



Presentation to NMFA Oversight Committee

Child Care Facility Loan Act Update

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- ◆ The Child Care Facility Revolving Loan Fund was created in 2003 by the Child Care Facility Loan Act
- ◆ In 2023, SB 423 added working capital as a use of the fund. In 2025, SB 175 amended the Act to allow a Contract for Services component. The program was recapitalized by \$10 million in 2025.
- ◆ NMFA partners with the NM Early Childhood Education and Care Department (ECECD) on administering this loan program:
 - ECECD determines project eligibility and priority
 - NMFA underwrites loan applications and administers the loan

Loan Terms

- ◆ Loans may be used for capital projects, including expansion, renovations and repairs, or construction of a new building. Loan terms for capital projects will be interest-only for up to two years then convert to monthly principal and interest payments for up to 20 years.
- ◆ Loans may also be used for operating capital with term loans up to 18 months with monthly principal and interest payments, or with lines of credit up to six months that may be renewed for another six months.
- ◆ Loan amounts will be between \$100,000 and \$2.5 million.
- ◆ No loan may exceed 20% of the Child Care Facility Revolving Loan Fund
- ◆ Interest rates are fixed at 2%. Loans may be prepaid at any time with no additional cost to the borrower.
- ◆ Borrower equity, personal guarantees, and collateral are required.

CCRLF Mission Objective

- ◆ The mission of the CCRLF is to increase access to quality child care in New Mexico, particularly in underserved communities.

CCRLF Eligible Applicants

- ◆ A privately owned facility, one owned and managed by a nonprofit organization, or one located on tribal lands and managed by tribal governments
- ◆ A person, entity, or employer either licensed by ECECD to provide child care to infants, toddlers, and children or in receipt of a provisional license from ECECD
- ◆ In good standing with ECECD licensure
- ◆ In compliance with all applicable federal, state, and local laws and regulations

Project Eligibility

- ◆ Health and safety improvements to a child care facility, including repair, maintenance, expansion, and operation of a facility; or
- ◆ Creation of a new child care facility; or
- ◆ Operating capital to run a child care facility

Contract for Services – Definition

- ◆ Contract for Services is an agreement between NMFA, ECECD, and an eligible child care provider to provide a specified number of child care slots for families receiving child care assistance from ECECD as adequate legal consideration for a loan.

Contract for Services – Eligibility

- ◆ Must be located in a designated child care desert in New Mexico; and
- ◆ Must provide care during non-traditional hours; and
- ◆ Must demonstrate at least 50% of children served receive child care assistance; and
- ◆ Must demonstrate the number of children served increased by at least 10%
- ◆ Providers must meet all of the above for 36 months within the first 48 months following the completion of the project.

Contract for Services - Mechanism

- ◆ Once a provider certifies and ECECD verifies that it has met all of the requirements for Contract for Services, NMFA will abate 25% of the project amount and modify the debt service schedule
- ◆ NMFA will abate another 10% of the project amount if at least 50% of the expanded child care capacity is filled by infants and toddlers.
- ◆ The maximum abatement amount is \$750,000.
- ◆ Operating capital is not eligible for Contract for Services.

- ◆ NMFA will create the loan application within its standardized application system.
- ◆ Loan applications will be accessible through a portal on the ECECD website.
- ◆ ECECD will provide all information about the CCRLF on its website.
- ◆ To provide version control and consistency of information, NMFA's website will refer interested providers to the CCRLF webpage ECECD's website.
- ◆ Potential borrowers will submit the application and all required documents in the CCRLF application portal.
- ◆ The application review process will begin with ECECD determining applicant and project eligibility.
- ◆ If an applicant and project are eligible, ECECD will determine whether to prioritize the project and refer the application to NMFA.
- ◆ NMFA will underwrite applications according to its loan policies to determine the applicant's ability to repay the loan. Applications will undergo the NMFA committee review process and will then be reviewed by the NMFA Board of Directors.
- ◆ Applications approved by the NMFA Board will enter the closing process. Loans will be administered by NMFA.