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TITLE 12 TRADE, COMMERCE AND BANKING
CHAPTER 20 SAVINGS AND LOAN ASSOCIATIONS
PART 35 REAL ESTATE AND OTHER LOANS

12.20.35.1 ISSUING AGENCY: State of New Mexico Commerce and Industry Department, Financial Institutions Division, Savings and Loan Bureau, Lew Wallace Building, Santa Fe, New Mexico 87503.
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12.20.35.2 SCOPE: [RESERVED]
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12.20.35.7 DEFINITIONS: [RESERVED]
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12.20.35.8 REAL ESTATE LOANS:

A. General: A real estate loan is any loan secured by real estate where the association relies substantially upon that real estate as the primary security for the loan. An association may invest in, sell, purchase, participate or otherwise deal in real estate loans or interests therein, as provided in this regulation, notwithstanding provisions to the contrary contained in the Savings and Loan Act.

B. Determination of loan-to-value ratios:

(1) In determining compliance with maximum loan-to-value limitations in this regulation, at the time of making a loan an association shall add together the unpaid amount of all recorded loans secured by prior mortgages, liens or other encumbrances on the security property that would take precedence over the association's loan, and shall not make such a loan unless the total amount of such loans (including the one to be made but excluding loans that will be paid off out of the proceeds of the new loan) does not exceed applicable maximum loan-to-value limitations prescribed in this regulation, as indicated by documentation retained in the loan file.

(2) In valuing the real estate security, an association shall use the current appraised value of the security property, which may include any expected value of improvements to be financed. "Value" for a real estate loan means market value.

C. Purchase of loans from the federal savings and loan insurance corporation. An association may purchase from the federal savings and loan insurance corporation any real-estate-related loan guaranteed by the corporation under a guarantee contract made by the corporation with the purchasing association
[Recompiled 10/31/03]

12.20.35.9 INSURED AND GUARANTEED RESIDENTIAL REAL ESTATE LOANS:

A. Loans that are insured or guaranteed by a public mortgage insurer may be made in amounts and with terms and conditions of repayment acceptable to the insuring or guaranteeing agency.

B. A loan is insured or guaranteed by a public mortgage insurer if:

(1) it comes within the definitions of Sections 541.10 or 541.13 of the regulations for the federal savings and loan system, or within the provisions of Title X of the National Housing Act; or

(2) it is insured or guaranteed by an agency or instrumentality of a state (a) whose full faith and credit is pledged to support the insurance or guarantee, or (b) whose insurance or guarantee program is approved by the federal home loan mortgage corporation or the federal national mortgage association.
[Recompiled 10/31/03]

12.20.35.10 OTHER RESIDENTIAL REAL ESTATE LOANS:

A. Home loans:

(1) Authorization: An association may make, sell, purchase, participate, or otherwise deal in loans on the security of homes or combinations of homes and business property and on farm residences and combinations of farm residences and commercial farm real estate, including nonamortized, partially-amortized, and line-of-credit loans, on which the interest rate, the payment, the loan balance or the term to maturity may vary as provided in this paragraph (a) [now Subsection A of 12.20.35.10 NMAC]. Such loans shall be repayable in at least semiannual installments over a term not exceeding 40 years, with interest payable at least semiannually except as expressly authorized in this paragraph (a) [now Subsection A of 12.20.35.10 NMAC]. An association making a home loan shall possess only such rights and powers as are expressly set forth, by incorporation or otherwise, in the loan documents and as are provided by operation of law.

(2) Adjustments to rate, payment, balance or term; refinancing: Subject to such limitations on adjustment as are set forth in the loan contract:

(a) Adjustments to the interest rate shall correspond directly to the movement of an interest-rate index or of an index that measures the rate of inflation or the rate of change in consumer disposable income, which index is readily available to and verifiable by the borrower and is beyond the control of the association: *provided*, that an association may decrease the interest rate at any time.

