



Article 472

October 16, 2016

Economic Development Mandates Drive State's Nonprofit Lenders

By Russ Cummins, Executive Director and Investment Advisor, New Mexico Small Business Investment Corporation

Economic development is what motivates New Mexico's nonprofit lenders: The Loan Fund, Accion and WESST. All three organizations promote grassroots economic development by lending money to businesses that need cash to get started or to expand.

Designated by the U.S. Department of the Treasury as certified community development organizations (CDFIs), they support economically disadvantaged communities and provide loans to small businesses that lack access to traditional funding. Funding for these loans is provided by the New Mexico Small Business Investment Corporation (NMSBIC). The Legislature created NMSBIC 15 years ago to generate new job opportunities and support new or expanding businesses in New Mexico.



The NMSBIC lending program also provides funding to the New Mexico Mortgage Finance Authority for construction loans and to Rio Vista Growth Capital for mezzanine growth funding to enable communities and businesses to grow.

NMSBIC's lending partners aim to close the gap between traditional funding and alternative financing options for small-business owners. They don't compete with traditional lenders; rather, they complement them by approving creditworthy loan requests that don't fit a traditional bank's lending policies.

Beyond Financing

To improve the likelihood that business clients will succeed and repay their debt, The Loan Fund, Accion and WESST offer more than small business loans. They also provide free and low-cost support services, such as counseling, training, technical assistance and mentoring through workshops and one-on-one consultations.

These lenders apply their own underwriting standards when evaluating a loan request, but they generally serve clients with a solid business plan, an ambitious owner or management team and good prospects for job creation. As these small-business loans are repaid, the money is recycled to help other entrepreneurs.

Statistics confirm the success of their efforts: Since 2001, NMSBIC's lending partners have provided almost 3,800 loans to businesses in communities statewide, in many cases preserving jobs that would have been eliminated without access to capital. Through its lending program, the NMSBIC has provided over \$64 million in loans to businesses that would likely not have had access to loans from other sources.

Community Meeting

On Monday, Oct. 24, NMSBIC will host a community meeting in Albuquerque to introduce the owners of new and expanding businesses to lenders and experts with the financing and knowledge to help their businesses thrive. The public meeting starts at 11:00 a.m. at the CNM Workforce Training Center, 5600 Eagle Rock Avenue NE.

Business owners and aspiring entrepreneurs throughout New Mexico — especially those who can't access traditional bank financing — benefit greatly from NMSBIC's annual outreach meetings, because they offer an opportunity for the public to interact personally with lenders and get answers to questions about free and affordable business services and small-business loans.

WESST, Accion and The Loan Fund are sending representatives to the meeting to share their expertise in a public forum and in private discussions tailored to the needs and circumstances of individual companies. Representatives from some of NMSBIC's equity partners — including Flywheel Ventures and Verge Fund — will give an overview of equity programs and discuss business accelerator programs that prepare businesses for equity funding.

The New Mexico Small Business Development Center will join the panel to describe the many mentoring resources available to entrepreneurs. The annual meeting, which includes a complementary lunch, will be followed by a tradeshow and the opportunity to meet individually with lenders. Pre-registration is required.

For more information about NMSBIC and its lending partners, visit nmsbic.org. To register for the Oct. 24 event, go to <https://www.eventbrite.com/e/accessing-capital-in-new-mexico-tickets-28511509693>.

Finance New Mexico is a public service initiative to assist individuals and businesses with obtaining skills and funding resources for their business or idea. To learn more, go to www.FinanceNewMexico.org. Sponsored by:

