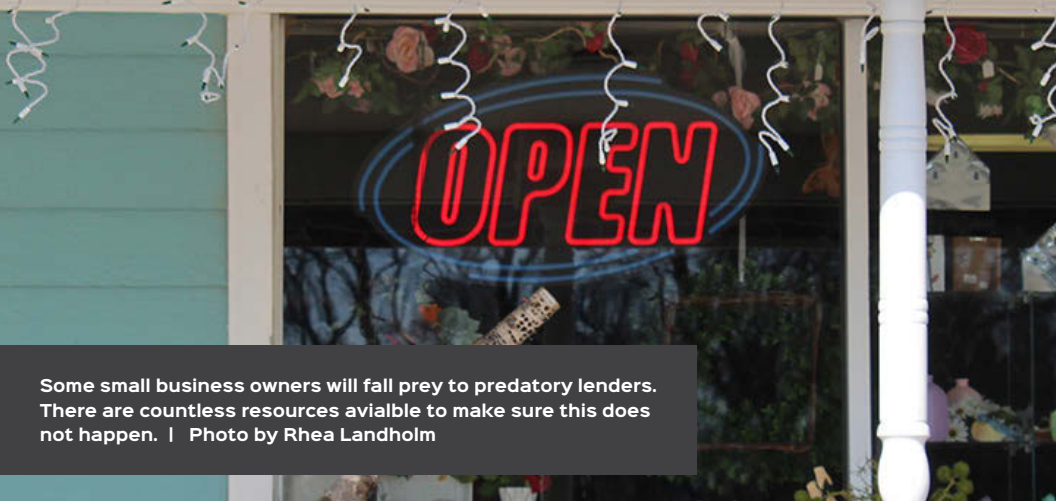
You have a great idea for a new small business. Congratulations! That's the first step. But, you need to do a few other things to turn that idea into a business. We offer an online checklist with actions to get you started. Visit cfra.org/business-start-checklist.

Events and networking

We host various workshops and networking opportunities focused on emergency preparedness, marketing, business plans, social media, specific industries, and more. To stay up to date, visit cfra.org/events.



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Some small business owners will fall prey to predatory lenders. There are countless resources available to make sure this does not happen. | Photo by Rhea Landholm

RESEARCH CAN HELP KEEP BUSINESSES FROM BEING VICTIMS OF PREDATORY LENDERS

BY RAUL ARCOS HAWKINS

Small businesses face challenges on a daily basis and the new year is no exception.

With the stress that comes along with the tail end of the holidays, some small business owners become vulnerable to predatory lenders who target them with loans that seem too good to be true. However, small business owners can access many resources to make sure they don't fall victim to a predatory loan.

As with any loan, research is key. For example, before applying for a loan, the business owner should research current interest rates to get a good sense of what they should expect. If a lender is offering something excessively higher, that's a red flag. Additionally, predatory lenders often promise one type of loan or a certain interest rate, but then give the business owner a different loan or a higher interest rate. Sometimes, the higher interest rate won't take effect until a few months into the loan.

While tempting, if a lender promises to extend an offer without checking the business owners' credit history, steer clear. Credit checks are used to evaluate the owner's ability to pay off the loan within reasonable terms. A lender who avoids this step may offer a loan the business can't afford and lock them into a cycle of debt.

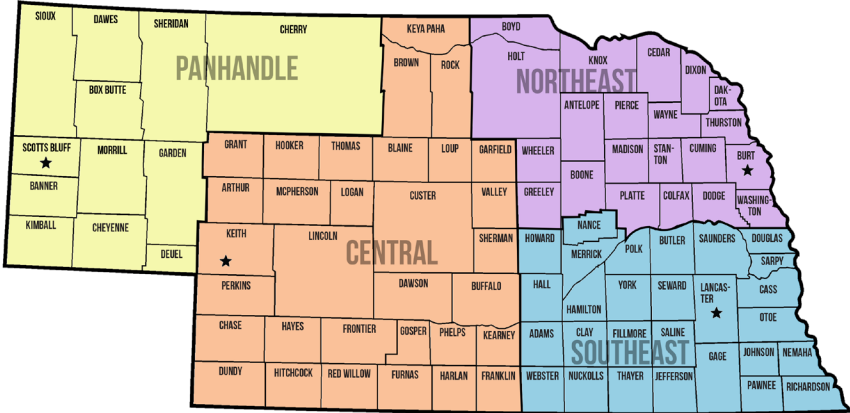
Other warning signs include excessive fees, rushed approval of paperwork, balloon payments, unsolicited offers, prepayment penalties, and offers to help set up automatic payments from a borrower's bank account.

For many, owning a small business is the ultimate American dream. Even though predatory lenders exist, plenty of reputable ones offer reasonable loans. By researching and reaching out to organizations such as the Center for Rural Affairs, securing a loan that works for them can turn their dream into a reality. 🏡

BUSINESS RESOURCE

SMALL BUSINESS LENDING STAFF

SERVICES PROVIDED IN ENGLISH



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 kimp@cfra.org

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 Grand Island, NE 68802
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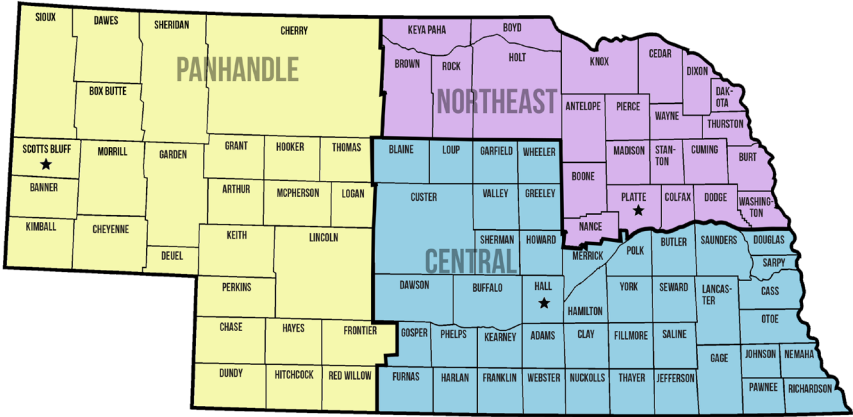
NORTHEAST REGION:

Lori Schrader, Loan Specialist
 PO Box 332, Norfolk, NE 68702
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Open position,
 please call 402.580.1007.

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QUESTIONS AND APPLICATION PROCESS



cfra.org/loans



402.687.2100



loans@cfra.org

SERVICE MAPS



CENTER *for* RURAL AFFAIRS

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LYONS, NE 68038