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January 28, 2013

NMSBIC Plans to Expand Lending Program in 2013

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

While many financial experts predict slow economic growth in 2013, the New Mexico Small Business Investment Corporation (NMSBIC) is taking action to improve the economy in New Mexico by providing capital to small businesses around the state.

Created in 2001 under the New Mexico Small Business Investment Act to stimulate job creation, the NMSBIC plans to assist more small businesses in more parts of the state, said Joseph Badal, board chairman and president of the organization.

"We want to increase the velocity of money we have to deploy," he said. "The faster money gets into the hands of small-business owners, the faster the economic development impact on those businesses and on the state's economy. As these loans are repaid, the NMSBIC is able to redeploy its funds to other businesses. The multiplier effect on the state's economy can, as a result, be dramatically positive."

Investing in Ourselves

NMSBIC manages funds allocated from the Severance Tax Permanent Fund and distributes the money as equity and debt capital to small businesses through its equity and lending partners. Each of the NMSBIC's lending partners — The Loan Fund, WESST and Accion — prioritize lending to small businesses in underserved communities. Our lending partners provide loans and other support to small businesses, which are the bedrock of the state's economy and local communities.

The six volunteer members of the NMSBIC board of directors are equally committed to that homegrown vision of economic development. People with expertise in finance and business management are appointed to the board by the governor and approved by the Senate. The state treasurer serves as the seventh member of the board. Board members are from different areas of the state and are active participants in various New Mexico business communities. They identify areas where capital is needed and then deploy capital in a responsible way that stimulates economic growth while protecting taxpayer dollars.

Reaching Farther

Since the program began in 2001, more than \$47 million has been allocated to the NMSBIC from the Severance Tax Permanent Fund. That money has been used to provide more than 2,400 loans to small businesses and startup companies in New Mexico. NMSBIC aims to build on that record in 2013 by supporting small businesses in order to preserve existing jobs, create new jobs, and boost economic development, according to Badal. Board members want to grow the NMSBIC's loan program, and they want to disperse capital to businesses all over the state, not just in the Rio Grande Corridor, Badal added.

In order to deploy more money to more businesses in more areas of the state, NMSBIC hopes to initiate relationships with new lending partners. These potential new partners must have a track record of working with New Mexico small businesses. They must have the capacity to service loans and have strong operational and underwriting capabilities — an ability to evaluate risk and make sound lending decisions.

Potential partners also must be willing to counsel small-business clients, Badal said. NMSBIC's lending partners help clients with more than just loans; they provide free and low-cost resources, such as mentoring, technical assistance, and business-related workshops.

For more information about NMSBIC, please visit www.nmsbic.org.

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