



# HOUSING JOURNAL

Voice of *New Mexico Home Builders Association* for More Than 35 Years

Volume 39 Issue 5

July 2009



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## NMHBA Office Staff

New Mexico Home Builders Association  
505-344-7072, Toll Free 1-800-523-8421 FAX: 505-344-3103  
E-mail: info@nmhba.org or Website: www.nmhba.org  
Executive VP & CEO, Jack C. Milarch, Jr.  
Governmental Affairs Director, Melanie Teeter  
Office Manager, Nancy Barron  
Bookkeeper/Bonding/Meeting Admin, Melinda Bolivar  
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Workers' Compensation Insurance  
Phone: 505-345-3477 Fax: 505-344-7245  
Executive VP & CEO, Jack C. Milarch, Jr.  
COO, Randy Akin  
Chairman, John Jourdan  
New Mexico Home Builders Political Action Fund  
NMHB PAF Chair, David Gordon

Graphic Design - The Graphics Station  
505-480-8687

Printing - LithExcel Printing  
505-243-8560



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## About The Cover



This new home in Albuquerque's northeast heights moved PlumbSquare Construction Inc forward in the direction of green building. With a commitment of achieving high-energy efficiency, the company used state of the art insulation materials and techniques and highly efficient windows, as well as high efficiency appliances and low flow toilets.

With the intent of capitalizing on natural light and exploiting the spectacular views the site offered, the master bedroom, master bath, and the kitchen nook all are positioned to capture morning light and views of the Sandias. A flood control authority drainage channel covered a significant portion of the site and may have been a disincentive to prior development. Working with the natural contours of the land, PlumbSquare relocated the drainage channel, allowing them to make optimum use of the property while providing a responsible solution for the drainage issues of the site.

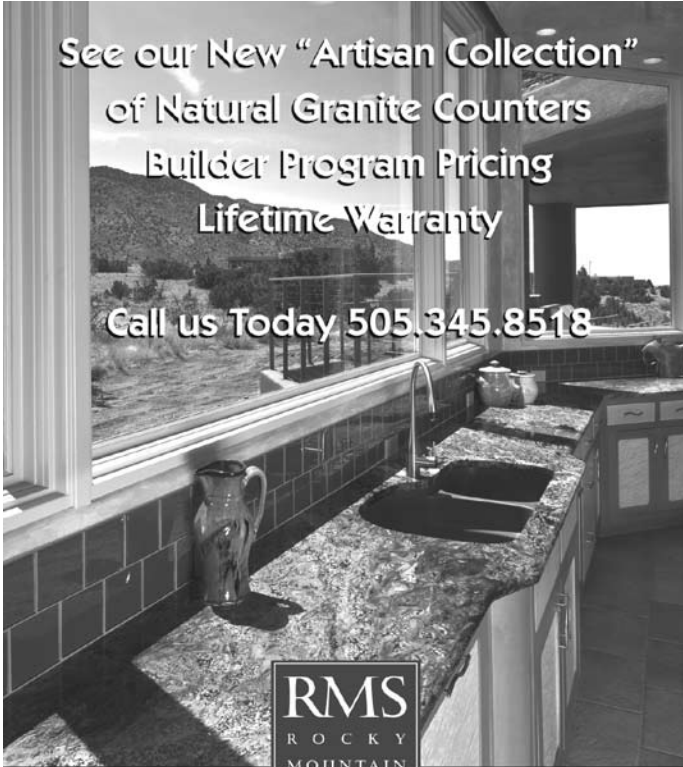
*Photography by Mark William Photography*

## Membership Statistics

	Apr	May
Central New Mexico	885	857
Eastern NM	115	116
South Eastern NMHBA	124	128
Lincoln County	142	141
Las Cruces	458	449
Southwestern NMHBA	51	49
San Juan County	221	216
Santa Fe Area	649	643
Otero County	<u>144</u>	<u>144</u>
<b>Total</b>	<b>2789</b>	<b>2743</b>

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# A Message From The *President* PRESIDENT



Scott Bealhen

## New Codes Will Affect the Way You Do Business

As this Housing Journal issue goes to print, New Mexico Home Builders Association is working closely with the state Construction Industries Division on the 2009 energy code. These standards, which are expected to go into effect starting in 2010, will impact the way all of us do business. While some of the state's larger cities have had "extreme" code requirements for energy efficiency for some time, the code being finalized now is the first such statewide regulation. I want to update you on how the association is working for you on this issue and what you can do to prepare yourself for the new code.

NMHBA is taking on the expense of having 10 newly-constructed homes, with at least one in each of the three climate zones in the state, independently tested to determine their energy efficiency as measured by the HERS (Home Energy Rating System). We believe it is important to establish a baseline for how homes currently built in New Mexico are performing. This helps us give well-informed input to the Construction Industries Division on what code standards are realistic. While we certainly want homes in our state to be energy efficient, we don't want unrealistic and cost-ineffective requirements of the new energy code causing unnecessary costs to the consumer. By having our own data to compare with what the state proposes, we can help ensure that the new standards are attainable. This data also helps our industry see how well our products stand up to testing. We hope to test 9-10 homes in the next several months, and we are looking for volunteers. Builders can contact the association to volunteer a home for testing.

