

# Small Business Recovery Loan Fund

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NM Finance Authority

# Eligibility

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- 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

# Application Information

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- The application is set to open 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 in an electronic form ready to upload before you start.
- The application will take approximately an hour to complete.

# Required Documents in an Electronic Format – For Profit

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- 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
- Copies of CARES Act loan amounts received by the business, if any
- Combined Reporting System (CRS) reports for gross receipts collected in April 2019 & May 2019
- Combined Reporting System (CRS) reports for gross receipts collected in April 2020, and May 2020
- Copy of NM Personal Income Tax return of business owners to evidence NM residency
- Most recent copy of bank statement where loan proceeds are to be electronically transferred

# Required Documents in an Electronic Format - Nonprofit

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- Monthly Income Statement/Profit & Loss report for tax year that includes April and May 2019
- Monthly Income Statement/Profit & Loss report for tax year that includes April and May 2020
- IRS Form 990 for the tax year or years that include April and May 2019
- Annual Income Statements/Profit & Loss for the tax year that includes April and May 2019
- Copies of CARES Act loan amounts received by the business, if any
- Most recent copy of bank statement where loan proceeds are to be electronically transferred
- 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 or board office

# Business and Nonprofit Definitions

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- If a sole proprietorship, 100% of the assets of the business are owned or leased by a New Mexico resident.
- If a corporation, partnership, joint venture, LLC, limited partnership, or other business entity, at least 80% of the total voting power and at least 80% of the total value of the equity is owned by one or more New Mexico residents.
- A New Mexico resident is defined as an individual who is domiciled in the state during any part of the year or an individual who is physically present in the state for 185 days or more during the taxable year.

# Loan Terms

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- Loan Amount: Two times the monthly average expenses, not to exceed \$75,000
- 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 which has a current rate of 1.625%)
- 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.

# Loan Amount and Use of Funds

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

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- 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.
- 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.



# Additional Information

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- NMFA is using a third party application system which can be accessed at [www.nmfinance.com](http://www.nmfinance.com)
- NMFA is requiring applicants to have checking accounts at federally insured financial institutions which NMFA will verify, applicants without a valid checking account will be prevented from continuing in the application process
- Credit worthiness is required
- Local banking institutions will manage the process and service the loan

# Application Access

- Application can be accessed here with more information available
- <https://www.nmfinance.com/programs/small-business-recovery-loan-fund/>
- Additional assistance and information, contact Jerry at the Rio Rancho Regional Chamber of Commerce at 505-892-1533 or [Jerry@rrrcc.org](mailto:Jerry@rrrcc.org)

