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HOUSE BILL 65

55TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2022

INTRODUCED BY

Andrea Romero and Kristina Ortez and Angelica Rubio and Linda Serrato

AN ACT

RELATING TO HOUSING; CLARIFYING THE REQUIREMENT FOR A WRITTEN STATEMENT OF DEDUCTIONS IN CERTAIN CIRCUMSTANCES; INCREASING CERTAIN CIVIL PENALTIES; INCREASING THE TIME PERMITTED TO REMEDY NONPAYMENT OF RENT FOR A RENTAL AGREEMENT; INCREASING PERIODS OF TIME REQUIRED FOR NONPAYMENT NOTICES; REQUIRING THE ISSUANCE OF A JUDGMENT OF RESTITUTION PRIOR TO A WRIT OF RESTITUTION; CLARIFYING THAT ISSUANCE AND EXECUTION OF A WRIT OF RESTITUTION ARE STAYED DURING AN APPEAL; PROHIBITING AN OWNER FROM REFUSING TO RENEW OR SEEKING TO TERMINATE A RENTAL AGREEMENT DURING A DECLARED EMERGENCY OR DISASTER; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO: **SECTION 1.** Section 47-8-1 NMSA 1978 (being Laws 1975, Chapter 38, Section 1, as amended) is amended to read:

"47-8-1. SHORT TITLE.--[Sections 47-8-1 through 47-8-51]

Chapter 47, Article 8 NMSA 1978 may be cited as the "Uniform

Owner-Resident Relations Act"."

SECTION 2. Section 47-8-15 NMSA 1978 (being Laws 1975, Chapter 38, Section 15, as amended) is amended to read:

"47-8-15. PAYMENT OF RENT.--

- A. The resident shall pay rent in accordance with the rental agreement. In the absence of an agreement, the resident shall pay as rent the fair rental value for the use of the premises and occupancy of the dwelling unit.
- B. Rent is payable without demand or notice at the time and place agreed upon by the parties. Unless otherwise agreed, rent is payable at the dwelling unit. Unless otherwise agreed, periodic rent is payable at the beginning of any term of one month or less and otherwise in equal monthly installments at the beginning of each monthly period. The date of one month to the same date of the following month shall constitute a term of one month.
- C. Unless the rental agreement fixes a definite term, the residency is week-to-week in the case of a person who pays weekly rent and in all other cases month-to-month.
- D. If the rental agreement provides for the charging of a late fee and if the resident does not pay rent in accordance with the rental agreement, the owner may charge the resident a late fee in an amount not to exceed ten percent of .221528.1

the [total rent payment for each rental period that the resident is in default] monthly rent payment. If the resident's rent is subsidized by a government agency, the maximum late fee shall be ten percent of the portion of the rent that the resident pays for the dwelling unit and shall not include the portion paid by the government agency. To assess a late fee, the owner shall provide notice of the late fee charged no later than the last day of the next rental period immediately following the period in which the default occurred.

- E. An owner may not assess a fee from the resident for occupancy of the dwelling unit by a reasonable number of guests for a reasonable length of time. This shall not preclude charges for use of premises or facilities other than the dwelling unit by guests.
- F. An owner may increase the rent payable by the resident in a month-to-month residency by providing written notice to the resident of the proposed increase at least thirty days prior to the periodic rental date specified in the rental agreement or, in the case of a fixed term residency, at least thirty days prior to the end of the term. In the case of a periodic residency of less than one month, written notice shall be provided at least one rental period in advance of the first rental payment to be increased.
- G. Unless agreed upon in writing by the owner and the resident, a resident's payment of rent may not be allocated .221528.1

to any deposits or damages.

H. For each cash or money order payment made by a resident or on a resident's behalf, an owner shall provide the resident a written or electronic receipt that shall include the amount of the payment, the date of payment and the resident's name."

