

## ARTICLE 60C

### Main Street Revolving Loan Act

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#### 3-60C-1. Short title.

Chapter 3, Article 60C NMSA 1978 may be cited as the "Main Street Revolving Loan Act".

**History:** Laws 2007, ch. 103, § 1; 2009, ch. 185, § 1.

**Effective dates.** — Laws 2007, ch. 103, contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23,

is effective June 15, 2007, 90 days after the adjournment of the legislature.

The 2009 amendment, effective June 19, 2009, changed the reference to the act to the chapter and article of NMSA 1978.

#### 3-60C-2. Purpose.

The purpose of the Main Street Revolving Loan Act [3-60C-1 NMSA 1978] is to provide owners of eligible properties with low-cost financial assistance, through the creation of a self-sustaining revolving loan program, in the restoration, rehabilitation and repair of those properties if they meet certain eligibility criteria and would contribute substantially to the state's economic well-being and to a sound and proper balance between preservation and development.

**History:** Laws 2007, ch. 103, § 2.

**Effective dates.** — Laws 2007, ch. 103, contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23,

is effective June 15, 2007, 90 days after the adjournment of the legislature.

#### 3-60C-3. Definitions.

As used in the Main Street Revolving Loan Act [3-60C-1 NMSA 1978]:

- A. "committee" means the main street revolving loan committee;
- B. "division" means the historic preservation division of the cultural affairs department;
- C. "eligible property" means a site, structure, building or object that is subject to the Main Street Act or otherwise found pursuant to rule of the committee to merit preservation pursuant to the Main Street Revolving Loan Act;
- D. "fund" means the main street revolving loan fund;
- E. "lending institution" means a bank, savings and loan association, credit union or nonprofit organization with lending programs as part of its bylaws; and
- F. "property owner" means the sole owner, joint owner, owner in partnership or an owner of a leasehold interest with a term of five years or longer of an eligible property.

**History:** Laws 2007, ch. 103, § 3; 2009, ch. 185, § 2.

**Effective dates.** — Laws 2007, ch. 103, contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23,

is effective June 15, 2007, 90 days after the adjournment of the legislature.

The 2009 amendment, effective June 19, 2009, added Subsection E.

#### 3-60C-4. Main street revolving loan committee; committee and division duties.

- A. The "main street revolving loan committee" is created, consisting of six members as follows:
  - (1) the director of the division or the director's designee;
  - (2) the coordinator of the main street program under the Main Street Act [3-60B-1 NMSA 1978] or the coordinator's designee;
  - (3) the chair of the cultural properties review committee or the chair's designee;

(4) the director of the local government division of the department of finance and administration or the director's designee;

(5) a member appointed by the governor with expertise in small loans; and

(6) the chair of the board of directors of friends of New Mexico mainstreet, inc., or the chair's designee.

B. Public members of the committee shall not be paid but shall be reimbursed for per diem and mileage pursuant to the Per Diem and Mileage Act [10-8-1 NMSA 1978].

C. The committee shall:

(1) elect a chair and such other officers as it deems necessary;

(2) meet at the call of the chair but no less than four times per year;

(3) by rule, establish eligibility criteria for properties and owners, establish procedures to govern the application outreach and marketing of the loan program and promulgate such other rules as are necessary to carry out the provisions of the Main Street Revolving Loan Act;

(4) after considering the recommendations of the division, make awards of loans or loan subsidies; and

(5) approve expenditures by the division for marketing, managing and administering the loan program.

D. A member of the committee may participate in a meeting of the committee by means of a conference telephone or other similar communications equipment as provided in the Open Meetings Act [10-15-1.1 NMSA 1978]. Participation by conference telephone or other similar communications equipment shall constitute presence in person at a meeting.

E. The division shall:

(1) review applications for loans and loan subsidies and make recommendations to the committee;

(2) administer all loans and loan subsidies;

(3) serve as staff to the committee; and

(4) report annually to the governor, the legislative finance committee and the legislature on loans made, loan payments received and all other activities conducted pursuant to the Main Street Revolving Loan Act.

**History:** Laws 2007, ch. 103, § 4; 2009, ch. 185, § 3.

**Effective dates.** — Laws 2007, ch. 103, contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective June 15, 2007, 90 days after the adjournment of the legislature.

**The 2009 amendment,** effective June 19, 2009, added Paragraph (5) of Subsection C and added Subsection D.

### 3-60C-5. Main street revolving loan fund.

A. The "main street revolving loan fund" is created in the state treasury. The fund shall consist of appropriations, loan payments, federal funds received for the purpose of making loans, gifts, grants, donations and bequests made to the fund. Income from the fund shall be credited to the fund, and money in the fund shall not revert or be transferred to any other fund at the end of a fiscal year. Money in the fund is appropriated to the committee for the purposes of:

(1) making revolving loans, including related fees, to property owners, with the loans processed and serviced by a lending institution; and

(2) paying division expenses to market, manage and administer the loan program; provided that no more than ten percent of the annual appropriation or other distribution or transfer made to the fund may be used for marketing, managing and administering the loan program.