(b) Adjustments to the payment and the loan balance that do not reflect an interest-rate adjustment may be made if (i) the adjustments reflect a change in a national or regional index that measures the rate of inflation or the rate of change in consumer disposable income, is readily available to and verifiable by the borrower, and is beyond the control of the association, or (ii) in the case of a payment adjustment, the adjustment reflects a change in the loan balance or is made pursuant to a formula, or to a schedule specifying the percentage or dollar change in the payment and set forth in the contract.

(c) Any combination of indices or a moving average of index values may be used as an index, and an association may use more than one index during the term of a loan.

(d) A loan contract may provide for the deferral and capitalization of a portion of interest, and may provide that a portion of the consideration to be received by the association in return for making the loan shall be interest in the form of a percentage of the amount by which the current market value of the property, during the loan term or at maturity, exceeds the original appraised value.

(e) At least 30 but not more than 120 days prior to an adjustment and at least 90 but not more than 120 days prior to the expected maturity of a non-or partially-amortized loan (including a -loan with a "call" provision pursuant to subparagraph (2) (vi) of this paragraph (a)) [now Subparagraph (f) of Paragraph (2) of Subsection A of 12.20.35.10 NMAC], an association shall provide the borrower with notice of the adjustment or of maturity. However, where the loan contract provides that changes in the interest rate shall occur more frequently than changes in the payment, the association need not notify the borrower of changes in the rate, nor of changes in the loan balance or term resulting from a rate change, until notice of a payment adjustment is given. (For purposes of notification, a payment adjustment is considered to occur as of the date of the interest-rate change immediately preceding the due date of the adjusted payment). In addition, where the loan contract sets out a schedule of payment adjustments, notice need not be given of payment changes made pursuant to that schedule.

(f) The loan term may be adjusted only to reflect a change in the interest rate, the payment or the loan balance. A loan contract may provide an association with the right to call the loan due and payable either after a specified number of years has elapsed following closing or upon the occurrence of a specified event external to the loan; and

(g) If at maturity of a loan that provides for adjustments pursuant to this subparagraph (a)(2) [now Paragraph (2) of Subsection A of 12.20.35.10 NMAC] the ratio of the loan balance to the current market value of the security property exceeds 95 percent, the association may offer to refinance the loan, subject to the requirements of subparagraphs (3)(i) and (3)(iii) of this paragraph (a) [now Subparagraphs (a) and (c) of Paragraph (3) of Subsection A of 12.20.35.10 NMAC] and other applicable provisions of this regulation.

(3) Loan-to-value ratio: A home loan shall not at the time of origination exceed 90 percent of the value of the security property, except as provided in subparagraph (2)(vii) of this paragraph (a) [now Subparagraph

(g) of Paragraph (2) of Subsection A of 12.20.35.10 NMAC] and below. During the term of the loan, the loan-to-value ratio may increase above 90 percent if the increase results from a change authorized by subparagraph (2) of this paragraph (a) [now Paragraph (2) of Subsection A of 12.20.35.10 NMAC]. The supervisor will assume continued compliance with the loan-to-value ratio limitations where the original ratio met the requirements of this subparagraph (3) [now Paragraph (3) of Subsection A of 12.20.35.10 NMAC], but in no event may the loan balance exceed 125 percent of the original appraised value of the property during the term of the loan unless pursuant to subparagraph (2)(ii)(a) of this paragraph (a) [now Subparagraph (a) of Paragraph (2) of Subsection A of 12.20.35.10 NMAC] or unless the loan contract provides that the payment shall be adjusted at least once each five years, beginning no later than the tenth year of the loan, to a level sufficient to amortize the loan at the then-existing interest rate and loan balance over the remaining term of the loan. The 125-percent limitation shall not apply to that portion of a loan balance that is interest received in the form of a percentage of the appreciation in value of the security property pursuant to subparagraph (2)(iv) of this paragraph (a) [now Subparagraph (d) of Paragraph (2) of Subsection A of 12.20.35.10 NMAC]. Notwithstanding the foregoing, the loan-to-value ratio at the time of origination may be up to 95 percent if:

(a) the loan contract requires that, in addition to full or partial amortization of the loan, the pro rata portion, based on the number of installments due annually, of estimated annual taxes and assessments on the security property be paid in advance to the association with each installment payment;

(b) the borrower, including a purchaser who assumes the loan, has executed a certificate stating that the borrower, occupies, or in good faith intends to occupy the property (or one dwelling on the property) as the borrower's principal residence; and

(c) during the time that the unpaid balance of the loan exceeds 90 percent of the value of the security property, determined at the time of origination, the part of such balance exceeding 80 percent of value is guaranteed or insured by a mortgage insurance company which the federal home loan mortgage corporation has determined to be a "qualified private insurer"; *provided*, however, that any unpaid loan balance secured by a pledged savings account shall not be required to be guaranteed or insured under this provision.

(4) Loan to facilitate trade-in or exchange: Loans made to facilitate the trade-in or exchange of security property shall not exceed 90 percent of value and shall be repayable within 18 months.

(5) Pledged-account loans: Loans made on the combined security of real estate and savings accounts may be made in excess of the maximum loan-to-value ratios specified in this paragraph (a) [now Subsection A of 12.20.35.10 NMAC], with such excess secured by savings accounts; *provided*, that loans that exceed 90 percent of the value of the combined security are subject to the following restrictions:

(a) the loan shall not exceed the appraised value of the real estate;

(b) the savings account shall consist only of funds belonging to the borrower, members of his family, or his employer; and

(c) the association shall fully disclose to the prospective borrower the differences (including interest, private-mortgage insurance costs, and equity interest) between a loan secured by real estate and savings and a loan secured by real estate alone.

(6) Loans on cooperatives: Such loans may be made under this paragraph (a) [now Subsection A of 12.20.35.10 NMAC], subject to the following requirements:

(a) Loans on the security of cooperative housing developments ("blanket" loans): The association shall require that the cooperative housing development maintain reserves at least equal to those required for comparable developments insured by the federal housing administration.

(b) Loans on individual cooperative units: Such loans may be made on the security of (i) a security interest in stock membership certificate, or other evidence of ownership issued to a stockholder or member by a cooperative housing organization and (ii) an assignment of the borrower's interest in the proprietary lease or occupancy agreement issued by such organization.

B. Multifamily dwelling loans: Loans on the security of other dwelling units, combinations of dwelling units, including homes, and business property involving only minor or incidental business use, shall not exceed 90 percent of the value of the security property and shall be repayable within 30 years, with interest payable at least semiannually; *provided*, that loans which are not fully amortized shall be repayable with principal and interest payments sufficient to meet a 30-year amortization schedule, and nonamortized loans shall be repayable within five years.

C. Loan on unimproved real estate ("acquisition" loans): Loans on the security of unimproved real estate as defined in Section 541.29 of the regulations for the federal savings and loan system shall not exceed 66 2/3

percent of the value of the security property, and shall be repayable in 3 years with interest payable at least semiannually.

D. Development loans:

(1) Loans to finance development of land shall not exceed 75 percent of the value of the security property and shall be repayable within 5 years, with interest payable at least semiannually. The loan documentation shall contain a preliminary development plan that is satisfactory to the association.

(2) Upon release of any portion of the security property from the lien securing the loan, the principal balance of the loan shall be reduced by an amount at least equal to that portion of the outstanding loan balance attributable to the value of the property to be released. "Value" for the purposes of the preceding sentence is the value fixed at the time the loan was made.

(3) An association may extend the time for payment for an additional period not in excess of 3 years, but no extension may be made unless (i) interest on the loan is current, (ii) the association's board has before it a current appraisal of the security property, and (iii) the outstanding principal balance of the loan is or has been reduced to an amount not over 75 percent of the current value of the security property.