SECTION 3. Section 47-8-18 NMSA 1978 (being Laws 1975, Chapter 38, Section 18, as amended) is amended to read:

"47-8-18. DEPOSITS.--

A. An owner is permitted to demand from the resident a reasonable deposit to be applied by the owner to recover damages, if any, caused to the premises by the resident during [his] the term of residency. [\((\frac{1}{1}\)\)] Under the terms of an annual rental agreement, if the owner demands or receives of the resident [such] a deposit in an amount greater than one month's rent, the owner shall be required to pay to the resident annually an interest equal to the passbook interest permitted to savings and loan associations in this state by the federal home loan bank board on such deposit. [\((\frac{2}{2}\))] Under the terms of a rental agreement of a duration less than one year, an owner shall not demand or receive from the resident [such] a deposit in an amount in excess of one month's rent.

B. It is not the intention of this section to include the last month's prepaid rent, which may be required by the rental agreement as a deposit as defined in Subsection $[\theta]$. 221528.1

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 \underline{E} of Section 47-8-3 NMSA 1978. Any deposit as defined in [Paragraph (1) of] Subsection A of this section shall not be construed as prepaid rent.

Upon termination of the residency, property or money held by the owner as deposits may be applied by the owner to the payment of rent and the amount of damages [which] that the owner has suffered by reason of the resident's noncompliance with the rental agreement or Section 47-8-22 NMSA 1978. No deposit shall be retained to cover normal wear In the event actual cause exists for retaining any portion of the deposit for nonpayment of rent, late fees, utilities, repairs, cleaning or other legitimate damages or charges, the owner shall provide the resident with an itemized written list of the deductions from the deposit and the balance of the deposit, if any, within thirty days of the date of termination of the rental agreement or resident departure, whichever is later. The owner is deemed to have complied with this section by mailing, emailing or hand delivering the statement and any payment required to the last known address of the resident. [Nothing in this section shall preclude the owner from retaining portions of the deposit for nonpayment of rent or utilities, repair work or other legitimate damages] If the statement and any payment are mailed but returned as undeliverable or if the last known address is the vacated dwelling unit, the owner shall mail, email or hand deliver at .221528.1

<u>least one additional notice if an alternative address has been</u>

provided to the owner by the resident or the resident's

representative.

- D. If the owner fails to provide the resident with a written statement of deductions from the deposit and the balance shown by the statement to be due, within thirty days of the termination of the tenancy, the owner:
- (1) shall forfeit the right to withhold any portion of the deposit <u>for any charge</u>, <u>including rent other</u> than the <u>minimum periodic payment due under the lease for a dwelling accrued through the date of termination or resident departure</u>, whichever is later, late fees, utilities, repairs, cleaning or other damages or charges;
- (2) shall forfeit the right to assert $[\frac{any}{a}]$ a counterclaim in $[\frac{any}{a}]$ and action brought to recover that deposit;
- (3) shall be liable to the resident for court costs and reasonable [attorneys'] attorney fees; and
- independent action against the resident for [damages to the rental property] any charge, including rent other than the minimum periodic payment due under the lease for a dwelling accrued through the date of termination or resident departure, whichever is later, late fees and other penalties, utilities, repairs, cleaning or other damages or charges. Notwithstanding .221528.1

any other provision of law, nothing in this section shall

prevent the owner from retaining a portion of the deposit or

bringing a separate action for the minimum periodic payment due

under the lease for a dwelling actually due prior to the

resident vacating the premises.

E. An owner who [in bad faith] retains a deposit, or any portion thereof, knowing that retention to be in violation of this section is liable to the resident for a civil penalty in the amount of [two hundred fifty dollars (\$250) payable to the resident] twice the amount improperly withheld."

SECTION 4. Section 47-8-33 NMSA 1978 (being Laws 1975, Chapter 38, Section 33, as amended) is amended to read:

"47-8-33. BREACH OF AGREEMENT BY RESIDENT AND RELIEF BY OWNER.--

A. Except as provided in the Uniform Owner-Resident Relations Act, if there is noncompliance with Section 47-8-22 NMSA 1978 materially affecting health and safety or upon the initial material noncompliance by the resident with the rental agreement or [any] a separate agreement, the owner shall deliver a written notice to the resident specifying the acts and omissions constituting the breach, including the dates and specific facts describing the nature of the alleged breach, and stating that the rental agreement will terminate upon a date not less than seven days after receipt of the notice if the breach is not remedied in seven days.