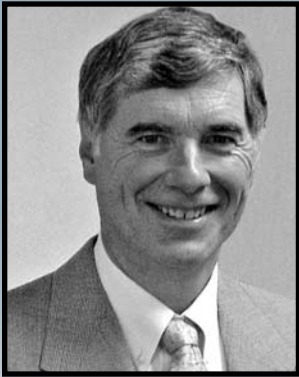
The builder of the houses will be kept confidential, so if a home does not perform well, there are no negative consequences. In fact, even less-than-ideal results can give useful feedback to the builder as well as help the association assemble the information we need.

As for what you as a homebuilder can do to make the transition to new standards easier for your business, I strongly suggest that you enroll in one of the continuing education courses offered through National Association of Home Builders (NAHB) about energy efficiency technology and building procedures. Energy efficient building does not just mean using the latest green building materials on the market. We as builders must educate ourselves about how to use the materials properly to get the best performance from the homes we build.

This is especially true now. Our new energy conservation codes are considerably more stringent and detail-oriented than ever before, and the context of our work has changed. The new code compliance bond means contractors will be on the hook for up to \$10,000 in liability for non-conforming details, including violations of energy code details. This means that if CID determines a code violation has occurred and the builder isn't able or willing to correct the problem, the home owner can initiate the correction with another contractor and claim against the contractor's code bond. As noted in earlier editions of the Housing Journal, the new code compliance bond will replace your old contractor license bond on a rolling basis as licenses renew.

Our national association, NAHB, offers many seminars on energy conservative building techniques especially via the annual Builders Show. This year the show is again in nearby Las Vegas, Nevada, so do yourself a big favor and plan to attend. Given the far-reaching impact this new code will have on our contractors my hope is that you will attend the Builders Show and will also stay involved with your local and state associations to find out about education opportunities offered locally as well. Your state association is expending an enormous amount of resources and volunteers' time in an effort to make sure the new energy conservation code is reasonable and works in the interest both of the builder and the consumer. Highly energy efficient construction is the wave of the future. I urge you to make use of all the relevant and excellent resources your associations have to offer.





Jack C. Milarch, Jr.

## Continued Correspondence with NM Mortgage Finance Authority

The article I wrote for the May issue of the Housing Journal generated written responses from Lt. Governor Diane Denish and NM Mortgage Finance Authority Director Jay Czar. Both Lt. Governor Denish and Director Czar felt my article contained material inaccuracies and unfairly characterized the issues regarding the Weatherization Assistance Program (WAP). These letters and subsequent high-level discussions have resulted in much attention to the issues involved, including during our recent Board of Directors meeting in Ruidoso. NMHBA Past Present Mike Sivage attended our board meeting representing NM Mortgage Finance Authority (Mike is a long time board member of both NM Mortgage Finance Authority and NM Home Builders Association boards) and did a great job outlining why participation with MFA in their WAP and other programs can offer benefits to contractors. We have told both Lt. Governor Denish and Director Czar that I would represent their opinions and correct inaccuracies in this Housing Journal.

The first correction is in regard to the amount of money involved in the WAP increase. Director Czar wrote to us recently saying: *“Your column states that ‘the recent rounds of federal economic stimulus funds will reportedly result in an increase to New Mexico’s Weatherization Assistance Program (WAP) by nearly 13 times the current levels.’ This is not true: Although you are correct in stating the New Mexico’s formula allocation of Weatherization Assistance Program funding is \$26.8*

*million, DOE has stipulated that these funds expire in three years. In other words the stimulus funding per year is roughly \$9 million, or approximately four times the current level of funding from DOE.”*

The second correction is in regard to my comment about the nature of the work being done. I characterized the \$6,500 per home jobs as modest remodel projects. Director Czar wrote: *“The column also states that ‘money for this program is to be spent for reducing the energy use of... lower income households through modest home remodeling projects.’ Please understand that measures undertaken through the Weatherization Assistance Program are very strictly prescribed as a result of an energy assessment conducted on each dwelling unit pursuant to a DOE energy assessment tool, and only measures that meet or exceed a savings-to-investment ratio greater than 1 (one) may be performed on the home. This is not a home remodeling program.”*

A third correction which I was specifically asked to publish by our Lt. Governor is in regard to the nature of the press conference held by Lt. Governor Denish during our Round House visit earlier this year. NMHBA lobbyist Domonic Silva had arranged for several of us, including the Local presidents attending that day, to meet with Lt. Governor Denish and a couple of her staff. We had a very positive meeting, and during the discussions we were invited to participate in a press conference directly following that meeting, which we did. My article last month noted President Scott Bealhen stood with the Lt. Governor at that event, and she had said our industry would benefit from the programs being presented. As I wrote to Director Czar recently, part of our confusion about the nature of the press conference and “stimulus money” coming to New Mexico was because we had been approached the same day as the press conference by a prominent staff person with the Energy, Minerals, and Natural Resources Department in regard to how we could get our members interested in doing work facilitated by a big federal funding increase for NM’s Weatherization Assistance Program. That and a subsequent discussion we had between our leadership and the EMNRD representative led us to mistakenly believe the package of incentives discussed at the press conference included the WAP funding. Although the press conference announced a package of seven other buyer assistance programs administered by NMMFA, subsequent scrutiny of the

written press releases has shown the press conference did not include any WAP funding announcement, as we had assumed it had. For this error I apologize to our readers, to Lt. Governor Denish, and to state officials involved in the press conference.

In regard to the May Housing Journal article's complaint about MFA's non-profit partners engaging in unlicensed contracting, that is apparently still in dispute. Director Czar's five-page letter to NMHBA notes that they have met with CID officials, but apparently as far as they know there has been no resolution of the issues as to whether or not their non-profit sub-grantees need a contractor's license. Director Czar's letter notes the non-profits routinely employ licensed sub-contractors for their work, however that wasn't the point of our complaint. In my recent letter to Director Czar I wrote: *"We understand the servicing providers have engaged licensed subcontractor trades for some of the work they undertake, but that is not the point of our unhappiness on this issue. Many NM contractors have paid large fines, based on the full contract value, after CID caught them doing unlicensed activity similar to what we perceive is being performed by the non-profit affiliates in fulfillment of your contract with them. We are constantly being reminded, through our interaction with the Construction Industries Licensing Act and the Construction Industries Division and Commission, that our law defines 'contracting' much more broadly than for just trade subcontractors. We are constantly facing increasing requirements to stay in business. For example during the just-completed Legislature, CID wanted money for a new 'enforcement bureau', and we are just now having to implement a more expensive 'code compliance bond' requirement for all licensees. We strongly believe it is wrong for government-affiliated construction groups to be allowed to skirt laws and requirements which private contractors are required to follow. NMMFA is directly involved in the construction industry and should be a leader by setting a good example relative to licensing and permitting requirements."*

Our readers may wonder why we became involved in this at all. President Bealhen and I felt it was important for us to get involved in how the money for the WAP will be spent in New Mexico. We feel there should at least be a fair chance for our contractors to participate in this work if at all possible. Even small jobs mean a lot to struggling contractors now. Will our builder members take advantage of the opportunity? We can't tell, however, we hope this work helps at least a few of our fellows survive the current industry downturn. It

is extremely upsetting for Scott and I to watch licensed contractors, who are often our friends, struggling and sometimes failing to keep their businesses alive due to lack of work. We believe it is our duty to our membership and our industry to do whatever we can to make it possible for our members to take advantage of opportunities which can help them keep their workers employed and their businesses open. It is with that spirit that we have engaged NM Mortgage Finance Authority and Lt. Governor Denish in the debates over WAP money. In spite of the recent acrimony, I believe it is everyone's hope that we can go on from here with a better relationship between all parties involved.

I can report that both NM Mortgage Finance Authority and especially Lt. Governor Denish strongly believe in providing housing opportunities for all New Mexicans. Their leadership toward that goal benefits our industry tremendously, and for that Scott and I applaud them openly and enthusiastically.





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# SBA Loan Programs Available

The federal Small Business Administration (SBA) has several programs available that may provide assistance to small businesses looking to ride out the current economic downturn. They include a program for all small businesses to apply for short-term loans up to \$35,000, CAPLine loans for construction businesses that need a “bridge” loan to cover upfront costs for specific construction projects, and the standard 7(a) small business loan offered through commercial banks. Two of these loans are available now.

Beginning June 15, 2009, the SBA will offer the America’s Recovery Capital (ARC) loan program which can provide up to \$35,000 in short-term relief for viable small businesses facing immediate financial hardship to help ride out the current uncertain economic times and return to profitability. Each small business is limited to one ARC loan.

## About the Small Business Administration’s ARC (America’s Recovery Capital) Loan Program

ARC loans can be used to make payments of principal and interest, in full or in part, on one or more existing, qualifying small business loans for up to six months. ARC loans provide an immediate infusion of capital to small businesses to assist with making payments of principal and interest on existing debt. These loans allow borrowers to redirect cash flow from making loan payments to investing in their businesses, to help sustain the business and retain jobs. For example, making loan payments on existing loans with proceeds from an ARC loan can allow a business to focus more funds on core operations, such as buying inventory or making payroll.

ARC loans are interest-free to the borrower, carry a 100 percent guaranty from the SBA to the lender, and require no fees paid to SBA. Loan proceeds are provided over a six-month period and repayment of the ARC loan principal is deferred for 12 months after the last disbursement of the proceeds. Repayment can extend up to five years.

The best candidates for ARC loans are small businesses that in the past were profitable but are currently struggling, yet have been making loan payments or are just beginning to miss loan payments due to financial hardship.

