



WELCOME TO THE WINTER ISSUE OF OUR NEWSLETTER. REMEMBER TO VISIT OUR WEBSITE FOR CURRENT 504 LOAN RATES.

SBA in New Mexico  
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District Director  
United States Small Business Administration – New Mexico District

The Small Business Administration is looking forward to playing an important role in the economic recovery throughout the United States as we go into the New Year and we of the New Mexico District Office know that we can provide financing assistance to both existing and startup New Mexico enterprises.

The 504 loan program that is provided through the Certified Development Companies is a key tool for the larger and real estate oriented projects that need financing in order to be successful at providing jobs and economic development in New Mexico. SBA has two loan programs, 504 and 7(a). While a far larger number of 7(a) loans are issued, 504 loans finance the large projects. For example, in the fiscal year ended 30 September 2008 the average 7(a) loan in New Mexico was \$205,000 while the average 504 loan, including both the SBA and bank portion was \$1,400,000. 504 financing provided to New Mexico small businesses in fiscal year 2008 added up to almost \$90,000,000, by any measure that is among the largest sources of capital in the state.

In addition to providing capital and allowing entrepreneurs to start, acquire and expand their businesses, 504 loans are a powerful job creation tool. CDC and business owner reports to SBA in fiscal 2008 showed 432 new jobs created and 205 jobs retained in New Mexico through the use of 504 financing, a total of 637 jobs that would not be in the state just from that one year of capital availability.

504 loans are a great vehicle for financing tourism development around the state since they are frequently used for hotel acquisitions and construction and for other tourism infrastructure and the 504 program for these purposes provides for projects up to \$4,000,000. 504 loans are even better for manufacturing, where the maximum amount of the overall financing package can be as much as \$10,000,000 including the owner's equity injection. In some cases it is attractive to combine the real estate and hard asset financing of a 504 loan with the shorter term asset and working capital aspects of a 7(a) loan to provide a complete financing package.

After setting a record in fiscal year 2007, SBA lending was down about 20% in New Mexico in 2008 and we have seen further declines in lending levels in the first four months of fiscal 2009. Nonetheless, in these difficult times we are seeing a tremendous interest on the part of the lending community in the security provided by SBA 7(a) loan guarantees and 504 loan structures. We have been really impressed by the economic development opportunities we have already so far in fiscal 2009 that will be made possible by SBA loan programs. We are anxious to work with CDCs, lenders and borrowers throughout the state to help use SBA financing assistance to reenergize our local and rural economies in the coming year.

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**2009 SBA 504 Loan  
Overall Effective Interest Ratest**

	10 year	20 year
January	—	6.67%
February	—	5.7%