B. Upon the second material noncompliance with the rental agreement or any separate agreement by the resident, within six months of the initial breach, the owner shall deliver a written notice to the resident specifying the acts and omissions constituting the breach, including the dates and specific facts describing the nature of the alleged breach, and stating that the rental agreement shall terminate upon a date not less than seven days after receipt of the notice. If the subsequent breach occurs more than six months after the initial breach, it shall constitute an initial breach for purposes of applying the provisions of this section.

- C. The initial notice provided in this section shall state that the rental agreement will terminate upon the second material noncompliance with the rental agreement or any separate agreement by the resident, within six months of the initial breach. To be effective, [any] a notice pursuant to this subsection shall be given within thirty days of the breach or knowledge thereof.
- D. If rent is unpaid when due and the resident fails to pay rent within [three] eleven days after written notice from the owner of nonpayment, [and his] the owner may terminate the rental agreement pursuant to this subsection.

 The notice shall state the owner's intention to terminate the rental agreement. The owner may terminate the rental agreement and the resident shall [immediately deliver possession of the .221528.1

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dwelling unit; provided that] deliver possession of the dwelling unit or seek redress in court in response to the owner's action for writ of restitution. The tender of the full amount due, in the manner stated in the notice, prior to the expiration of the [three-day] eleven-day notice shall bar any action for nonpayment of rent.

- In any court action for possession for nonpayment of rent or other charges where the resident disputes the amount owed because:
- the resident has abated rent pursuant to (1) Section 47-8-27.2 or 47-8-4 NMSA 1978; or
- the owner has allocated rent paid by the resident as payment for damages to the premises, then, if the owner is the prevailing party, the court shall enter a [writ of restitution] judgment conditioned upon the right of the resident to remedy by depositing the judgment amount with the court within [three] twenty-one days of entry of judgment. the resident has satisfied the judgment within [three] twentyone days, the [writ] judgment shall be vacated and the petition as to that issue shall be dismissed. If the resident has not satisfied the judgment [within three days, the owner may execute upon the writ without further order of the court] as set by the court, the court shall issue the writ of restitution without further order.
- Except as provided in the Uniform Owner-Resident .221528.1

Relations Act, the owner may recover damages and obtain injunctive or other relief for [any] noncompliance by the resident with the rental agreement or this section or Section 47-8-22 NMSA 1978.

- G. In a judicial action to enforce a remedy for which prior written notice is required, relief may be granted based only upon the grounds set forth in the written notice served; provided, however, that this shall not bar a defendant from raising any and all defenses or counterclaims for which written notice is not otherwise required by the Uniform Owner-Resident Relations Act.
- H. When the last day for remedying any breach pursuant to written notice required under the Uniform Owner-Resident Relations Act occurs on a weekend or federal holiday, the period to remedy shall be extended until the next day that is not a weekend or federal holiday.
- I. If the resident knowingly commits or consents to another person in the dwelling unit or on the premises knowingly committing a substantial violation, the owner shall deliver a written notice to the resident specifying the time, place and nature of the act constituting the substantial violation and that the rental agreement will terminate upon a date not less than three days after receipt of the notice.
- J. In any action for possession [under] pursuant to Subsection I of this section, it shall be a defense that the .221528.1

filed for or secured a temporary domestic violence restraining order as a result of the incident that is the basis for the termination notice or as a result of a prior incident, the writ of restitution shall not issue. In all other cases [where] in which domestic violence is raised as a defense, the court shall have the discretion to evict the resident accused of the violation, while allowing the tenancy of the remainder of the residents to continue undisturbed.

K. In any action for possession [under] pursuant to Subsection I of this section, it shall be a defense that the

resident is a victim of domestic violence. If the resident has

K. In any action for possession [under] pursuant to Subsection I of this section, it shall be a defense that the resident did not know of, and could not have reasonably known of or prevented, the commission of a substantial violation by any other person in the dwelling unit or on the premises.

- L. In [an] any action for possession [under]

 pursuant to Subsection I of this section, it shall be a defense that the resident took reasonable and lawful actions in defense of [himself] the resident, others or [his] the resident's property.
- M. In any action for possession [under] pursuant to Subsection I of this section, if the court finds that the action was frivolous or brought in bad faith, the petitioner shall be subject to a civil penalty equal to two times the amount of the monthly rent, plus damages and costs."

