

**New Mexico Preservation Revolving Loan Fund (PRLF)  
Notice of Funding Availability (NOFA)  
& Application Guidelines**

**Introduction and Background**

USDA Rural Development (RD) has approved the New Mexico Mortgage Finance Authority (MFA) as an intermediary of the Section 515 Multi-Family Housing Preservation Revolving Loan Fund (PRLF) for the purpose of providing loans for the revitalization and rehabilitation of housing currently financed by RD through its multifamily housing loan program under Sections 514, 515 and 516 of the Housing Act of 1949. This initiative is supported by funds provided by USDA Rural Development in the amount of \$2,125,000. MFA is providing matching funds equal to \$375,000.

The MFA is a governmental instrumentality separate and apart from the state, created by the New Mexico Mortgage Finance Authority Act for the purpose of financing affordable housing for low and moderate income New Mexico residents.

The purpose of the PRLF, as laid out in the Notice of Funding Availability by USDA first published in the Federal Register on September 23, 2014, is to provide affordable funding for preservation and rehabilitation of USDA RD assisted projects in the state. Additionally, the program must comply with the requirements of the PRLF as established by USDA RD. The policy establishes that these funds will be awarded to eligible projects in the form of amortizing loans. Loan size will be determined by MFA staff based on standard underwriting guidelines, project feasibility, and project need.

**Contact Person**

Applicants are encouraged to direct questions regarding the Preservation Revolving Loan Fund Notice of Funding Availability (“NOFA”) and Funding Application Guidelines to:

Tim Martinez  
MFA  
344 Fourth St., SW  
Albuquerque, NM 87102  
Phone: 505-767-2258 or toll-free statewide 800-444-6880  
E-mail: [tmartinez@housingnm.org](mailto:tmartinez@housingnm.org)

**TTY/Voice:**

711, or if no answer:  
1-800-659-8331 (English)  
OR  
1-800-327-1857 (Spanish)  
A New Mexico Relay CA will answer by saying: "New Mexico Relay Go Ahead."

**Application Submission and Due Date**

In order to be considered for funding, completed applications must be received at MFA’s office in Albuquerque by 4:00 PM, {Date TBD}. After this date applications will be reviewed on an ongoing basis



as long as funds are available. The required forms will be provided electronically and may be downloaded from MFA's website at <http://www.housingnm.org/developers>.

Applications will NOT be accepted electronically or via facsimile. Applications shall be submitted in six-tab file folders marked "New Mexico 515 Multi-Housing Financing Preservation Revolving Loan Fund."

### **Eligible Applicants**

Eligible applicants include non-profit organizations, for-profit organizations, governmental housing agencies, regional housing authorities, governmental entities, governmental instrumentalities, tribal governments, tribal housing agencies, builders, corporations, limited liability companies, partnerships, joint ventures, syndicates, associations, or other entities that can assume contractual liability and legal responsibility by executing one or more written agreements entered into with MFA.

To be eligible to receive Preservation Revolving Loan Fund assistance, an applicant shall:

- Currently own or possess a binding purchase agreement for a property currently financed under Sections 514, 515 and 516 of the Housing Act of 1949.
- Be organized under state, local, or tribal laws and provide proof of such organization and that the applicant is in good standing, as applicable.
- Have a functioning accounting system that is operated in accordance with generally accepted accounting principles or has designated an entity that will maintain such an accounting system consistent with generally accepted accounting principles.
- Provide most recent audit or accountant reviewed statements and have no significant findings on its most recent MFA monitoring or outstanding or unresolved issues with MFA; if applicable.
- Not have been suspended, debarred or otherwise restricted by MFA or any department or agency of the Federal government or any state government from doing business with such department or agency because of misconduct or alleged misconduct.
- Have among its purposes significant activities related to providing housing or services to persons of low or moderate income.
- Not have defaulted on any obligation with MFA or any other government lender.

If a non-profit organization, an applicant shall:

- Provide proof of its 501(c)(3) tax status;
- Provide proof that it is in compliance with the Charitable Solicitations Act NMSA 1978, §57-22-1, etc. seq. and with the filing requirements by the New Mexico Attorney General's Office under that Act; and
- Have no part of its net earnings inuring to the benefit of any member, founder, contributor or individual.
- Provide most recent audited financial statements, with no significant financial audit findings.

### **Eligible Activities: Rental Housing**

- Preservation of housing currently financed by RD through its multifamily housing loan program under Sections 514, 515 and 516 of the Housing Act of 1949.



## **Eligible Expenses**

Subject to applicable law, PRLF financing may be used only for reasonable and customary costs that are directly attributable and traceable to the construction and/or rehabilitation of eligible projects. MFA seeks to fund hard construction costs that will provide the rehabilitation and revitalization of existing USDA financed projects. It is MFA's request that items required in the process such as relocation, furniture, fixtures and equipment desired for improved livability be paid out of other sources of funding to maximize the impact of this funding.

## **Beneficiary Income Limits and Other Requirements**

Tenant income eligibility must adhere to the requirements set forth us USDA 7 CFR Part 3560.152. The income limits and requirements vary depending on the type of housing provided.

## **Housing Standards**

All housing receiving PRLF financing must meet housing standards prior to occupancy and throughout the affordability period. This includes the development standards set forth by USDA found in 7 CFR Part 1924, subparts A and C. Standards must be met for both the type of housing and the type of activity, including meeting all state and local code requirements, federal fair housing requirements, ADA, Model Energy codes as applicable and must meet MFA design standards.

