



## NEW MEXICO ECONOMIC DEVELOPMENT DEPARTMENT COLLATERAL ASSISTANCE PROGRAM 2.0 (CAP 2.0)

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.
- CAP 2.0 targets small businesses that employ 500 employees or less, business which have up to 750 employees will be considered.
- The business must be located in New Mexico and all jobs of the business created and retained must be located in New Mexico.

### Eligible Uses of the Loan Proceeds:

Loan proceeds can be used toward the following:

- Any tangible 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.*
- Borrowers must request collateral assistance through their lender—they cannot apply for support directly from EDD.
- Prior to issuance of a loan, the participating lender submits a CAP 2.0 application.
- Once approved by EDD review team, CAP 2.0 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 2.0 contribution. A separate account is opened for each loan that is enrolled in CAP 2.0.
- 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 [sam.collins@edd.nm.gov](mailto:sam.collins@edd.nm.gov)

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