ARC loans are made by commercial lenders who are SBA participants. **The SBA will pay these banks a monthly interest rate throughout the term of the loan.** Lenders can find more information at [http://www.sba.gov/idc/groups/public/documents/sba\\_homepage/sba\\_rcvry\\_act\\_arc\\_lnderloans.pdf](http://www.sba.gov/idc/groups/public/documents/sba_homepage/sba_rcvry_act_arc_lnderloans.pdf). Non-SBA lenders can easily become SBA participants by working with their nearest SBA district office. Businesses interested in applying for an ARC loan should first contact their current lender.

**ARC loans will be offered by some SBA lenders for as long as funding is available or until September 30, 2010, whichever comes first. If you would like to speak directly to a customer service representative about the ARC Loan Program, you may call their toll-free number (866-947-8081) Monday through Friday during the hours of 6 am to 7 pm (Mountain Time).**

## ARC Loan Eligibility

ARC loans are available to viable, for-profit small businesses in the U.S. that have qualifying business loans and are experiencing immediate financial hardship.

Your small business must be an established business, have financial statements demonstrating it was profitable in one of the past three years, and be able to project sufficient cash flow to meet current and future loan payments over a two-year period from loan approval. If your business does not meet these criteria, you can discuss your eligibility with your lender. **ARC loans are not designed for start-up businesses.**

Examples of qualifying loans may include credit card obligations for your business, capital leases, notes payable to vendors/suppliers, Development Company Loan Program (504) first lien loans, other loans to small businesses made without an SBA guaranty, and loans made by or with an SBA guaranty on or after Feb. 17, 2009.

ARC loans are designed to help businesses experiencing immediate financial hardship for reasons such as:

- Loss/reduction of customer base
- Increase in cost of doing business
- Loss/reduction of working capital and/or loss/reduction of short term credit facilities
- Inability to restructure existing debts due to credit restrictions
- Loss/reduction of employees (intellectual capital)
- Loss/reduction of major suppliers (major suppliers out of business)

*Continued on page 10*



# *50th Anniversary Gala*

## **Thanks To Our Sponsors Who Helped Make The Anniversary Gala A Success!**

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**Santa Fe Area Home Builders Association**



## Members Meet to Honor NMHBA 50th Anniversary

To celebrate 50 years of serving the housing construction industry statewide, New Mexico Home Builders Association held an anniversary gala in Ruidoso at Inn of the Mountain Gods last month.

Many folks, including 16 NMHBA Past Presidents, travelled to Ruidoso to commemorate 50 years as an Association and to exchange memories with old friends. The dinner event included silent and live auctions, a jazz band, recognition of past presidents and associate vice presidents, and a chance to view old photos of Association days gone by.

Lobbyist Domic Silva read a proclamation from Governor Richardson naming June 12, 2009, as New Mexico Home Builders Association Day. Jack Milarch, Executive Officer since 1978, reminisced about some humorous moments with members and several Past Presidents also shared jokes and stories.

Proceeds from the silent auction benefited the NMHB Political Action Fund, while live auction proceeds went to NAHB BUILD-PAC.

### Special thanks to the 50th Anniversary Taskforce:

Betty Shaum, Chair	Diana Lucero
Leila Armstrong	Peggy Mead
Mike Buechter	Peter Merrill
Joyce Cardon	Amber Sanchez
Karen Hall	Domic Silva

\*\* We are putting together a collection of past presidents' photos to hang in our hallway. If you have photos of any of the following past presidents, please give us a call. Thank you!

John Roach	1960 President
Elmo Henslee	1961
Harold DeShurley	1966
Lewis Emerick	1968
G. Gordon Spencer	1972





## It's Almost Time to Register for 2010 International Builders' Show®

If you missed NAHB's International Builders' Show® in 2009, you owe it to yourself and your business to attend in 2010.

Despite the challenging state of the economy, last year IBS hosted over 1600 exhibitors from around the globe and more than 250 cutting-edge educational sessions.

The event again takes place in Las Vegas, January 19-22, 2010.

Especially in the current down market, IBS provides an opportunity to re-tool your business and educate yourself in order to be ready when the housing market turns around.

Beginning August 3, you can register for the show and make your hotel reservation at [www.BuildersShow.com](http://www.BuildersShow.com). NMHBA has a limited number of rooms blocked off at the Las Vegas Hilton (\$109/night if you register for IBS and reserve your room in August), so be sure to register early.

**IMPORTANT NOTE:** We do have a list of room rates for most Las Vegas hotels. These rates are guaranteed only if you make your reservation between August 3-31, 2009. After that, rates are not guaranteed and may go up or down. Please contact us if you would like to know the August room rates for other Las Vegas hotels.

Watch future *Housing Journal* issues for more information!

## Contest Brings Another Opportunity for BT/HBA Members to Attend IBS

For the fourth consecutive year, Builders Trust and NMHBA are offering to send one member from each Local HBA to the International Builders' Show® (IBS)!

