

## **The New Mexico Historic Preservation Loan Fund in a Nutshell**

### **Enabling Legislation**

Historic Preservation Loan Act, 18-6-18 to 18-6-23 NMSA 1978

### **Purpose**

"to provide owners of registered cultural properties in New Mexico with low-cost financial assistance in the restoration, rehabilitation and repair of properties listed in the state register of cultural properties or national register of historic places,... through the creation of a self-sustaining revolving loan program..." -- quote from 18-6-19 NMSA 1978. The Historic Preservation Loan Fund rule, 4 NMAC 10.2 states: "These regulations have been promulgated primarily to govern projects jointly funded by the State Historic Preservation Division (Division) through its Loan Fund and lending institutions such as commercial banks, savings and loans, and credit unions."

### **Historic Preservation Loan Fund**

A revolving fund has been created in the state treasury from which the Historic Preservation Division, Department of Cultural Affairs, makes or subsidizes loans. The Division deposits in the fund all receipts from repayment of loans from the fund. In addition, the Division may deposit in the Loan Fund any private funds made available for the Historic Preservation Loan Fund and any federal funds made available for the purpose of making grants or loans to owners of registered cultural properties. The Division partners with a lending institution who is the Lender of Record.

### **Loan Criteria**

Borrowers must agree to do the following:

1. Repay the loan and maintain the property as restored, rehabilitated, or repaired for at least seven years;
2. Maintain complete and proper financial records regarding the property and make them available to the Division on request;
3. Complete the project within two years from the date of the closing of the Loan; and
4. Provide to the State sufficient collateral security interest in the property.

### **Priority Ranking**

The Division and the New Mexico Cultural Properties Review Committee annually review the Criteria Guidelines and Priority Ranking of historic preservation projects for the loan applications received by the Division. Ranking factors include geographic distribution of recipient projects, severity of deterioration of the registered property proposed for loan fund assistance, the degree of architectural and construction detail in the Preliminary Application Form demonstrating the feasibility of the project, and availability of a bank, credit union, savings and loan or lending non-profit to partner in the loan with the Division.

**Principal:** Loans may be made in any amount up to \$200,000, maximum

**Term:** 5 years, maximum

**Rate of Interest:** The Historic Preservation Loan Fund contribution shall accrue interest at the rate of three per cent (3%) per annum; the "lending institution" rate of interest is negotiated between the borrower and the commercial bank, savings and loan, or credit union.

**Repayment:** Monthly installments to the lending institution. The first principal payment is due within one year of the loan closing date. State funds are fully repaid within 5 years, but monthly payments may be amortized on a 10 to 20 year schedule with a balloon payment at the end.

## **Eligibility**

Each assisted property must be individually listed in the State Register of Cultural Properties, National Register of Historic Places, or both, or contribute to a historic district listed in either register. Any loan must be made in participation with a commercial bank, savings and loan, or credit union that agrees to act as the lender of record and service the loan.

The property owner may be the sole owner, joint owner, owner in partnership or corporate owner of a registered cultural property, including the owner of a leasehold interest in the property, if the lease is not less than nineteen years.

All assisted projects must comply with *The Secretary of the Interior's Standards for Rehabilitation*, or *Standards for Historic Preservation Projects*, as appropriate and as interpreted by the Division's staff and the State Historic Preservation Officer. Some restoration, rehabilitation, or repair of the building's facade must be done.

### Eligible costs for Loan Fund assistance:

1. Architectural, engineering, and planning fees;
2. Inspection of work in progress;
3. Contracted restoration, rehabilitation, and repair; and
4. Work necessary to meet code requirements.

### Ineligible costs for Loan Fund assistance include:

1. Land acquisition;
2. Legal expenses;
3. Fiscal agents' fees;
4. Landscaping, **except** if the landscaping is significant to the property's historic character as is noted in the State Register or National Register nomination of the property;
5. Relocation of historic structures;
6. Excavation of archeological sites, except as necessitated by an otherwise eligible restoration or rehabilitation project;
7. New construction, except as required by applicable codes;
8. Security systems, signs, plaques, building maintenance, equipment, tools, and similar ancillary items, and interior furnishings, unless any such items are significant to the property's historic character and are noted in the nomination of the property;
9. Repairs to additions added to a historic structure after its placement on the State or National Register; and
10. Routine maintenance, included but not limited to cleaning, painting, minor repairs or periodic upkeep, unless they are part of an extensive restoration or rehabilitation project.

### **Contact at the Historic Preservation Division**

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