



Article 55

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## **Government Backs Loans for the Rural Entrepreneur**

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At a time when banks are loath to lend money to other banks, New Mexico's rural entrepreneurs may wonder if it's even worth trying to obtain the credit they need to stay in business.

That's where the Small Business Administration and its partners come in with programs to help launch and build rural businesses and to help rural innovators overcome the special problems posed by distance from customers, markets and workers and the lack of a telecommunications infrastructure.

SBA's financial assistance consists of guarantees to banks to share the risk of lending to entrepreneurs. Just this year the agency instituted the Rural Lender Advantage initiative to foster economic development in rural areas by making it easier for smaller community banks to partner with the SBA to finance small businesses. With a maximum loan amount of \$350,000, expedited approval, limited documentation requirements and the federal government's guarantee that the bank won't lose its entire investment in case of default, this tool makes community banks more willing to help New Mexico's rural entrepreneurs pursue their business goals.

### **Pick your loan**

The Patriot Express loan is the best deal available for those who are eligible: veterans, National Guard members and reservists, active-duty military in transition to civilian life, spouses of those in the military and spouses of service members who died in the military or of service-related causes. This express loan requires little documentation beyond the bank's own loan requirements and provides up to \$500,000 with the full SBA guarantee (the government promises, in case of borrower default, to repay 85 percent of loans up to \$150,000 and 75 percent of larger loans). An additional benefit to the borrower is the federal agency's lowest interest rate, and some New Mexico banks add sweeteners of their own to the Patriot Express deal.

The Community Express initiative focuses on economically stressed areas of the state. It is available in any part of New Mexico for up to \$25,000, and many of the state's rural areas are eligible for up to \$250,000. Community Express provides technical assistance for the borrower and expedited approval designed to get funding where it's needed as quickly as possible.

Microloans are for borrowers not ready to request a loan from a bank. Microlenders work closely with borrowers and are often able to make loans that banks can't. The SBA microloan program is

managed in New Mexico by WESST Corp. The Loan Fund and ACCION New Mexico are also microlenders and are very active in rural areas.

Finally, SBA's 504 loan program backs larger ventures and those with a real-estate orientation. It has proved useful for manufacturing facilities and tourist development in rural areas with a maximum project amount of \$10 million.

### **A map to the money**

New Mexico is the nation's fifth-largest state in terms of area, and it is the SBA's third-largest district. Nevertheless, nearly every New Mexican lives within 100 miles of one of the 30 places where SBA or its partners provides management and technical assistance in New Mexico: the district office in Albuquerque; three chapters of the Service Corps of Retired Executives (SCORE); six offices of WESST Corp., the New Mexico Women's Business Centers; and 19 Small Business Development Centers, some of which have branch offices.

SBA provides a small business Internet search engine at [www.business.gov](http://www.business.gov) that provides information about starting a business — even in rural areas of the state. The SBA New Mexico Web site, [www.sba.gov/nm](http://www.sba.gov/nm), provides access to a wealth of business planning and management tools, information about SBA financing programs, government contracting assistance and access to the many other services SBA provides nationwide.

*Finance New Mexico is an initiative of the New Mexico Small Business Investment Corporation (NMSBIC), New Mexico Small Business Development Center (NMSBDC), Empowering Business Spirit (EBS), the New Mexico Venture Capital Association (NMVCA) and other partners to assist individuals and businesses in obtaining skills and funding resources for their business or idea. To learn more about resources available to New Mexicans, go to [www.FinanceNewMexico.org](http://www.FinanceNewMexico.org).*

