

NEW MEXICO FINANCE AUTHORITY
[Small Business Recovery Loan Fund](#)

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. 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.

Loan Terms

- The interest rate is estimated to be between 1.5% and 2.5% (Specifically, it will be one-half of the Wall Street Journal prime rate on the date the loan is approved. 3.25% this week.)
- Three-year term with interest-only payments for the first three years.
- Principal and remaining interest due on the third anniversary of the funding date OR the remaining principal and interest may be converted into a loan with monthly principal and interest payments with a term of an additional three years.
- The loan may be paid off in advance with no pre-payment penalty.

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.

Collateral, Personal Guarantees

No collateral is needed for the loan, however, creditworthiness will be evaluated. Personal guarantees are not required.

Application Information

- The application opened August 5 and will be open through December 31, 2020, or until the funds are gone, whichever comes first.
- The loan applications will be processed on a first-come, first-served basis.
- The application cannot be saved and finished later, so please have your required documents

(see below) in an electronic form ready to upload before you start. (For your record, take screenshots of the application as you proceed from screen to screen.)

- The application will take approximately an hour to complete.
- If your business is ineligible, you will be notified as you complete the application. If your business is eligible, the approval process will take approximately ten days after the application is submitted.
- Applicants will need to provide their checking account information in the online application to receive the loan funds. If you do not have a checking account, you will need to open one before applying to the Small Business Recovery Loan Fund.
- Webinar, Eligibility and How to Apply: <https://youtu.be/iSrVxnsdM3c>
- Application: https://newmexicofinanceauthority.formstack.com/workflows/sbra_loan_application_copy_english_live

What is the Small Business Recovery Loan Fund?

This loan fund was 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 loans to businesses that are experiencing financial hardship due to the public health order resulting from the COVID-19 pandemic.

Please note that this is a loan program, not a forgivable loan, and not a grant program.

What businesses are eligible to apply?

A New Mexico business or nonprofit corporation organized under Section 501(c)3 or 501(c)6 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 or Form 990, 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

You will need the following documents in an electronic file format:

Required Documents for For-Profit Businesses:

- 1) Federal Tax Returns for Taxable Year 2019
 - Sole Proprietors - 2019 IRS Form 1040 Schedule C
 - Partnerships, LLC's & LLP's - 2019 Form 1065
 - S corporations 2019 IRS Form 1120S
 - C corporations 2019 IRS Form 1120
- 2) Copies of CARES Act loan amounts received by the business, if any
- 3) Combined Reporting System (CRS) reports for gross receipts collected in April 2019 & May 2019
- 4) Combined Reporting System (CRS) reports for gross receipts collected in April 2020, and May 2020
- 5) Copy of NM Personal Income Tax return of business owners to evidence NM residency

Required Documents for Non-Profit Organizations:

- 1) Monthly Income Statement/Profit & Loss report for tax year that includes April and May 2019
- 2) Monthly Income Statement/Profit & Loss report for tax year that includes April and May 2020
- 3) IRS Form 990 for the tax year or years that include April and May 2019
- 4) Annual Income Statements/Profit & Loss for the tax year that includes April and May 2019
- 5) Copies of CARES Act loan amounts received by the business, if any
- 6) Signed Certification of the financial statements are true and accurate, and consistent with IRS Form 990 (Signed, electronically or physically, by the Executive Director, CFO, independent accountant)