B. Expenditures from the fund shall be made on warrant of the secretary of finance and administration pursuant to vouchers signed by the director of the division.

**History:** Laws 2007, ch. 103, § 5; 2009, ch. 185, § 4.

**Effective dates.** — Laws 2007, ch. 103, contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective June 15, 2007, 90 days after the adjournment of the legislature.

**The 2009 amendment,** effective June 19, 2009, added Paragraphs (1) and (2) of Subsection A.

### 3-60C-6. Loan program; applications; awards.

A. The division shall administer a program to make direct loans or loan subsidies and shall contract with one or more lending institutions for deposits to be used for the purpose of making or subsidizing loans to property owners for the restoration, rehabilitation or repair of eligible properties.

B. The committee shall adopt a procedure for the priority ranking of applications and projects, both eligible and ineligible for federal funding assistance, for which loan or loan subsidy applications have been received by the division. The procedure shall be based on factors including geographic distribution of recipient projects, severity of deterioration of the eligible property, degree of architectural and construction detail in the loan application demonstrating the feasibility of the proposed restoration, rehabilitation or repair of the eligible property and availability of other funding for the project. All loans or loan subsidies from the fund shall be granted pursuant to the procedure, and the procedure shall be reviewed annually by the division and the committee.

C. Loans or loan subsidies shall be made by the committee pursuant to the following criteria:

- (1) loans or loan subsidies from the fund shall be made only to property owners who:
  - (a) agree to repay the loan in a time period not to exceed ten years;
  - (b) agree to maintain the eligible property as restored, rehabilitated or repaired for the period specified in the loan or five years, whichever is greater;
  - (c) agree to maintain complete and proper financial records regarding the eligible property and to make these available to the division and the committee on request;
  - (d) agree to complete the proposed restoration, rehabilitation or repair work on the eligible property within twenty-four months from the date of loan approval by the committee;
  - (e) provide sufficient collateral security interest, as determined by the lending institution, to the state in accordance with rules established by the committee;
  - (f) submit conceptual design and business plans with respect to the use of the loan proceeds, prepared with the assistance of the local main street project organization, the state main street program or other professionals with experience in architecture, design or business and financial planning;
  - (g) agree to all financial and other commitments, terms and conditions for the loan established by the division or the committee; and
  - (h) agree to any restrictions on assignments of loans from the fund required by the committee or the division;

(2) a loan shall be made for a period not to exceed ten years with interest on the unpaid balance at a rate not greater than the yield at the time of loan approval on United States treasury bills with a maturity of three hundred sixty-five days plus one-half of one percent. A loan shall be repaid by the property owner in equal installments not less often than annually with the first installment due within one year of the date the loan is issued. If a property owner transfers ownership of the eligible property with respect to which a loan is made, all amounts outstanding under the loan shall become immediately due and payable and the property owner shall make a final interest payment on the principal amount due at a rate equal to the interest rate on the loan plus an additional one percent;

(3) loans shall be made only for eligible costs. Eligible costs include loan servicing fees, architectural, design, graphic design, construction and engineering documents and planning costs, inspection of work in progress, contracted restoration, rehabilitation and repair costs and costs necessary to meet code requirements. Eligible costs do not include costs of land acquisition, legal costs or certain fiscal agents' fees as determined by the committee; and

(4) loans are not assignable.

D. The division shall deposit in the fund all receipts from the repayment of loans made pursuant to the Main Street Revolving Loan Act [3-60C-1 NMSA 1978].

**History:** Laws 2007, ch. 103, § 6; 2009, ch. 185, § 5.

**Effective dates.** — Laws 2007, ch. 103, contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, is effective June 15, 2007, 90 days after the adjournment of the legislature.

**The 2009 amendment,** effective June 19, 2009, in Subparagraph (a) of Paragraph (1) of Subsection C, after "repay the loan", added the remainder of the sentence; in Subparagraph (b) of Paragraph (1) of Subsection C, at the beginning of

the sentence, added "agree" and after "specified in the loan" deleted "but not less than five years" and added "or five years, whichever is greater"; in Subparagraph (e) of Paragraph (1) of Subsection C, after "security interest", deleted "in the eligible property" and added "as determined by the lending institution"; deleted former Subparagraph (e) of Paragraph (1) of Subsection C, which required property owners to meet the income eligibility criteria of the committee; deleted former Subparagraph (f) of Paragraph (1) of Subsection C, which required

property owners to demonstrate that they had been denied a loan by at least two financial lenders for the same amount, for the same purpose and upon the same conditions as the loan the property owner seeks to borrow from the fund; and in Paragraph (3) of Subsection C, in the second sentence, after "Eligible costs include", added "loan servicing fees" and in the

third sentence, after "agents' fees", added "as determined by the committee".