

## Community Banks Essential to Business Success

By *Finance New Mexico*

Ramiro Alcala learned the value of community banks in 2013 when he needed a loan to expand the parking lot at his Las Cruces restaurant, Las Trancas, and to add walk-in refrigerators to the kitchen.

Despite his long and successful track record with the business, which he opened with his mother in 1996, Alcala couldn't find traditional financing until he approached the local office of Century Bank.

It wasn't the only financial institution in town, but it was the only one that would lend Alcala the money to continue the expansion he began in 2010 to meet ever-growing demand.



### Borrowing to Grow

In 2010, Alcala used credit cards and his retirement savings to double the seating capacity of his dining room and add an open-air patio. It was the 14-year-old restaurant's first major expansion, but business was growing at a rate of 25 percent each year and the restaurateur needed room for 100 customers during peak hours.

"I went into debt about \$45,000 to \$50,000," he said, "and it took me three years to pay off."

When the time came to launch a much more expensive capital project — the purchase and demolition of an adjacent building to make room for more parking — Alcala shopped for a more economical form of financing.

He secured a loan through the Small Business Administration's 504 program for the property purchase, but he needed more capital to complete the renovation.

The larger, nationally based financial institutions in town were unable to lend him the cash, but Century Bank stepped up. A number of the bank's employees ate at Las Trancas, Alcala said,

and they saw firsthand how busy it was. After Century Bank’s careful analysis of the request, the loan was approved.

Since the expansion, business has grown each year by 30 percent, he said. “I’ve been paying Century Bank (back) at a tremendous rate. I don’t think I’ll go the full five years” before the loan converts to a balloon payment.

## Local Focus

A willingness to support local businesses makes community banks essential in New Mexico, especially in small towns and rural areas where larger banks often don’t have branches.

The success of the state’s 47 community banks is dependent on the economic health of the towns in which they’re based, according to the Independent Community Bankers Association of New Mexico. Because they rely on locals as account holders and borrowers, community bankers have intimate knowledge of their local market. Rather than using a boiler-plate template or deferring decisions to a faraway corporate office, local bankers can consider an individual borrower’s circumstances in context and on a case-by-case basis.

Community banks offer more than half of all small-business loans under \$1 million nationwide — and often the rates are lower or the loan package is better than what the borrower will find elsewhere. The loan package might include waived or decreased fees on overdrafts, checking accounts or the use of out-of-network ATMs.

To find a community bank or learn more about their place in New Mexico’s business-financing ecosystem, visit the ICBANM website at [www.icbanm.org](http://www.icbanm.org). For more information about Century Bank, go to [www.mycenturybank.com](http://www.mycenturybank.com). Las Trancas restaurant can be reached at 575-524-1430 or [www.lastrancasc.com](http://www.lastrancasc.com).

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