Beginning with the 2007 IBS, BT and NMHBA have teamed up to offer this exciting contest for BT participants who never before attended NAHB's Show. Last year's winners were very impressed with IBS, which was held in Las Vegas in January 2009.

Larry Thompson, TC Thompson Bldr Inc (Artesia), said IBS went beyond his expectations. "All builders should see the enormous support mechanism we have backing us up," he said.

Perry Paulazzo of Chaboney Inc. dba Service Master of Santa Fe advised, "You should plan what you want to see before you go; it's too big to do on site."

BT participants who don't take full advantage of their HBA membership may not realize how valuable IBS can be for their own businesses. Earlier this year, over 60,000 people attended to see the newest products and learn about the latest building trends and techniques. Next year's Show again takes place in Las Vegas, January 19-22, 2010.

Recently, a flyer was sent to every BT participant. An eligible Participant had to complete the form and fax it in. One winner from each Local HBA will be chosen in August. Up to \$1,100 of their registration, airfare, and hotel expenses will be reimbursed. Winners must agree to report back to their Local HBA, Builders Trust, and NMHBA about their Builders' Show experience. Winners will be listed in the August issue of the *Housing Journal*.



Borrowers whose loans are already severely delinquent or whose past performance or future cash flow indicates that the business is not viable are not good candidates for an ARC loan.

### Applying for an ARC Loan

ARC Loans are provided by commercial lenders and guaranteed by the SBA. Your next step is to contact your lender who will help you determine if you are a candidate for an ARC Loan. Questions they may ask include the following:

- Does your small business have an established banking relationship?
- Has your small business been in operation for a minimum of two years?
- Do you have financial statements (balance sheet, income statement, and cash flow statement) which demonstrate your business had a positive cash flow in one of the past three years (or as long as your business has been operating, if less than three years)?
- Does your cash flow projection for the next two years indicate sufficient cash flow to meet your current and future loan payments?
- Regarding your debts, is your business no more than 60 days past due on any loan (you can be current on all your debt obligations and still qualify for an ARC Loan)?
- Is your business suffering an immediate financial hardship? For example:
  - ❖ Declining sales and revenues;
  - ❖ Difficulty in making loan payments on existing debt;
  - ❖ Difficulty in paying employees;
  - ❖ Difficulty in purchasing materials, supplies, or inventory; and/or
  - ❖ Difficulty in paying rent and/or other operating expenses.

### What is a Small Business?

SBA defines a small business as a concern that is organized for profit; has a place of business in the U.S.; operates primarily within the U.S. or makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor; is independently owned and operated; and is not dominant in its field on a national basis. The business may be a sole proprietorship, partnership, corporation, or any other legal form. In determining what constitutes a small business, the definition will vary to reflect industry differences.

### Size Standards

SBA has established numerical definitions, called "size standards," for every private sector industry in the U.S. economy; the North American Industry Classification System (NAICS) is used to identify the industries. An industry is coded with a six-digit number, such as 541330 for Engineering Services. A size standard, which is usually stated in number of employees or average annual receipts, represents the largest size that a business (including its subsidiaries and affiliates) may be to remain classified as a small business for SBA and Federal contracting programs. All Federal agencies must use SBA size standards for contracts identified as small business.

The table on page 13 shows the most commonly used size standards within the construction industry sector. If the size of a business exceeds the size standard for its overall industry sector, it may still be a small business for the specific six-digit NAICS industry. Some industries have higher size standards than the general one for the industry group. SBA's Table of Small Business Size Standards ([http://www.sba.gov/idc/groups/public/documents/sba\\_homepage/serv\\_sstd\\_tablepdf.pdf](http://www.sba.gov/idc/groups/public/documents/sba_homepage/serv_sstd_tablepdf.pdf)) lists size standards by six-digit NAICS industry codes.

A size standard is the largest that a concern can be and still qualify as a small business for Federal Government programs. For the construction industry, size standards are the average annual receipts of a firm.

*Continued on page 13*



Have you recently received an award or been recognized for your contribution to the construction industry? If so, and you are a member of a local HBA, you have bragging rights!

We're proud of our members and want to publicize their achievements in the Housing Journal. If you, or a member you know, have done something noteworthy, please contact Nancy Barron at 505-344-7072 or by emailing [nancy@nmhba.org](mailto:nancy@nmhba.org).

# Summary of Construction Industries Commission Meeting

Our construction industries' rule making and disciplinary board met in May, and their agenda as distributed at the meeting is reproduced here for you to see what business they dealt with. NMHBA comments on topics of interest are included in italics.

