



NEW MEXICO ECONOMIC DEVELOPMENT DEPARTMENT COLLATERAL ASSISTANCE PROGRAM (CAP)

In order to support business growth in New Mexico and to create and retain jobs, EDD encourages banks and other financial institutions to make loans to small businesses in “under-served” markets. EDD can pledge cash to cover a collateral shortfall of a loan in order to enable financing that otherwise might not be available to a small business.

Who Qualifies?

Eligible borrowers must meet these criteria:

- Business is considered a small business under the U.S. Small Business Administration guidelines.
- Employs 500 employees or fewer full-time equivalents if a manufacturer, or has less than \$7.5 million annual receipts if a non-manufacturing business.
- The business is located in New Mexico.

Eligible Uses of the Loan Proceeds:

Loan proceeds can be used toward the following:

- Any tangible or intangible asset purchase, including; construction, renovation or improvements of an eligible place of business,
- Start-up costs,
- Working capital,
- Franchise fees,
- Equipment,
- Inventory, or
- Bridge loans needed prior to the borrower obtaining permanent financing or support

How it Works:

- Cash support up to 50% of the principal based on qualifying criteria for under collateralized loans.
 - *Preference is placed on businesses located in rural areas, minority-owned, veteran-owned, job creation, generates income from outside of the state or is one of the Governor's 9 targeted industries.*
- Prior to issuance of a loan, the participating lender submits a CAP application.
- Once approved by EDD review team, CAP approval is sent to the lender. This commitment can be called upon for up to 90 days after issuance.
- Once the loan is finalized, EDD funds the CAP contribution. A separate account is opened for each loan that is enrolled in CAP.
- Within 15 business days of loan closing the lender submits the final loan information and notifies EDD the loan was funded.

To learn more, please contact EDD at Johanna.nelson@state.nm.us

Or visit: <http://www.gonm.biz>