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SENATE BILL 131

**49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009**

INTRODUCED BY

Pete Campos

AN ACT

RELATING TO MAIN STREET REVOLVING LOANS; CHANGING CERTAIN LOAN PROCEDURES AND CRITERIA; SPECIFYING CERTAIN PROCEDURES OF THE MAIN STREET REVOLVING LOAN COMMITTEE; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 3-60C-1 NMSA 1978 (being Laws 2007, Chapter 103, Section 1) is amended to read:

"3-60C-1. SHORT TITLE.--~~[This act]~~ Chapter 3, Article 60C NMSA 1978 may be cited as the "Main Street Revolving Loan Act"."

Section 2. Section 3-60C-3 NMSA 1978 (being Laws 2007, Chapter 103, Section 3) is amended to read:

"3-60C-3. DEFINITIONS.--As used in the Main Street Revolving Loan Act:

A. "committee" means the main street revolving loan

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1 committee;

2 B. "division" means the historic preservation  
3 division of the cultural affairs department;

4 C. "eligible property" means a site, structure,  
5 building or object that is subject to the Main Street Act or  
6 otherwise found pursuant to rule of the committee to merit  
7 preservation pursuant to the Main Street Revolving Loan Act;

8 D. "fund" means the main street revolving loan  
9 fund; [~~and~~]

10 E. "lending institution" means a bank, savings and  
11 loan association, credit union or nonprofit organization with  
12 lending programs as part of its bylaws; and

13 [~~E.~~] F. "property owner" means the sole owner,  
14 joint owner, owner in partnership or an owner of a leasehold  
15 interest with a term of five years or longer of an eligible  
16 property."

17 Section 3. Section 3-60C-4 NMSA 1978 (being Laws 2007,  
18 Chapter 103, Section 4) is amended to read:

19 "3-60C-4. MAIN STREET REVOLVING LOAN COMMITTEE--COMMITTEE  
20 AND DIVISION DUTIES.--

21 A. The "main street revolving loan committee" is  
22 created, consisting of six members as follows:

23 (1) the director of the division or the  
24 director's designee;

25 (2) the coordinator of the main street program

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1 under the Main Street Act or the coordinator's designee;

2 (3) the chair of the cultural properties  
3 review committee or the chair's designee;

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

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

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

12 B. Public members of the committee shall not be  
13 paid but shall be reimbursed for per diem and mileage pursuant  
14 to the Per Diem and Mileage Act.

15 C. The committee shall:

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

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

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

25 (4) after considering the recommendations of

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1 the division, make awards of loans or loan subsidies; and  
2 (5) approve expenditures by the division for  
3 marketing, managing and administering the loan program.

4 D. A member of the committee may participate in a  
5 meeting of the committee by means of a conference telephone or  
6 other similar communications equipment as provided in the Open  
7 Meetings Act. Participation by conference telephone or other  
8 similar communications equipment shall constitute presence in  
9 person at a meeting.

10 [~~D-~~] E. The division shall:

- 11 (1) review applications for loans and loan
- 12 subsidies and make recommendations to the committee;
- 13 (2) administer all loans and loan subsidies;
- 14 (3) serve as staff to the committee; and
- 15 (4) report annually to the governor, the
- 16 legislative finance committee and the legislature on loans
- 17 made, loan payments received and all other activities conducted
- 18 pursuant to the Main Street Revolving Loan Act."

19 Section 4. Section 3-60C-5 NMSA 1978 (being Laws 2007,  
20 Chapter 103, Section 5) is amended to read:

21 "3-60C-5. MAIN STREET REVOLVING LOAN FUND.--

22 A. The "main street revolving loan fund" is created  
23 in the state treasury. The fund shall consist of  
24 appropriations, loan payments, federal funds received for the  
25 purpose of making loans, gifts, grants, donations and bequests

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1 made to the fund. Income from the fund shall be credited to  
2 the fund, and money in the fund shall not revert or be  
3 transferred to any other fund at the end of a fiscal year.  
4 Money in the fund is appropriated to the committee for the  
5 purposes of:

6 (1) making revolving loans [~~pursuant to the~~  
7 ~~provisions of the Main Street Revolving Loan Act~~], including  
8 related fees, to property owners, with the loans processed and  
9 serviced by a lending institution; and

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

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

18 Section 5. Section 3-60C-6 NMSA 1978 (being Laws 2007,  
19 Chapter 103, Section 6) is amended to read:

20 "3-60C-6. LOAN PROGRAM--APPLICATIONS--AWARDS.--

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

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1 properties.

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

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

18 (1) loans or loan subsidies from the fund  
19 shall be made only to property owners who:

20 (a) agree to repay the loan ~~[and]~~ in a  
21 time period not to exceed ten years;

22 (b) agree to maintain the eligible  
23 property as restored, rehabilitated or repaired for the period  
24 specified in the loan ~~[but not less than five years]~~ or five  
25 years, whichever is greater;

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1                    [~~(b)~~] (c) agree to maintain complete and  
2 proper financial records regarding the eligible property and to  
3 make these available to the division and the committee on  
4 request;

5                    [~~(e)~~] (d) agree to complete the proposed  
6 restoration, rehabilitation or repair work on the eligible  
7 property within twenty-four months from the date of loan  
8 approval by the committee;

9                    [~~(d)~~] (e) provide sufficient collateral  
10 security interest [~~in the eligible property~~], as determined by  
11 the lending institution, to the state in accordance with rules  
12 established by the committee;

13                    [~~(e) meet the income eligibility criteria~~  
14 ~~of the rules established by the committee;~~

15                    ~~(f) demonstrate to the satisfaction of~~  
16 ~~the division in accordance with rules established by the~~  
17 ~~committee that the property owner has been denied a loan by at~~  
18 ~~least two financial lenders for the same amount, for the same~~  
19 ~~purpose and subject to the same general conditions as the loan~~  
20 ~~that the property owner seeks to borrow from the fund;~~

21                    ~~(g)~~] (f) submit conceptual design and  
22 business plans with respect to the use of the loan proceeds,  
23 prepared with the assistance of the local main street project  
24 organization, the state main street program or other  
25 professionals with experience in architecture, design or

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1 business and financial planning;

2 [~~(h)~~] (g) agree to all financial and  
3 other commitments, terms and conditions for the loan  
4 established by the division or the committee; and

5 [~~(i)~~] (h) agree to any restrictions on  
6 assignments of loans from the fund required by the committee or  
7 the division;

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

22 (3) loans shall be made only for eligible  
23 costs. Eligible costs include loan servicing fees,  
24 architectural, design, graphic design, construction and  
25 engineering documents and planning costs, inspection of work in

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1 progress, contracted restoration, rehabilitation and repair  
2 costs and costs necessary to meet code requirements. Eligible  
3 costs do not include costs of land acquisition, legal costs or  
4 certain fiscal agents' fees as determined by the committee; and

5 (4) loans are not assignable.

6 D. The division shall deposit in the fund all  
7 receipts from the repayment of loans made pursuant to the Main  
8 Street Revolving Loan Act."

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