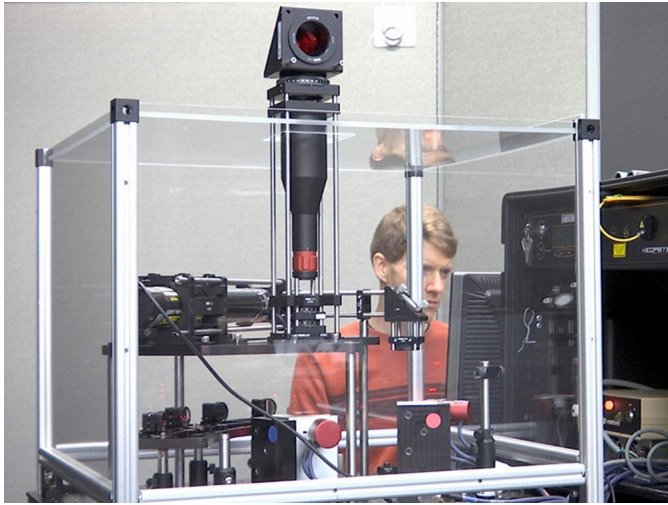


Small business assistance program reopens

Written by Staff Reports

Friday, 04 September 2020 05:36



SANTA FE — With a broader selection of state and federal economic assistance now open to small business owners, the New Mexico Economic Development Department has closed its COVID-19 Business Loan Guarantee program after assisting with \$1.77 million in lending to 47 businesses. A second relief measure that granted almost \$6 million in no-interest loans from the state Local Economic Development Act fund is also no longer taking applications.

Gov. Michelle Lujan Grisham authorized the emergency programs in March to offer immediate support to businesses seeking stability, prior to the passing of either the federal CARES Act by Congress or the Small Business Recovery Loan Program approval by the New Mexico

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Legislature during the special session.

“These emergency programs approved by the governor helped stabilize the finances of businesses at a time when there were few other options. These dollars helped sustain businesses and saved jobs,” EDD Cabinet Secretary Alicia J. Keyes said.

The COVID-19 Loan Guarantee program helped boost lending all over the state, going to 47 businesses with 344 full-time and 117-part time employees. The majority of support went to industries affected most by the pandemic, including hospitality, food service, retail-service, healthcare, and entertainment.

“We were happy to partner with the EDD to help our local businesses,” Brian T. Griffith, vice president of commercial lending at the Sandia Area Credit Union, said. “We were able to help provide economic relief to businesses across various industries. As a community chartered credit union, we are here to serve businesses throughout central New Mexico.”

The program offered a state guarantee to lenders to pay up to 80 percent of a loan principle or up to \$50,000 in case of a default, for a period of up to two years. As federal programs through the Small Business Administration have become available, including the Paycheck Protection Program and the Economic Injury Disaster Loan, applications to the EDD program have tapered off.

During this time, EDD also offered a no-interest loan program through LEDA to certain manufacturing companies that met qualifications established by the Legislature. As part of that effort, \$5.94 million went to nine companies to help maintain 432 jobs.

One company executive said that the no-interest loan accomplished its goal of preserving jobs during an uncertain time. “We are very appreciative to have the support of the LEDA program as we try to navigate an unforeseeable future for our company,” Malini Hoover, CEO of Advanced Optical Technologies, said. “This loan will help our company to stay the course in accomplishing our pre-COVID goals and keep staff employed. We expect that this loan will provide us with the opportunity to provide additional high-paying jobs in the very near future as well.”

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NEW ASSISTANCE PROGRAMS NOW AVAILABLE

EDD has reopened its Collateral Assistance Program which provides assistance to small businesses in underserved markets who have insufficient collateral to secure a business loan. The program has been operational since 2018. Lenders must be enrolled in the program in order to participate. A borrower would approach the participating bank, who then applies through EDD.

Small business owners who have experienced a 30 percent or more decline in sales in April and May of 2020 are encouraged to apply to active relief programs including the \$400 million Small Business Recovery Loan Fund administered through the New Mexico Finance Authority. Loan interest rates are currently 1.625 percent and have flexible repayment terms for amounts up to \$75,000.

More information and the application can be found at nmfinance.com.

The Small Business Administration's Economic Injury Disaster Loan provides flexible, low-interest loans. Businesses that have experienced a decline in sales due to COVID-19 are able to apply directly to the program from the SBA website.

The State Investment Council has established a loan program for businesses with at least 40 employees.

EDD is available to help businesses explore financing resources. The department also puts out a weekly financial resources email each Friday that provides a list of grants and financial opportunities for businesses and nonprofits.

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***For more information about financial resources through EDD, contact
Johanna.Nelson@state.nm.us ☎ (505) 469-6204***