

This rule was filed as FID Regulation 93-2B.

TITLE 12 TRADE, COMMERCE AND BANKING
CHAPTER 16 BANKING
PART 41 INVESTMENTS IN COMMUNITY DEVELOPMENT

12.16.41.1 ISSUING AGENCY: [Regulation and Licensing Department, Financial Institutions Division, 725 St. Michael's Drive, Santa Fe, New Mexico 87504.]
[11/8/93; Recompiled 10/15/01]

12.16.41.2 SCOPE: This regulation is not applicable to investments in community development corporations established under Chapter 53, Article 7 NMSA 1978. The regulation parallels the Code of Federal Regulations, Title 12, Section 7.7480.
[11/8/93; Recompiled 10/15/01]

12.16.41.3 STATUTORY AUTHORITY: [Sections 58-1-54 NMSA 1978.]
[11/8/93; Recompiled 10/15/01]

12.16.41.4 DURATION: [Permanent.]
[Recompiled 10/15/01]

12.16.41.5 EFFECTIVE DATE: Pursuant to the authority provided by Section 58-1-54 NMSA 1978, this regulation is issued on this 8th day of November, 1993, to be effective upon filing pursuant to the State Rules Act, Section 14-4-1 et seq NMSA 1978.
[11/8/93; Recompiled 10/15/01]

12.16.41.6 OBJECTIVE: [RESERVED]
[Recompiled 10/15/01]

12.16.41.7 DEFINITIONS: [RESERVED]
[Recompiled 10/15/01]

12.16.41.8 INVESTMENTS IN COMMUNITY DEVELOPMENT:

A. Occasionally banks are asked to contribute to community development corporations, business ventures or community development projects wherein the bank will receive an equity interest in or evidence of debt which may have value in the future, but which is clearly not a bankable asset by ordinary standards. Such "investment" may be made and charged off as a contribution. If the bank wishes to carry the investment as an asset, the examiners will treat it as permissible under this regulation; provided that the following conditions are met:

- (1) the project must be of a predominantly civic, community or public nature and not merely private and entrepreneurial;
- (2) the bank's investment in any one project does not exceed two percent of its capital and surplus, and its aggregate investment in all such projects does not exceed five percent of its capital and surplus;
- (3) such investments are accounted for on the bank's books under "other assets";
- (4) such investments are clearly identified as being made under this regulation.

B. A bank must obtain prior written approval of the director of the financial institutions division for investments made under this regulation. The director may use comptroller of the currency banking circular BC-185 as guidance for application procedures and evaluation of potential investments.

[11/8/93; Recompiled 10/15/01]

HISTORY OF 12.16.41 NMAC:

Pre-NMAC History: The material in this part was derived from that previously filed with the State Records Center under:

FID Regulation 93-2B, Investments in Community Development, filed 11/8/93.

History of Repealed Material: [RESERVED]