SECTION 5. Section 47-8-37 NMSA 1978 (being Laws 1975, .221528.1

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Chapter 38, Section 37) is amended to read:

"47-8-37. NOTICE OF TERMINATION AND DAMAGES.--

- A. The owner or the resident may terminate a weekto-week residency by a written notice given to the other at least seven days prior to the termination date specified in the notice.
- B. The owner or the resident may terminate a monthto-month residency by a written notice given to the other at least thirty days prior to the periodic rental date specified in the notice.
- C. If the resident remains in possession without the owner's consent after expiration of the term of the rental agreement or its termination, the owner may bring an action for possession, and, if the resident's holdover is willful and not in good faith, the owner, in addition, may recover the damages sustained by [him] the owner and reasonable [attorney's] attorney fees. If the owner consents to the resident's continued occupancy, Subsection C of Section [15 of the Uniform Owner-Resident Relations Act] 47-8-15 NMSA 1978 applies."
- SECTION 6. Section 47-8-39 NMSA 1978 (being Laws 1975, Chapter 38, Section 39, as amended) is amended to read:

"47-8-39. OWNER RETALIATION PROHIBITED.--

A. An owner may not retaliate against a resident who is in compliance with the rental agreement and not otherwise in violation of any provision of the Uniform Owner-.221528.1

Resident Relations Act. [by increasing rent, decreasing
services or by bringing or threatening to bring an action for
possession because] A resident may prove retaliation if:
(1) an owner brings or threatens to bring an
action for possession, decreases services, increases rent,
refuses to renew a rental agreement or serves a notice of
termination under Section 47-8-37 NMSA 1978; and
(2) the resident has within the previous six
months:
$[\frac{(1)}{(a)}]$ complained to a government
agency charged with responsibility for enforcement of a minimum
building or housing code of a violation applicable to the
premises materially affecting health and safety;
[(2)] <u>(b)</u> organized or become a member
of a residents' union, association or similar organization;
$[\frac{(3)}{(c)}]$ acted in good faith to
exercise [his] the resident's rights provided [under] pursuant
to the Uniform Owner-Resident Relations Act or any other law,
order or regulation governing owner-resident relations,
including when the resident makes a written request or
complaint to the owner to make repairs to comply with the
owner's obligations [under] pursuant to Section 47-8-20 NMSA
1978 or any other law, order or regulation governing
<pre>owner-resident relations;</pre>
[(4)] (d) made a fair housing complaint

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to a government agency charged with authority for enforcement of laws or [regulations] rules prohibiting discrimination in rental housing;

 $[\frac{(5)}{(5)}]$ (e) prevailed in a lawsuit as either plaintiff or defendant or has a lawsuit pending against the owner relating to the residency;

[(6)] (f) testified on behalf of another resident; [or

(7)] (g) abated rent in accordance with the provisions of Section 47-8-27.1 or 47-8-27.2 NMSA 1978;

(h) complained to a gas, electric or water utility company about the functioning or safety of a mechanical device, utility service or owner-supplied appliance; or

(i) requested a reasonable accommodation for disability under the federal Fair Housing Act, Section 504 of the federal Rehabilitation Act of 1973, the federal Americans with Disabilities Act of 1990, the Human Rights Act or any other applicable federal, state or local fair housing or human rights law.

If the owner acts in violation of Subsection A of this section, the resident [is] shall be entitled to the remedies provided in Section 47-8-48 NMSA 1978 and the violation shall be a defense in [any] an action against [him] the resident for possession.

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3	services upon appropriate notice at the end of the term of the
4	rental agreement or as provided [under] pursuant to the terms
5	of the rental agreement if the owner can establish that the
6	increased rent or changes in services are consistent with those
7	imposed on other residents of similar rental units and are not
8	directed at the particular resident, but are uniform.
9	D. The order of proof for any action or affirmative
10	defense under this section shall be that the resident shall be
11	required to prove that the resident has engaged in conduct
12	protected by this section. The owner shall then be required to
13	articulate a reason for the action that is not protected by
14	this section, and the resident shall then be required to prove
15	that the reason given by the owner is a pretext for retaliation

prohibited by this section."