(4) The limitation on loans to one borrower as defined in Section 563.9-3 of the Regulations for Insurance of Accounts shall be 2 percent of an association's assets with regard to loans on any one development project made under this paragraph (d) [now Subsection D of 12.20.35.10 NMAC]. A development project includes all primarily residential, recreational, or other facilities in an integrated development plan.

E. Loan on building lots and sites: Loans on the security of building lots and sites shall comply with the following requirements:

(1) Single-family-dwelling loans for a borrower's principal residence (as evidenced by a borrower's certification of intention that the property will be so used) shall not exceed 75 percent of the value of the security property and shall be repayable within 15 years, with interest payable at least semiannually. The loan contract shall provide for payments sufficient to amortize at least 30 percent of the original principal amount before the end of the loan term.

(2) Loans other than for a borrower's principal residence shall not exceed 75 percent of the value of the security property and shall be repayable within 3 years, with semiannual interest payments beginning not more than 1 year after the initial disbursement.

(3) The provisions of paragraphs (d) (2) and (3) [now Paragraphs (2) and (3) of Subsection D of 12.20.35.10 NMAC] shall apply to this paragraph (e) [now Subsection E of 12.20.35.10 NMAC].

F. Construction loans:

(1) Construction loans on other improved real estate (as defined in Section 541.17(b)) shall not exceed 75 percent of the value of the security property and shall be repayable in 3 years, with interest payable at least semiannually, except that for construction of single family dwellings, loans on individual structures shall be repayable within 18 months of initial disbursement of applicable loan funds.

(2) Associations shall reserve the right to impose limits on the number of structures under construction at a given time.

(3) The provisions of paragraphs (d) (2) and (3) [now Paragraphs (2) and (3) of Subsection D of 12.20.35.10 NMAC] shall apply to this paragraph (f) [now Subsection F of 12.20.35.10 NMAC], except that loan extensions for construction of individual single-family-dwelling structures are limited to 6 months.

G. Rehabilitation loans: Loans to finance substantial alteration, repair or improvement of primarily residential property may be made within the maximum loan-to-value ratios permitted for loans under paragraphs (a) and (b) of this section [now Subsections A and B of 12.20.35.10 NMAC] and shall be repayable within 3 years (18 months for a single family dwelling), with interest payable at least semiannually.

H. Combination loans:

(1) Any loans authorized by this regulation may be combined, with the term of each loan beginning at the end of the term of the preceding loan and interest and principal, payment requirements as specified in the applicable paragraphs of this regulation.

(2) Loans made on unimproved real estate (as defined in Section 541.29 of the regulations for the federal savings and loan system), development loans, and loans on other improved real estate (as defined in Section 541.17 (b)) which are combined with permanent financing loans, or are made to borrowers who have secured permanent financing from other lenders, may be made within the maximum loan-to-value ratios permitted for loans under paragraphs (a) and (b) [now Subsections A and B of 12.20.35.10 NMAC] of this regulation; *provided*, that disbursement of loan proceeds in excess of 80 percent of the value of the security property shall not be made until substantial completion of construction.

(3) With respect to a combination of loans to finance development and loans on building lots and sites and/or construction loans, whether or not development has been completed, (a) beginning not more than 3 years after the initial disbursement of loan proceeds for construction purposes, the principal shall be amortized monthly at a rate of at least 1 1/2 percent of that portion of the loan balance applicable to any home, including the building site, and (b) beginning not more than 4 years after such disbursement, principal shall be amortized monthly at a rate of at least 1 1/2 percent of that portion of the loan balance not applicable to the construction of any home and its building site.

