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Small Business Administration Changes Intensify Business Lending Surge

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Jerome Garcia completed 23 years of military service, multiple overseas tours and one combat deployment before retiring in Las Cruces just before the economy collapsed in late 2008. Garcia and his wife, Michele, proceeded with plans to start their own business and launched Southwest General Construction in February 2009.

SGC is a service disabled veteran-owned small contracting business that builds and maintains airfields, railroads, roads and buildings in New Mexico and the Southwest. It also builds fences, drills wells, maintains grounds and conducts environmental remediation.

Garcia, a civil engineer, earned his general contractor's license before starting the business. He and his wife completed numerous business training programs offered by the Small Business Administration and secured certifications in the 8(a) Business Development Program. By 2012, the Garcias had 12 contracts with seven federal agencies and had built a team to handle the growing workload.

For two consecutive years, the U.S. Small Business Administration has helped train thousands of aspiring entrepreneurs like the Garcias and put more than \$30 billion a year into the hands of small-business owners. In the fiscal year that ended in September, SBA loan programs posted the second-largest dollar volume ever, surpassed only by the previous fiscal year, which enjoyed loan incentives enabled by the Small Business Jobs Act of 2010.

In New Mexico, 316 loans provided \$149.6 million in capital to small businesses through the agency's 7(a), 504 and microloan programs.

In the past year, SBA began streamlining and simplifying many loan programs to broaden participation by lenders. Its updated processing systems allow 80 percent of loan applications to be processed online. These changes and other incentives prompted 1,300 lenders nationwide to return to SBA lending.

The results speak for themselves:

- The Certified Development Company (504) loan program extended 9,471 loans, supporting \$15.1 billion in small business lending. New Mexico accounted for 51 of those loans, totaling \$67.4 million.
- SBA revamped its CAPLines program, which provides working lines of credit to small businesses such as manufacturers and government contractors. Loans jumped 400 percent in one year -- from 108 loans and \$118 million in fiscal year 2011 to 532 loans and \$410 million in 2012. Here in New Mexico, CAPLine loans delivered \$1.6 million to businesses.
- Lenders are making more low-dollar loans using the Community Advantage and Small Loan Advantage programs. The number of Community Advantage loans increased more than 11-fold from 2011 to 2012, with nearly 80 percent of the loans initiated after SBA simplified the process in June. Small Loan Advantage ended the fiscal year with 820 loans for \$150.6 million, of which almost \$1.2 million spread over 10 loans helped New Mexico businesses grow.

The SBA's loan-making pace is more evidence of a recovering economy and healthier credit markets, all of which will build New Mexico's economy. For more information about the SBA, visit www.sba.gov.

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