## AGENDA

### I. Convene – Roll Call

Introductions

### II. Approval of Agenda

### III. Approval of Minutes

March 13, 2009 Regular Meeting

### IV. Date and Location of Next Commission Meeting

July 10, 2009 - Albuquerque

### V. Public Comment

*Commissioner Bryan Stegall requested that the Commission send a letter to the City of Las Cruces protesting their proposed increase of impact fees. The Commission said it was not their place to do that.*

### VI. Old Business

None

### VII. New Business

a. Request Approval of Continuing Education Courses and Providers - Rem Pacheco, Electrical Bureau Chief

b. Request Approval of Small Wind Turbine Policy – Rem Pacheco

c. Request Approval for Adoption – Marvin Vaughn, LP Gas Bureau Chief  
2008 NFPA Pamphlet 58 – Liquefied Petroleum Gas Code

d. Request Approval for Adoption – Land Clark, Deputy Director of Field Operations  
NMAC 14.6.7 – Consumer Protection (Code Bond Rules)

*This item was approved after questions on when and how the new bond would be implemented. Land Clark explained that the new code bond would be issued as licenses expired. It will take three years to go through the entire cycle. Every licensed contractor would need the bond by July 2012. Lisa Martinez added that the \$10,000 bond was not a significant amount of money but the new law added teeth to the bond. If a contractor does not repay the bond, they lose their license.*

e. Request Approval to Proceed to Public Hearing – Land Clark  
NMAC 14.5.2 – Permits (Maintenance Permit Rules)

f. Update/Request Approval to Proceed to Public Hearing – Land Clark  
Mechanical and Plumbing Journeyman Continuing Education Requirements

g. Request Approval to Close Compliance Case(s) – Maria Lopez, Compliance Bureau Chief

CID#08-0784 Red Mountain Electric/John Owen

CID#09-1142 WB Homes, LLC/Joe Bost

CID#09-1144 Pargas Construction/Frank Welsch

*Continued on page 12*

CID#09-1189 Placitas Del Sol Bldrs/Michelle Martinez  
CID#09-1195 Pro-Tech Communications/Reyes Romero  
CID#09-1203 Mountain States Insulators/Lichtenstein  
CID#08-1215 Vantage Engineering/Robert Lopez  
CID#09-1256 Lujan Electric, LLC/Kelly Hunt  
CID#09-1269 Grizzly Electric/Jake Jacobsen  
CID#09-1271 Wagner Mechanical/Christine Lisignoli

#### **VIII. Executive Session Pursuant to NMSA 1978 10-15-1(H)(1)**

- a) Contractor Application; CID Case #022009 – Maria Lopez
- b) Consumer Complaint Against a City of Santa Fe Building Official

#### **IX. Director's Report – Lisa Martinez**

Request Approval of Licenses Issued in March and April 2009

*Director Martinez gave a legislative report, indicating that none of CID's 11 bills passed, however eight of them died on the Senate Calendar. She noted that CID's most important bill was the Construction Crimes Bureau Bill and stated that, though it did not receive funding, legislators responded positively to the concept.*

*Martinez also reported that CID is working on the American Recovery and Reinvestment Act stimulus package, and said that CID would be moving forward with the 2009 Green Code adoption.*

*According to Martinez, the Local Government Task Force is going to ask the Attorney General for an opinion on HB219 for a definition of "implementation". CID believes they may not be required to actually take over the local inspection programs but rather have a process on how to do it. She also reported that CID does not have the resources to take over existing local programs and, if it was required, it would put a strain on the entire state. The programs that would need to be taken over are Espanola, Chavez County, and Sunland Park.*

*In addition, Martinez said that the Task Force was looking to develop rules for certifying multiple inspectors. She also indicated that the pilot program on local governments sharing inspectors has hit a legal snag between Bernalillo and Rio Rancho. She said it seems there also have been issues with Portales and Clovis being unsure if they want to go forward with sharing of inspectors.*

*CID will be installing GPS units on all inspector vehicles. This will eliminate the need for inspectors to fill out the mileage reports, eliminate false speeding and traffic violations, and overall prove to be a good management tool.*

*Martinez provided a financial report that stated CID's budget would be cut by \$673,000 (7.2%) in fiscal year 2010. She said these cuts could hurt CID services.*

*Martinez updated the Commission on communication with NMHBA. She indicated that she received a letter from NMHBA regarding the use of licensed contractors by the MFA weatherization program. She reported that some of the work is exempt, that MFA does hire licensed contractors, and that they are listed and certified in their respective fields. She also reported on a second letter from NMHBA regarding the review and adoption of the 2009 Green Code. She said that despite the letter CID would move forward with the adoption. She cited the American Recovery and Reinvestment Act and the commitment the Governor made to the Secretary of Energy to pass the 2009 Green Code. Martinez said she plans on the new code being implemented by July 2010.*

#### **X. Other Business**



Continued from page 10

## Sector 23 – Construction

### Subsector 236 – Construction of Buildings

NAICS	Category	Avg. Annual Receipts
236115	New Single-Family Housing Construction (except Operative Builders)	\$33.5 million
236116	New Multifamily Housing Construction (except Operative Builders)	\$33.5 million
236117	New Housing Operative Builders	\$33.5 million
236118	Residential Remodelers	\$33.5 million
236210	Industrial Building Construction	\$33.5 million
236220	Commercial and Institutional Building Construction	\$33.5 million

