

Case Study:

Desert Blossom Books and Office Supplies Silver City, New Mexico



Low-Cost Loan Makes Bookstore Dream a Reality

For four years, Kim Polanco regularly visited a bookstore she enjoyed in the historic downtown district of Silver City, New Mexico. Over time, she realized that it was more than the books on the shelf that drew her to the store – it was a business that reflected her personal beliefs about creating a vital retail community and serving customers well.

One day, Polanco asked the owner if he had ever thought about selling the business. To her surprise, the store was already on the market. Today, Polanco is the proud owner of Desert Blossom Books and Office Supplies.

Polanco credits Pam Archibald, Senior Vice President and Branch Manager with Western Bank in Silver City, with finding the right funding resources to help her buy the business. Their first step was to see if the acquisition would qualify for the Community Development programs provided by FHLBank Dallas, of which Western Bank was a member.

Capital For Acquisition And Expansion

Archibald looked specifically at the Economic Development Program (EDP) and EDPPlus Small Business Capital Grant Program. EDP provides low-cost funds to members to use in promoting economic and commercial development in their communities. EDPPlus is a companion grant program that provides small businesses with working capital.

“The first few months can make or break a business,” said Archibald. “We work very closely with our business customers to make sure they have well-thought-out business plans and the necessary funding, because small businesses without a strong cash flow or funds in reserve can have problems.”

Polanco has an accounting background and knew she was capable of getting the business off and running – if she had a little relief in the form of additional working capital.

The store qualified for the two programs because the wages of more than half the employees were at or below 80% of the Area Median Income. Polanco and Archibald worked through the loan and grant process at the same time. Polanco received a \$115,400 EDP loan, and a \$25,000 EDPPlus grant. EDPPlus grants are awarded only after a business has been approved for an EDP loan.

“What I like most is that we were able to help the business opportunity become viable,” said Archibald. “It is a really great feeling to be able to come back to a customer and say ‘We got you this grant,’ and they can use it the way they need to. That helped me walk out the door of the shop feeling good about their prospects.”

The Result

The EDP loan was used to acquire the business, and Polanco used the \$25,000 grant to buy an inviting new sign for the store’s exterior, stock more books and supplies, paint the interior and add new displays and a music system.

“We wanted to prove immediately that this was going to be a better store,” she said. “The grant gave us the ability to show our customers there is change here – that what was great about the store was still there, but that we had much more to offer.”

Polanco’s business is growing. She retained one employee and has since created three new retail jobs, and will hire an additional person to staff a coffee shop that is being added to the store.