(4) Notwithstanding any other provisions of this regulation, a combination loan for construction inclusive of acquisition and/or development shall be repayable within 8 years, but such loan may be extended for an additional period not exceeding 3 years.
[Recompiled 10/31/03]

12.20.35.11 HOME IMPROVEMENT LOANS: An association may invest in loans, with or without security, for residential real property alteration, repair or improvement, or for equipping or furnishing residential real property, with installments payable at least quarterly, the first installment due no later than 120 days from the date the loan is made and the final installment due no later than 20 years and 32 days from such date. Installments shall be substantially equal except to the extent that the loan complies with mortgage provisions authorized under paragraph III (a) [now Subsection A of 12.20.35.10 NMAC] of this regulation.
[Recompiled 10/31/03]

12.20.35.12 LEEWAY AUTHORITY FOR LOANS RELATING TO RESIDENTIAL REAL ESTATE AND FARMS:

A. Loans without requirement of security for construction purposes: In addition to loans in which it may invest under other provisions of this regulation, an association may invest an amount not exceeding the greater of its surplus, undivided profits, and reserves or 5 percent of its assets in loans the principal purpose of which is to provide financing with respect to what is or is expected to become primarily residential real estate where the association relies substantially for repayment on:

- (1) the borrower's general credit standing and forecast of income with or without other security, or
- (2) other assurances of repayment, including but not limited to a third-party guaranty or similar obligation.

B. Nonconforming secured loans: In addition to loans in which it may invest under other provisions of this regulation, an association may invest an amount not exceeding five percent of its assets in loans, advances of credit, and interests therein, secured by real estate for primarily residential use or real estate used or to be used for commercial farming that are not otherwise authorized: *provided*, that home loans made under this authority must conform to the notice and disclosure requirements of paragraph III (a) (2) of this regulation [now Paragraph (2) of Subsection A of 12.20.35.10 NMAC].
[Recompiled 10/31/03]

12.20.35.13 COMMERCIAL REAL ESTATE LOANS:

A. Loans (including construction loans) secured by first liens on other improved real estate, as defined in Section 541.17 (a) and (c) of the regulation for the federal savings and loan system, shall not exceed 90 percent of the value of the security property and shall be repayable within 30 years, except that construction loans and nonamortized loans shall be repayable within five years.* Interest shall be payable at least semiannually except to the extent that the loan contract provides for deferral and capitalization of interest: *provided*, that the ratio of the loan balance to the current appraised value of the security property may not at any time during the loan term exceed 90 percent as a result of deferral and capitalization of interest.

B. An association's aggregate investment under this section shall not exceed 20 percent of assets.

C. A loan is considered to be secured by a first lien if it is (a) secured by an interest in real estate in fee or in a leasehold or subleasehold extending or renewable automatically or at the option of the holder or the association for 5 years after maturity of the loan, if, in the event of default, the real estate could be used to satisfy the obligation with the same priority as a first mortgage or first deed of trust in the jurisdiction where the real estate is located; or (b) secured by an assignment of such loan(s).

[Recompiled 10/31/03]

12.20.35.14 LOANS ON LOW-RENT HOUSING: Limitations in this regulation or the Savings and Loan Act relating to maximum loan terms and loan-to-value ratios shall not apply to any loan secured by a first lien on real estate which is, or is being constructed, remodeled, rehabilitated, or renovated to be, the subject of (1) an annual contributions contract for low-rent housing under former Sections 23 or 5 of the United States Housing Act of 1937, as amended, or (2) a housing assistance payment (HAP) contract for low-income housing under Section 8 of the United States Housing Act of 1937, as amended, which the mortgagor has agreed in writing to enter into for the maximum term available for the particular project type and financing: *provided*, no such loan by an association shall exceed 90 percent of the appraised value of the security property or, in lieu of such appraisal, 90 percent of the purchase price if the security property is to be purchased by a local public housing authority, and in no event shall loan proceeds in excess of 80 percent of such appraised value be disbursed to the borrower until the department of housing and urban development has issued its final approval of the project under the subsidy program. Loans insured under the National Housing Act may be made on terms and conditions permitted by the insuring agency.
[Recompiled 10/31/03]

12.20.35.15 FARMERS HOME ADMINISTRATION RURAL HOUSING PROGRAM GUARANTEED LOANS:

A. General: An association may invest in loans on residential real estate guaranteed under the farmers home administration (FmHA) rural housing program, without regard to other provisions in this regulation or the Savings and Loan Act.

