



NEW MEXICO
FINANCE AUTHORITY

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Small Business Recovery Loan Fund



Applicants

Presenters

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What is the Small Business Recovery Loan Fund?

Created by the Small Business Recovery Act of 2020 (June 2020 Special Session) and signed into law by Governor Michelle Lujan Grisham on July 7th.

The **\$400 million** program provides low-interest rate loans to businesses that experienced financial hardship due to the public health order resulting from the COVID-19.

The three-year loans may be used for a variety of expenses, do not require personal guarantees or collateral, and have no payments for the first year.

What are terms of the loans?

Loan Amount: Two times the monthly average expenses, not to exceed \$75,000.

Interest Rate: $\frac{1}{2}$ of *Wall Street Journal* prime (currently 1.625%)

Collateral: None. Personal guarantees not required.

Terms: 3-year loans.

Repayment: Interest only, paid annually. Principal due at maturity. Loan may be extended for an additional three years with monthly principal and interest payments.

Please note that this is a loan program, not a grant program

- ◆ A New Mexico business that has closed or reduced operations due to the public health order, and
- ◆ Had annual gross revenue of less than \$5 million as determined by its 2019 federal income tax return, and
- ◆ Experienced a 30% decline in monthly gross receipts or monthly revenue in April and May of 2020 as compared to the same months in 2019.
- ◆ Note “New Mexico business” means either a business organized as a for-profit (sole proprietor, partnership, corporation, limited liability company, etc.) or a 501(c)(3) or 501(c)(6) nonprofit corporation.

Definition of a “New Mexico business”

- ◆ If a sole proprietorship, 100% of the assets of the business are owned or leased by a New Mexico resident.
- ◆ If a corporation, partnership, joint venture, LLC, limited partnership, or other business entity, at least 80% of the total voting power and at least 80% of the total value of the equity is owned by one or more New Mexico residents.
- ◆ A New Mexico resident is defined as an individual who is domiciled in the state during any part of the year or an individual who is physically present in the state for 185 days or more during the taxable year.

The Small Business Recovery Act (“SBRA”) partners NMFA with lenders and technical assistance providers statewide.

SBRA provides for banks, credit unions and Community Development Financial Institutions to act as “Loan Servicers” who help in assembling loan documents.

SBRA also recognizes the important role that technical assistance plays by providing that “Service Providers” be paid a fee for providing on-going technical assistance to very small businesses (those with annual revenues of less than \$500,000).

Application Process

- ◆ The application will be available at www.nmfinance.com.
- ◆ The application will **open August 5th** and will be open until **December 31, 2020** or until funds are gone, whichever comes first.
- ◆ Submitted applications will be reviewed by Loan Servicers (participating banks, credit unions and Community Development Financial Institutions).
- ◆ Applications will be processed on a **first-come, first-served basis**.

- ◆ The application system requires that businesses submit all documents in electronic format at the time they apply. The application system does not allow businesses to “save” the application and return to the document at a later time.
- ◆ Documents needed to be uploaded include:
 - 2019 business federal tax return
 - Copies of CRS forms submitted to NM Taxation and Revenue evidencing gross receipts for the months of April and May 2019 and 2020
 - For non-profit applicants, submit monthly income statement/profit & loss for the fiscal years that include April and May 2019 and 2020
 - Any CARES Act loan documentation
 - Personal Income Tax returns for equity owners of business
 - Authorization form allowing NMFA to pull business credit report

- ◆ Applicants will also be required to provide checking account information at the time of application.
- ◆ The checking account will need to be held in the name of the applicant at a federally insured financial institution.
- ◆ NMFA will utilize a secure financial application system to verify the account is valid and held in the name of applicant.
- ◆ Applicants that do not meet the loan qualifications set out in statute will not be prompted to input account information.
- ◆ All information and documents submitted with the application will be held in a secure system and not subject to any disclosure. Only borrowers' names will be disclosed.

Loan Amount

An amount equal to 200% of the **average adjusted monthly business expenses** from the previous calendar or fiscal year, not to exceed \$75,000.

“Average adjusted monthly business expense”

The amount will be the 2019 expenses of the business less any deductions for depreciation, bonus depreciation, CARES Act funding, and any deductions pursuant to Section 179 of the IRS code, divided by 12.

Use of Loan Funds

A minimum of 80% of the loan funds must be used for ordinary and necessary business expenses, including capital expenses, other than compensation for employees who own equity in the business.

How long does the process take?

If your business is ineligible, you will be notified as you complete the application. If your business is eligible, the process will take approximately ten days after your application is submitted.

Application Demonstration



Questions?

www.nmfinance.com

- ◆ The New Mexico Finance Authority was created in 1992 by the New Mexico Legislature.
- ◆ NMFA improves the quality of life for New Mexicans by providing financing for infrastructure, capital, and economic development projects to communities and businesses throughout the state.
- ◆ NMFA's mission is to advance New Mexico by financing impactful, well-planned projects.



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Economic Prosperity and Stronger Communities*