

NEW MEXICO SMALL BUSINESS RECOVERY ACT OF 2020

QUICK SHEET

PROGRAM'S OBJECTIVE

Enacted by the New Mexico Legislature during the June 2020 Special Session, this program provides financial assistance to businesses that are experiencing financial hardship due to the public health order resulting from the COVID-19 pandemic. The Small Business Recovery Act of 2020 will allocate \$400 million for loans to small New Mexico businesses and nonprofits and an estimated \$50 million for loans to local governments.

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

ELIGIBILITY

New Mexico businesses or nonprofit corporations organized under the Section 501(c)3 or 501(c)6 that have:

- Closed or reduced operations due to the public health order; and
- 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.

These New Mexico businesses or nonprofits are able to borrow 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.

For local governments to be eligible, it must have experienced at least a 10% decline in operating revenue in fiscal year 2020 due to economic impacts of COVID-19.

LOAN TERMS

- Three-year term with interest-only payments for the first three years.
- 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.*).
- 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.

REQUIREMENTS TO APPLY

The New Mexico Finance Authority (NMFA) is administering this program. The application is set to open August 5 and will remain open through December 31, 2020 or until the funds are gone, which ever come first. 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. The loan applications will be processed on a first-come, first-served basis.

The application system requires that businesses submit all documents in electronic format at the time they apply. The application system does not allow businesses to "save" the application and return to the document at a later time; so please have your required documents in an electronic form ready to upload before you start. The application will take approximately one hour to complete.

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CONSIDERATIONS

The following documents will be required with the submission of the application:

- For-profit businesses:

- A copy of the 2019 business tax return.
- Copies of Combined Reporting System (CRS) forms submitted to NM Taxation and Revenue evidencing gross receipts for the months of April and May 2019 and 2020.
- Any CARES Act loan documentation.
- Personal Income Tax returns for equity owners of the business.
- Authorization form allowing NMFA to conduct credit check.
- Most recent copy of bank statement where loan proceeds are to be electronically transferred.

- Nonprofit corporations:

- A copy of the organization's monthly income statement/profit & loss for the fiscal years that include April and May of 2019 and 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.
- Any CARES Act loan documentation.
- 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 the IRS Form 990.

- No collateral is needed for the loan, however creditworthiness will be evaluated.

- No personal guarantees are required.

- No payments for the first year.

- If your business is eligible, the process will take approximately ten days after the application is submitted.

- If your business is ineligible, you will be notified as you complete the application.

WHO CAN BE CONTACTED TO PROVIDE TECHNICAL ASSISTANCE AND SUPPORT?

Please visit <https://www.nmfa.net/> for program information, or contact recovery@nmfa.net to receive program notifications.

Source: [nmfa.net](https://www.nmfa.net)

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