SECTION 7. Section 47-8-40 NMSA 1978 (being Laws 1975, Chapter 38, Section 40, as amended) is amended to read:

Notwithstanding the provisions of Subsection A

of this section, the owner may increase the rent or change

"47-8-40. ACTION FOR POSSESSION BY OWNER.--

Notwithstanding Subsections A, [and] B and C of Section 47-8-39 NMSA 1978, an owner may bring an action for possession, and dispute a claim of retaliation asserted by the tenant, if:

(1) the violation of the applicable minimum building or housing code was caused primarily by lack of .221528.1

reasonable care by the resident or other person in [his] the resident's household or upon the premises with the resident's consent;

- (2) the resident is in default in rent;
- (3) there is a material noncompliance with the rental agreement that would otherwise give rise to the owner's right to terminate the rental agreement;
- (4) a resident knowingly commits or consents to any other person in the dwelling unit or on the premises knowingly committing a substantial violation; or
- (5) compliance with the applicable building or housing code requires alteration, remodeling or demolition that would effectively deprive the resident of use of the dwelling unit.
- B. The maintenance of an action under Subsection A of this section does not release the owner from liability under Section 47-8-20 NMSA 1978.
- C. Any right of an owner to bring an action under this section shall be subject to the federal Fair Housing Act and other applicable fair housing and human rights laws."
- SECTION 8. Section 47-8-43 NMSA 1978 (being Laws 1975, Chapter 38, Section 43, as amended) is amended to read:
 - "47-8-43. ISSUANCE OF SUMMONS AND TRIAL SETTING.--
- A. The summons shall be issued and directed, with a copy of the petition attached to the summons, and shall state .221528.1

the cause of the complaint, the answer day for other causes of
action and notice that if the defendant fails to appear,
judgment shall be entered against [him] the defendant. The
summons may be served pursuant to the New Mexico rules of civil
procedure and returned as in other cases. Trial of the action
for possession shall be set as follows:

- (1) for any matter brought by the owner for possession, not less than [seven or] fourteen days nor more than [ten] twenty-one days after the service of summons; or
- (2) for [any] <u>a</u> matter brought by the resident for possession, not less than three or more than five days after the service of summons.
- B. Upon finding of good cause, the court may continue the date of hearing on the action for possession [for up to seven days from the date of the initial hearing].
- C. To the extent practicable, the court shall maintain a resource list of nonprofit legal service providers and state and local entities that provide rental assistance to qualifying applicants. A copy of the resource list shall be provided to the plaintiff at the time of filing of the petition and shall be served by the plaintiff along with the summons and copy of the complaint upon the defendant."

SECTION 9. Section 47-8-46 NMSA 1978 (being Laws 1975, Chapter 38, Section 46, as amended) is amended to read:

"47-8-46. WRIT OF RESTITUTION.--

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Upon petition for restitution filed by the owner if judgment is rendered against the defendant for restitution of the premises, the court shall declare the forfeiture of the rental agreement and shall, at the request of the plaintiff or [his] the plaintiff's attorney, issue a [writ] judgment of restitution ordering the resident to vacate the premises by a specified date; provided that the resident shall be allowed not less than fifteen days nor more than twenty days to vacate the premises after entry of judgment and, upon good cause shown, may be allowed additional time to vacate the premises, and for good cause shown in a restitution case based upon grounds involving dangerous or disruptive conduct by the resident, the time allowed the resident to vacate may be shortened to not less than seven days. If the resident does not vacate the premises within the time ordered by the judgment, the court shall issue a writ of restitution directing the sheriff to restore possession of the premises to the plaintiff [on a specified date not less than three nor more than seven days after entry of judgment].

B. Upon a petition for restitution filed by the resident, if judgment is rendered against the defendant for restitution of the premises, the court shall, at the request of the plaintiff or [his] the plaintiff's attorney, issue a writ of restitution directing the sheriff to restore possession of the premises to the plaintiff within twenty-four hours after .221528.1

entry of judgment.

