



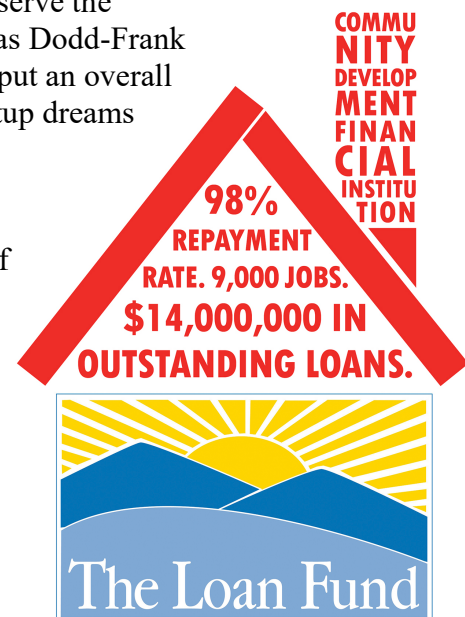
Lender Referrals Help Bankers Maintain Trusted Relationships

By Matt Loehman, Director of Development and Special Projects, The Loan Fund

Since the financial meltdown of 2008, bankers have endeavored to serve the borrowing needs of their entrepreneurial customers. But laws such as Dodd-Frank — meant to regulate large banks and curb excessive risk-taking — put an overall squeeze on access to capital, especially for those with business startup dreams and little credit history.

Banks now have money to lend, but many entrepreneurs don't fit a typical bank's customer profile. Startups often lack a track record of business success and the collateral necessary to secure a traditional bank loan.

But savvy community bankers don't turn away business customers whose borrowing needs can't be met internally. Instead, they refer businesses to New Mexico's nonprofit lenders, the Community Development Financial Institutions (CDFI) that lend money and provide other critical services that can help a business grow.



The Loan Fund is one of those lenders, but it's more than that. At no cost to clients, it offers each year more than 4,000 hours of financial counseling and business development and support services that help potential borrowers get a loan and existing clients thrive.

The Loan Fund invests in hardworking, underserved individuals and nonprofits that want to improve economic and social circumstances and the wellbeing of their communities. In many cases, a loan is the first step in helping clients hone their financial and entrepreneurial acumen so they can meet their goals and repay the loan, which frees money to assist other businesses.

The nonprofit's loan officers each have at least 20 years of experience as lenders and business developers, which gives them a keen eye for the small businesses and nonprofits with the drive to succeed. Loan officers consider borrowers' character, relevant experience and collateral and the business's real or potential cash flow. Because The Loan Fund is not regulated in the same manner as banks or credit unions, its loan officers have greater flexibility in loan decisions.

Many of The Loan Fund's loans come to fruition because of the loan officer's ability to carefully adapt the terms of the loan to the borrower's financial situation. Loans can be structured to accommodate the

seasonality of business cash flows or begin with the interest-only payments that many startups seek while their business grows.

The Loan Fund has 10 employees working from a renovated house in the Barelmas neighborhood of Albuquerque and one staff member in Santa Fe, but the nonprofit's \$14 million in outstanding loans assist businesses in 22 of New Mexico's 33 counties.

With its historical repayment rate of 98 percent, many organizations are eager to work with The Loan Fund. Referrals come from banks and credit unions and a broad, statewide network of resource partners that includes the New Mexico Small Business Investment Corporation, the New Mexico Small Business Development Center network, the U.S. Small Business Administration, USDA Rural Development, the New Mexico Economic Development Department and others.

Since its start 29 years ago, The Loan Fund has issued more than \$76 million in affordable loans that have enabled small businesses and nonprofits to create or preserve more than 9,000 jobs in New Mexico.

For more information about The Loan Fund, visit <http://www.loanfund.org/>.

Finance New Mexico connects individuals and businesses with skills and funding resources for their business or idea. To learn more, go to www.FinanceNewMexico.org. Sponsored by:

