

PROGRAM: New Mexico Purchase of SBA/RD/BIA Guarantee Obligations **Information Not Updated**

AGENCY: New Mexico State Investment Council (SIC)

DESCRIPTION: Severance Tax Permanent Fund (STPF) investment in the U.S. government guaranteed portion of business and/or agriculture loans by financial institutions.

ELIGIBLE USES:

- The STPF serves as a secondary market.
- Loan proceeds may be used to:
 - Purchase land,
 - Purchase and/or construction of buildings,
 - Purchase of machinery and/or equipment, and
 - Working capital.

PROGRAM/LOAN STRUCTURE:

- Maximum Program Benefits: The borrower receives a fixed interest rate.
- Maturities: The loan amortization/maturity periods are limited to five, seven, 10, 15, 20 and 25 years.
- Rates: The yield from the investment is set at the yield of the Planned Amortized Class (PAC) of collateralized Mortgage Obligations (CMO's) guaranteed by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) of comparable maturity.
- Fees: The cost of funds to the borrower is the rate shown under "Rates" above plus 1.5% which is allocated:
 - Bank servicing fee .975%,
 - SBA fee 0.400%, and
 - Colson servicing fee 0.125%.

QUALIFICATION CRITERIA/COMMENTS:

- Upon approval of a loan by the SBA/RD/BIA, the originating financial institution desiring to sell the loan should contact the SIC by telephone or in writing to request a commitment.
- Each request for a commitment must include the following information:
 - Borrower's name,
 - SBA GP number or RD case number,
 - Maximum amount the loan is approved for,
 - Loan maturity,
 - Guarantee portion of the loan as a percent to be purchased by the SIC,
 - Nature of the loan, and
 - Commitment period.
- Contact person: Greg Kulka: greg.kulka@state.nm.us