



The Arkansas Business Guarantee Fund (ABGF) is the result of research conducted by Arkansas Asset Funders Network (AR AFN) and others around access to capital for businesses in Arkansas.

The 2023 Small Business Profile found that small businesses make up 99.3% of Arkansas businesses and provide 47.1% of the jobs. Despite their vital role in the economy, many of these businesses struggle to secure the funding they need to grow and thrive.

The 2023 Small Business Credit Survey found only about 40% of businesses operating less than 5 years received loans. Even among more established businesses (6–20 years old), just 53% secured financing. As a result, many small businesses are forced to rely on credit cards, personal savings, or, in some cases, high interest options. The lack of available capital limits growth and can lead to business failure.

The research noted above and much more would suggest that successful small businesses are a vital part of economic growth and yet many of them are unable to access critical resources, including loan capital. Imagine the potential if those barriers were removed.

ABGF was developed to unlock this potential. ABGF provides a guarantee that is based on the three primary criteria that limit access to capital – credit scores, collateral, and capital. Businesses can qualify for a guarantee ranging from 20% to 75% on loans up to \$25,000.

In response to requests from lenders, the maximum loan was increased to \$50,000 with the guarantee continuing to be based on the \$25,000 portion of the loan. While this dilutes the guarantee, it continues to be a resource to help address the gap in small and important loans.

This ABGF guarantee is available to any lender in the state of Arkansas. Those interested in participating in ABGF will receive a workbook that includes guidelines, instructions, agreements, guarantee determination, and information on how to determine and collect on guarantees. There is no extra underwriting required and no fees during this pilot period. Qualified businesses include:

- Arkansas businesses that cannot qualify for traditional loans and/or rely on high interest credit cards, and
- Businesses that have been generating revenue for at least 6 months, even if only on a part-time basis.

Upon approval the lender will receive a certificate documenting the percentage guaranteed, reporting requirements, and the documentation and process for collecting in the event of default.

Lenders interested in participating can contact [Deborah Temple](#) and ask for a copy of the ABGF Workbook.

Arkansas Business Guarantee Fund, powered by AR AFN, is a response to the clear gaps encountered by small businesses in Arkansas. The fund will be carefully monitored and tracked to document the success and impact as well as specific challenges they face to drive broader change in lending policies.

The fund is being administered by the Arkansas Community Foundation for AR AFN.