C. In cases filed based on nonpayment of rent, if at any time prior to entry of judgment or prior to expiration of the period set by the court to vacate after entry of judgment, or for any longer period as ordered by the court, a resident tenders payment of all rent, costs, fees and interest accrued as of that date or as ordered by the court, the petition for writ of restitution shall be dismissed, any judgment shall be vacated and the tenancy shall continue under the rental agreement in place prior to the action by the owner. Tender of amounts due may be made to the owner or to the court to be held in escrow for distribution to the owner upon dismissal of the petition."

SECTION 10. Section 47-8-47 NMSA 1978 (being Laws 1975, Chapter 38, Section 47, as amended) is amended to read:

"47-8-47. APPEAL STAYS EXECUTION.--

A. If either party feels aggrieved by the judgment, that party may appeal as in other civil actions. An appeal by the defendant shall, automatically and without further order of the court, stay the issuance and execution of any writ of restitution. [provided that] After a notice of appeal is filed, no writ of restitution shall be executed except on order of the court entered after the filing date of the appeal.

B. In cases in which the resident is the appellant,
[the execution of the writ of restitution shall not be stayed
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unless] the resident shall, within five days of the filing of the notice of appeal, [pays] pay to the owner or into an escrow account with a professional escrow agent an amount equal to the rental amount that shall come due from the day following the judgment through the end of that rental period. The resident shall continue to pay the monthly rent established by the rental agreement at the time the complaint was filed, on a monthly basis on the date rent would otherwise become due. Payments pursuant to this subsection by a subsidized resident shall not exceed the actual amount of monthly rent paid by that resident. When the resident pays the owner directly, the owner shall immediately provide a written or electronic receipt to the resident upon demand. When the resident pays into an escrow account the resident shall cause such amounts to be paid over to the owner immediately upon receipt unless otherwise ordered by the court. Upon the failure of the resident or the escrow agent to make [a] the first partial payment within five days of the filing of a notice of appeal or a monthly rent payment on the first day rent would otherwise be due, the owner may serve [a three-day] an eleven-day written notice on the resident pursuant to Subsection D of Section 47-8-33 NMSA 1978. If the resident or the resident's escrow agent fails to pay the rent within the [three] eleven days, a hearing on the issue shall be scheduled within ten days from the date the court is notified of the failure to pay rent. In the case of an appeal .221528.1

de novo, the hearing shall be in the court in which the appeal will be heard. If, at the hearing, the court finds that rent has not been paid, the court shall immediately lift the stay and issue the writ of restitution unless the resident demonstrates a legal justification for failing to comply with the rent payment requirement.

C. If an owner refuses or is unavailable to accept a rent payment made pursuant to Subsection B of this section,

the court shall permit the resident to pay the necessary amount to be held by the court.

[B.] D. In order to stay the execution of a money judgment, the trial court, within its discretion, may require an appellant to deposit with the clerk of the trial court the amount of judgment and costs or to give a supersedeas bond in the amount of judgment and costs with or without surety. Any bond or deposit shall not be refundable during the pendency of any appeal."

SECTION 11. A new section of the Uniform Owner-Resident Relations Act is enacted to read:

"[NEW MATERIAL] RENEWAL OF RENTAL AGREEMENT DURING A
DECLARED EMERGENCY.--

A. In the event of a declaration of an emergency or disaster issued by the governor or a declaration of an emergency or disaster by joint resolution of the legislature that includes quarantine, isolation or social distancing

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measures and a moratorium is issued prohibiting or staying the issuance of a writ of restitution based on nonpayment of rent, an owner shall not refuse to renew or seek to terminate any rental agreement that expires during, or for thirty days after, the termination of the declaration of emergency or disaster if the residence is located in the geographical region covered by the declaration of emergency or disaster, if the owner's motivation for seeking to terminate or not renew a tenancy is nonpayment of rent.

- B. A rental agreement that is renewed during the period of time provided in Subsection A of this section shall be for a month-to-month residency, unless the resident and owner agree to a longer term.
- C. Nothing in this section shall prohibit an owner from:
- (1) refusing to renew a rental agreement if the owner, in good faith, seeks to take possessions of the property for personal use and occupancy as a primary residence, or for the personal use and occupancy as a primary residence of a member of the owner's immediate family; or
- (2) commencing an action for possession pursuant to Subsection A, B or I of Section 47-8-33 NMSA 1978."

SECTION 12. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.