B. Limitations:

- (1) FmM shall guarantee at least 80 percent of the principal amount and accrued interest of each loan made under the program.
- (2) The loan terms must be acceptable to FmHA.
- (3) An association may invest up to the greater of 2.5 percent of its assets or one-half of its net worth in the aggregate outstanding balance of the non-guaranteed portions of all loans made under the program and held by the association.

C. Record keeping: An association shall maintain records to verify compliance with the requirements for each investment made under this section including the loan note guarantee, lender's agreement, and documentation that the investment limitation has not been exceeded.
[Recompiled 10/31/03]

12.20.35.16 LOANS GUARANTEED UNDER COMMERCIAL AND INDUSTRIAL DEVELOPMENT PROGRAMS: Without regard to other limitations, an association may invest in loans on the security of first liens on other improved real estate, provided the loans are guaranteed by one of the following agencies under authority specified herein, and the loan terms are acceptable to the guaranteeing agency:

A. Economic development administration (under the Public Works and Economic Development Act of 1965, as amended, or the successor to that Act; or the Trade Act of 1974, as amended);

B. Farmers home administration (under the Consolidated Farm and Rural Development Act of 1974, as amended);

C. Small business administration (under the Small Business Investment Act of 1958, as amended; or the Small Business Act of 1953, as amended).
[Recompiled 10/31/03]

12.20.35.17 MANUFACTURED HOME FINANCING:

A. Definitions used in this section:

- (1) "Manufactured home" shall have the same definition as that contained in the National Manufactured Home Construction and Safety Standards Act, 42 U.S.C. 5402(6).
- (2) "Manufactured home chattel paper" - a document evidencing an installment sales contract or a loan or interest in a loan secured by a lien on one or more manufactured homes and equipment installed or to be installed therein.
- (3) "Manufacturer's invoice price" - a manufacturer's itemized charges, shown on its invoice, for a specifically identified mobile home, furnishings, equipment, and accessories installed by the manufacturer, and freight.

B. General investment authority: An association may invest in manufactured home chattel paper and interests therein without limitation as to percentage of assets.

C. Sound investment practices: Appraisals or other generally accepted systems of valuation of used manufactured homes shall substantiate the term to maturity of loans made. Chattel paper shall have provisions to protect the association, specifically regarding insurance, taxes, other governmental levies, and maintenance and repairs, and may include any other protection provision which is lawful and appropriate. The association may pay taxes or other governmental levies, and insurance premiums or other similar charges to protect its security interest, and may when lawful, add such payments to the debt evidenced by the chattel paper. The association shall seasonably perfect its security interest. The association is responsible for current knowledge of regulations and requirements pertaining to federal insurance and guarantee programs for manufactured home loans in which it invests, including portfolio limitations on coverage, and is expected to make underwriting decisions as carefully for such loans as for conventional loans.

D. Inventory financing: An association may invest in manufactured home chattel paper which finances a manufactured home dealer's acquisition of inventory if:

- (1) the inventory is held for sale by the dealer in its ordinary course of business;
- (2) the loan evidenced by the chattel paper is the dealer's obligation; and
- (3) the loan amount does not exceed the following:
 - (a) for new manufactured homes, 100 percent of manufacturer's invoice price for each manufactured home and equipment to be installed by the dealer;
 - (b) for used manufactured homes, 75 percent of appraised market value or other generally accepted valuation of each manufactured home, including installed equipment.

E. Retail financing:

(1) Insured and guaranteed loans: An association may invest in retail manufactured home chattel paper that is insured or guaranteed, as defined in Section 541.10 or 541.13 of the regulations for the federal savings and loan system, or that has a commitment for such insurance or guarantee.