### Subsector 238 – Specialty Trade Contractors

NAICS	Category	Avg. Annual Receipts
238110	Poured Concrete Foundation and Structure Contractors	\$14.0 million
238120	Structural Steel and Precast Concrete Contractors	\$14.0 million
238130	Framing Contractors	\$14.0 million
238140	Masonry Contractors	\$14.0 million
238150	Glass and Glazing Contractors	\$14.0 million
238160	Roofing Contractors	\$14.0 million
238170	Siding Contractors	\$14.0 million
238190	Other Foundation, Structure, and Building Exterior Contractors	\$14.0 million
238210	Electrical Contractors and Other Wiring Installation Contractors	\$14.0 million
238220	Plumbing, Heating, and Air-Conditioning Contractors	\$14.0 million
238290	Other Building Equipment Contractors	\$14.0 million
238310	Drywall and Insulation Contractors	\$14.0 million
238320	Painting and Wall Covering Contractors	\$14.0 million
238330	Flooring Contractors	\$14.0 million
238340	Tile and Terrazzo Contractors	\$14.0 million
238350	Finish Carpentry Contractors	\$14.0 million
238390	Other Building Finishing Contractors	\$14.0 million
238910	Site Preparation Contractors	\$14.0 million
238990	All Other Specialty Trade Contractors*	\$14.0 million

\*. **NAICS code 238990** – Building and Property Specialty Trade Services:

If a procurement requires the use of multiple specialty trade contractors (i.e., plumbing, painting, plastering, carpentry, etc.), and no specialty trade accounts for 50% or more of the value of the procurement, all such specialty trade contractors activities are considered a single activity and classified as Building and Property Specialty Trade Services.

Suppliers are “sized” based upon their number of employees. For the following NAICS codes the maximum number of employees is 100 to still qualify as a small business:

## Sector 42 – Wholesale Trade

### Subsector 423 – Merchant Wholesalers, Durable Goods

NAICS	Category
423310	Lumber, Plywood, Millwork, and Wood Panel Merchant Wholesalers
423320	Brick, Stone, and Related Construction Material Merchant Wholesalers
423330	Roofing, Siding, and Insulation Material Merchant Wholesalers
423390	Other Construction Material Merchant Wholesalers

## 7(a) Loans

7(a) loans are the most basic and most used type loan of SBA's business loan programs. Its name comes from section 7(a) of the Small Business Act, which authorizes the Agency to provide business loans to American small businesses.

Continued on page 15



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### CONTACT INFORMATION

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# NM Residential Building Permits – Now and Then

(YTD through May 2009 & through May 2008 & through May 2007)

County	2009	2008	2007
New Mexico - Balance of State*	338	447	610
Bernalillo County	315	629	1273
Chaves County	9	14	22
Colfax County	2	1	19
Curry County	70	36	67
Dona Ana County	311	464	666
Eddy County	28	49	33
Lea County	7	48	45
Lincoln County	19	42	74
Los Alamos County	1	2	13
Luna County	10	22	33
McKinley County	1	4	11
Otero County	1	38	84
Rio Arriba County	0	0	4
Roosevelt County	11	17	17
Sandoval County	238	396	476
San Juan County	83	114	167
Santa Fe County	35	68	145
Sierra County	0	2	1
Socorro County	2	5	6
Taos County	26	59	78
Valencia County	27	48	103
<b>Total</b>	<b>1534</b>	<b>2505</b>	<b>3947</b>

\* Includes the following counties: Catron, Cibola, De Baca, Grant, Guadalupe, Harding, Hidalgo, Mora, Quay, San Miguel, Torrance, and Union

Source: U.S. Census Bureau

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All 7(a) loans are provided by lenders who are called participants because they participate with SBA in the 7(a) program. Not all lenders choose to participate, but most American banks do. There are also some non-bank lenders who participate with SBA in the 7(a) program which expands the availability of lenders making loans under SBA guidelines. Commercial lenders make and administer the loans.

The business applies to a lender for their financing. The lender decides if they will make the loan internally or if the application has some weaknesses which, in their opinion, will require an SBA guaranty if the loan is to be made. The guaranty which SBA provides is only available to the lender. It assures the lender that in the event the borrower does not repay their obligation and a payment default occurs, the Government will reimburse the lender for its loss, up to the percentage of SBA's guaranty. Under this program, the borrower remains obligated for the full amount due.

A key concept of the 7(a) loan program is that the loan actually comes from a commercial lender, not the Government. If the lender is not willing to provide the loan, even if they may be able to get an SBA guaranty, the Agency cannot force the lender to change their mind. Neither can SBA make the loan by itself because the Agency does not have any money to lend. In order to obtain positive consideration for an SBA supported loan, the applicant must be both eligible and creditworthy.

