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Loans Help Contractor Build, Renovate Homes in Native Communities

By F. Leroy Pacheco, Chief Executive Officer, The Loan Fund

Doris Sandoval works in an industry hard hit by the recession and lagging recovery, yet by following a strategic plan of borrowing through lines of credit, the owner of SSC Construction has kept her business going strong.

SSC Construction is based in San Felipe Pueblo in northern New Mexico near Algodones. The woman- and Native-owned company builds houses on tribal lands all over New Mexico and employs seven members of Sandoval's family and numerous subcontractors.

While most contractors struggled to find work and financing as home construction slowed and home prices dropped, SSC Construction received five lines of credit from The Loan Fund to underwrite various building projects in Native communities.

The Loan Fund helps companies that can't find funding through traditional sources such as banks. It looks for businesses that promote social change and build communities, and what the Loan Fund saw in SSC Construction is what it looks for in other businesses that approach it for funding.

SSC's history of contract completion and top-notch workmanship weighed heavily in its favor, according to Norma Valdez, one of the fund's community development officers. The contractor earned more points from the rave reviews offered by banks that had worked with SSC in the past and vouched for the company's dependability and creditworthiness.

SSC's ability to find work while other contractors languished caught the eye of loan underwriters. In the face of powerful counter forces, the company found work in areas that were overlooked by or inaccessible to other contractors. Its revenues were positive, and that's what The Loan Fund officers evaluate when deciding whether or not to make a loan, Valdez said. "If it does not create cash flow," she said about proposed projects, "you have a hobby."

The lines of credit extended by The Loan Fund got projects rolling until homeowners began to draw on construction loans secured through two construction loan financiers -- the Bank of Albuquerque and Native Community Finance, a nonprofit community development financial institution serving Native communities in New Mexico.

Not all clients who approach The Loan Fund are as seasoned or prepared as SSC. In such cases, the fund's loan officers offer technical assistance to help the business position itself to start, grow or maintain its momentum. Established businesses and entrepreneurs who want to start a business can qualify if they have a reasonable credit history, a demonstrated ability to repay the loan and acceptable collateral.

The Loan Fund is the only community development financial institution in New Mexico that serves nonprofits, with 40 percent of its loans going to such organizations. The Loan Fund serves the entire state from its headquarters in Albuquerque. Interest rates range from 8 to 10 percent, and loans can be as small as \$5,000 and as much as \$1 million.

For more information about The Loan Fund, call 866-873-6746 or visit the website www.loanfund.org.

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