(2) Conventional loans: An association may invest in conventional retail manufactured home chattel paper if:

- (a) the manufactured home is to be maintained as a residence of the owner (or beneficial owner), or an owner's relative;
- (b) the manufactured home is or will be located at a manufactured home park or other permanent or semi-permanent site;
- (c) the manufactured home chattel paper is payable within 20 years, in monthly payments which are substantially equal except to the extent that the financing complies with mortgage provisions authorized under Section III.(a) [now Subsection A of 12.20.35.10 NMAC] of this regulation, and
- (d) The financed amount (excluding time-price differential or interest, however computed) does not exceed (i) 90 percent of buyer's total costs, including freight, itemized set-up charges, sales or other taxes, filing and recording fees imposed by law and premiums for related insurance, or (ii) 90 percent of the appraised market value or other generally accepted valuation of the manufactured home in the case of a used manufactured home plus sales and other taxes, filing and recording fees imposed by law, premiums for related insurance and freight and itemized set-up charges, if any.

(3) Combination loans: An association may invest in manufactured home chattel paper secured by combinations of manufactured homes and lots on the following terms:

(a) Affixed manufactured homes: If the wheels and axles have been removed and the manufactured home is permanently affixed to a foundation, a loan secured by a combination of manufactured home and lot on which it sits may be treated as a residential real estate loan under Section III [now 12.20.35.10 NMAC] of this regulation.

(b) Unaffixed manufactured homes: If the manufactured home is not affixed in the manner described in subparagraph (e)(3)(i) of this section [now subparagraph (a) of Paragraph (3) of Subsection E of 12.20.35.17 NMAC], an association may make a loan secured by a combination of manufactured home and lot on which it is or is to be located if the financing complies with the requirements of subparagraphs (e) (2) (i), (ii) and (iii) [now subparagraphs (a), (b) and (c) of Paragraph (2) of Subsection E of 12.20.35.17 NMAC] and the loan-to-value ratio does not exceed 75% of the appraised value of the lot and lot improvements and 90% of the buyer's total costs of the manufactured home (or valuation of used manufactured home) as defined in subparagraph (e)(2)(iv) [now Subparagraph (d) of Paragraph (2) of Subsection E of 12.20.35.17 NMAC].

(c) Insured and guaranteed loans: Notwithstanding the other provisions of this subparagraph, an association may invest in a combination manufactured home and lot chattel paper that is insured or guaranteed as

defined in Sections 541.10 and 541.13 of the regulations for the federal savings an loan system, or that has a commitment for such insurance or guarantee.

(4) Purchase of retail paper. With regard to purchase of an interest in retail manufactured home chattel paper where the security property is or will be located outside the association's normal lending territory (as defined in Section 561.22) of the insurance regulations, the seller of the interest (unless the seller is the association's service corporation) shall retain at least a 25 percent interest in each document evidencing a loan secured by the chattel paper.

F. Sale of paper:

(1) All manufactured home chattel paper sold by an association shall be sold without recourse, as defined in Section 561.8 of the insurance regulations.

(2) No association may sell manufactured home chattel paper, if at the close of its most recent semiannual period, it has manufactured-home-chattel-paper scheduled item (other than assets acquired in a supervisory merger) in excess of 5 percent of its total portfolio in such paper; *provided*, that application may be made to the supervisor for a waiver of this restriction.

[Recompiled 10/31/03]

12.20.35.18 Done this 14th day of December, 1982. Snider Campbell, Savings and Loan Supervisor.

[Recompiled 10/31/03]

HISTORY OF 12.20.35 NMAC:

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FID 77-3, Order 77-1, Regulation 77-1, Loans made pursuant to the Bank Installment Loan Act, filed 7/1/77.

FID 77-4, Order 77-6, Regulation 77-3, Real Estate Loans, filed 7/13/77.

FID 80-4, Regulation 80-1 S&LB, Insecured Loans, filed 8/15/80.

FID 80-9, Regulation 80-2 S&LB, Mobile Home Financing, filed 8/18/80.

FID 81-8, Regulation 81-2 S&LB, Real Estate Loans, filed 5/16/81.

FID 82-2, Mobile Home Financing, filed 4/29/82.

Regulation 82-1 S&LB, Real Estate Loans, filed 1/15/82.

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