### 7(a) Eligibility Criteria

All applicants must be eligible to be considered for a 7(a) loan. The eligibility requirements are designed to be as broad as possible in order that this lending program can accommodate the most diverse variety of small business financing needs. All businesses that are considered for financing under SBA's 7(a) loan program must: meet SBA size standards, be for-profit, not already have the internal resources (business or personal) to provide the financing, and be able to demonstrate repayment. Certain variations of SBA's 7(a) loan program may also require additional eligibility criteria. Special purpose programs will identify those additional criteria.

Eligibility factors for all 7(a) loans include: size, type of business, use of proceeds, and the availability of funds from other sources.

### Use of 7(a) Funds

7(a) loan proceeds may be used to establish a new business or to assist in the operation, acquisition or expansion of an existing business. These may include (non-exclusive):

- To purchase land or buildings, to cover new

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**2009 NMHBA  
Meeting Calendar**

**July**

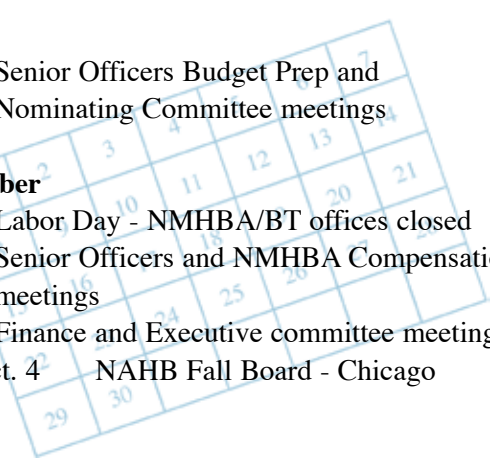
- 3 NMHBA/BT offices closed
- 10 Nominating Committee meeting
- 24 Executive and BIC committee meetings

**August**

- 28 Senior Officers Budget Prep and Nominating Committee meetings

**September**

- 7 Labor Day - NMHBA/BT offices closed
- 10 Senior Officers and NMHBA Compensation meetings
- 11 Finance and Executive committee meetings
- 30 – Oct. 4 NAHB Fall Board - Chicago



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Continued from page 15

construction as well as expansion or conversion of existing facilities;

- To acquire equipment, machinery, furniture, fixtures, supplies, or materials;
- For long term working capital including the payment of accounts payable and/or for the purchase of inventory;
- To refinance existing business indebtedness which is not already structured with reasonable terms and conditions;
- For short term working capital needs including: seasonal financing, contract performance, construction financing, export production, and for financing against existing inventory and receivable under special conditions; or
- To purchase an existing business.

### Maximum 7(a) Loan Amount

SBA's 7(a) Loan Program has a maximum loan amount of \$2 million dollars. SBA's maximum exposure is \$1.5 million. Thus, if a business receives an SBA guaranteed loan for \$2 million, the maximum guaranty to the lender will be \$1.5 million or 75 percent. SBA Express loans still have a maximum guaranty set at 50 percent

### CAPLines

CAPLines is the umbrella program under which the SBA helps small businesses meet their short-term and cyclical working-capital needs. A CAPLines loan, Except the Small Asset-Based Line, can be for any dollar amount that does not exceed SBA's 7(a) limit of \$2 million dollars.

There are five short-term working-capital loan programs for small businesses under the CAPLines umbrella:

1. **Seasonal Line:** These are advances against anticipated inventory and accounts receivable help during peak seasons when businesses experience seasonal sales fluctuations. Can be revolving or non-revolving.
2. **Contract Line:** Finances the direct labor and material cost associated with performing assignable contract(s). Can be revolving or non-revolving.
3. **Builders Line:** If you are a small general contractor or builder constructing or renovating commercial or residential buildings, this can finance direct labor and material costs. The building project serves as the collateral, and loans can be revolving or non-revolving.
4. **Standard Asset-Based Line:** This is an asset-based revolving line of credit for businesses unable to meet credit standards associated with long-term credit. It provides financing for cyclical growth, recurring

and/or short-term needs. Repayment comes from converting short-term assets into cash, which is remitted to the lender. Businesses continually draw from this line of credit, based on existing assets, and repay as their cash cycle dictates. This line generally is used by businesses that provide credit to other businesses. Because these loans require continual servicing and monitoring of collateral, additional fees may be charged by the lender.

5. **Small Asset-Based Line:** This is an asset-based revolving line of credit of up to \$200,000. It operates like a standard asset-based line except that some of the stricter servicing requirements are waived, providing the business can consistently show repayment ability from cash flow for the full amount.

### Maximum CAPLine Loan Amounts

Except the Small Asset-Based Line, CAPLine loans follow SBA's 7(a) maximum loan amounts. The Small Asset-Based Line has a maximum loan amount of \$200,000.

### Loan Maturities

Each of the five lines of credit has a maturity of up to five (5) years, but because each is tailored to an individual business's needs, a shorter initial maturity may be established. CAPLines funds can be used as needed throughout the term of the loan to purchase short term assets, as long as sufficient time is allowed to convert the assets into cash at maturity.



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