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Evolving Business Returns to Accion for Commercial Real-Estate Loan

By Justin Hyde, Accion Market Manager

Cathy Schueler approached Accion, a nonprofit lender, in 1996 to secure her first business loan for her nascent business — a microloan of around \$3,000 — to buy equipment and supplies for her private psychotherapy practice in Rio Rancho. At the time, Schueler was a sole proprietor who wanted to build her new business.

By the time Schueler returned in 2015, she was planning to purchase a home for her thriving S corporation, Bosque Mental Health, in central Albuquerque.

“Cathy’s a great example of how a client can grow with us,” said Metta Smith, vice president of lending and client relations. “We’re able to work with a wide range of entrepreneurs — from those needing startup capital to launch, to the well-established business owner hoping to purchase a home for his or her business.”



Different Type of Loan

Accion offers a range of credit and services to local entrepreneurs: microloans from \$1,000 to small business loans up to \$1 million for purposes such as startup capital, equipment purchase, franchise expansion, business acquisition, or as in Schueler’s case, the purchase of owner-occupied commercial real estate (OOCRE). Schueler, just shy of qualifying for a SBA loan, turned to Accion for capital.

Unlike many home mortgages, loans to purchase commercial real estate to house a business are not insured by the federal government. Thus, fewer options are available and rates and down payment requirements are typically higher than in the mortgage market, with prepayment penalties frequently in effect.

Seeing the need to increase access for entrepreneurs to finance the purchase of owner-occupied real estate, Accion introduced a specialty product in 2012 that features fixed interest rates and no pre-payment penalty.

Owning a business' location can boost the confidence — and cash flow — for an entrepreneur to grow her business. That's just what Schueler plans to do with Bosque Mental Health in its new digs — a 2,200-square-foot building in a centrally located medical complex. "It's larger, more sophisticated and more professional," she said.

Once a sole proprietor, Schueler is now executive director of a business that employs 14 people and provides a vital, and often life-changing, service to individuals and families across Albuquerque. In addition to running Bosque Mental Health, she continues to see a limited number of clients to keep her therapist skills current.

The Accion loan "gave me the leg-up I needed," she said. "It will help my business grow in ways it (otherwise) couldn't have." Her five-year plan is for Bosque Mental Health to be one of the premier organizations people turn to for outpatient behavioral health care.

A Family Feeling

One thing that didn't change in the 19 years between her two Accion loans was the lender's enthusiastic support, Schueler said. "They're kind of like a family; they're helpful and friendly and want to work with you," she said. "Justin walked me through everything and asked questions I wasn't even anticipating."

Accion's mission remains the same after 20 years of service: increase access to business credit, make loans and provide training to enable entrepreneurs to realize their dreams and be catalysts for positive economic and social change. For more information, visit www.accionnm.org.

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