



Lending More Than a Hand: New Mexico's Alternative Lenders

By Paul Goblet, Financial Advisor to the New Mexico Small Business Investment Corporation

The New Mexico Small Business Investment Corp. was formed in 2001 to provide capital to the state's small businesses. The original charter was narrowly defined and the organization had relatively little money to lend, but legislative amendments over the years allowed NMSBIC to formalize cooperative agreements with financial professionals and alternative lenders.

The organization wasn't formed to compete with traditional banks that best understand local markets and clients and remain the best source of capital. It exists to help those businesses that lack access to traditional banking sources or have been turned down by commercial lenders. These include businesses with logical and creditworthy loan requests that were deemed too small or too risky or not well suited for the bank's lending categories. The borrower's collateral might have been weak or unacceptable or their credit scores might have been too low.

Like a bank, only different

Alternative lenders have worked aggressively with NMSBIC to make business loans in every New Mexico community. Their primary goal is to be repaid on time, so they think and act like a bank when it comes to seeing a borrower's documents, tax files, accountant reports and collateral. But they're usually more willing than many banks to work with a borrower and try to understand and accommodate their needs.

The Loan Fund, with headquarters in Albuquerque, is the oldest and largest alternative lender in New Mexico (it just celebrated its 20th anniversary). It's also the largest lending partner of the NMSBIC, with a capacity of \$7.5 million. Since teaming up with NMSBIC in late 2004, the organization has loaned more than \$13 million to almost 300 businesses statewide on behalf of NMSBIC. While the organization has approved loans of up to \$750,000, its sweet spot ranges between \$25,000 and \$100,000. The Loan Fund can be reached toll free at 866-873-6746.

ACCION New Mexico partnered with NMSBIC before the other organizations. Since its first loan on behalf of NMSBIC in February 2004, it has approved more than 1,500 loans worth a total of \$17.5 million. The average ACCION loan is just over \$11,000, but the favored range is \$5,000 to \$25,000. Reach ACCION at 800-508-7624.

WESST is best known for its technical training assistance and most recently for building an outstanding business incubator in Albuquerque. The new facility has allowed WESST to expand its efforts to help small businesses with the basics — including helping owners complete a business plan that can help them reach their goals and generate interest among lenders and investors. WESST is the smallest lending partner of the NMSBIC; its loans usually range between \$5,000 and \$25,000. The organization’s lending chief, Kim Blueher, can be reached at 505-246-6900.

Finance New Mexico is an initiative of the New Mexico Small Business Investment Corporation (NMSBIC) and its partners to assist individuals and businesses in obtaining skills and funding-resources for their business or idea. To learn more, go to www.FinanceNewMexico.org.