## **Funding Terms and Conditions**

All awards of PRLF funds shall be subject to the availability of funds and applicable law. The MFA will allocate only the minimum amount of PRLF funds that MFA determines to be necessary for the financial feasibility of the project and its viability as a qualified affordable housing project throughout the affordability period. Applications will be underwritten and awards structured to ensure that these funds will be repaid. Principles of sound underwriting and risk management will be applied when reviewing all applications.

All PRLF financing will be in the form of amortizing loans with interest, which may be for interim and/or permanent financing for amortizing terms not to exceed 25 years. Loans can be structured with an initial interest only period with a term not to exceed 18 months. The terms and conditions for each loan will be based on the financing needs of each project or activity. All loans will be secured by mortgages and/or other appropriate liens and the recording of Land Use Restriction Agreements (LURAs) will be required for all loans. These LURAs shall remain in place throughout the required affordability period regardless of the status of the loan or changes in ownership, unless equal or more restrictive land use restrictions are in place from other funding sources or imposed through permanent affordability mechanisms such as deed restrictions or land trusts. These can include USDA Restrictive Use Provisions as outlined in 7 CFR Part 3560.662.

## **Funding Limits and Restrictions**

Awards of PRLF funds are contingent on fund availability and are further subject to applicable law. If these are not available any loan or other agreement between the MFA and any successful, eligible applicant shall terminate upon written notice being given by the MFA to the applicant. The MFA's



decision as to whether sufficient appropriations are available or whether PRLF may be awarded, subject to applicable law. shall be accepted by any applicant and shall be final.

### **Maximum Funding Amount**

Maximum funding amount is \$500,000 per project. However, MFA, in its discretion, may set additional limits on the amount of PRLF funding to be awarded per application, per NOFA, per sponsor, per year, or otherwise. MFA staff will monitor these limits and will modify where appropriate.

### **Developer and Consultant Fees**

Developer and Consultant Fees are limited to the following percentages of acquisition and site improvements, hard construction costs, professional fees, financing costs, and soft costs, unless further restricted by other funding sources.

Small project (5 or fewer units):	15%
Standard project (6 or more units)	12%

### **Builder Fees**

“Builder Fees” generally covers Builder overhead, profit and general requirements. Builder fees are limited to the following percentages of site improvements and hard construction costs, unless further restricted by other funding sources.

Small project (5 or fewer units):	15%
Standard project (6 or more units)	13%

### **Evaluation of Applications, Award Notice, and Negotiation**

Subject to applicable law and the rules set out by USDA RD, applications will be evaluated by MFA staff using the criteria listed below, with final selection to be made in accordance with the current Delegations of Authority in place at MFA. In the event of a tie score, staff will recommend approval based on project readiness, the income level of families served (i.e. the lower the area median income (AMI) percentage, the higher the weight), financial need, and other factors as determined by staff. As a condition of any award of PRLF funds, all applicants shall be required to comply with all applicable federal, state and local laws, rules and ordinances.

MFA shall enter into loan agreements and related agreements with the applicants whose applications are deemed to be most advantageous to achieving the goals of the PRLF. The loan and related agreements shall include provisions for adequate security against the loss of PRLF funds in the event that a successful applicant abandons or otherwise fails to complete a PRLF project and, further, shall include remedies and default provisions in the event of the unsatisfactory performance by the successful applicant. MFA may provide applicants whose applications are reasonably likely, in MFA’s discretion, to be selected, an opportunity to discuss and revise their proposals prior to award for the purpose of obtaining final and best applications. Applications shall be evaluated using the criteria listed below.



## **Threshold Requirements**

To be considered for funding, an applicant must first demonstrate that it meets each of the following threshold criteria:

1. The application is complete and legible, including all schedules and attachments, and is submitted by the application deadline.
2. The application complies with all applicable requirements established in these guidelines and NOFA.
3. The applicant must demonstrate appropriate site control for a property currently financed under Sections 514, 515 and 516 of the Housing Act of 1949.
4. The applicant provides sufficient evidence of its ability to undertake and complete the proposal in the areas of financing, acquiring, rehabilitating, developing, and/or managing an affordable housing project.
5. The application provides sufficient evidence that the proposed project is financially and technically feasible and includes a proposed budget and performance schedule for the proposed project.

Applications that do not meet all of the threshold requirements will not receive further consideration for funding and will be returned to the applicant.

## **Evaluation Criteria**

Applications meeting the minimum threshold criteria will be reviewed according to the following evaluation criteria.

1. The degree to which the applicant has demonstrated its ability to undertake and complete the proposed project in the areas of financing, acquiring, rehabilitating, developing, and/or managing an affordable housing project. Adequate assurance of repayment of the loan evidenced by the fiscal and managerial capabilities of the project sponsor. The sponsor's prior calendar year audit, where applicable, must indicate an unqualified audited opinion which provides a statement relating to the accuracy of the financial statements. Furthermore any principal must not be suspended by MFA or on the "List of Parties Excluded from Federal Procurement and Non-Procurement Programs."
2. The degree to which the applicant has leveraged other public or private sector resources appropriate for the proposed type of affordable housing project or activity. Each project must demonstrate leverage of non-federal funds at a 1:1 level with PRLF funds requested. Applicants are expected to access other resources that are available for the type of housing project proposed. The evaluation will be based on the amount of the loan, together with other funds available and is adequate to complete the preservation or revitalization of the project. The loan underwriting must support a minimum 1.20X DSCR on all hard debt and maximum 75% LTV requirement on all hard debt service.
3. The degree to which the applicant has demonstrated readiness to proceed. More weight will be awarded to applicant projects that are ready to begin implementation immediately with environmental review requirements completed, land control secured, planning design and permitting complete, and other resources firmly committed.



4. The degree to which the applicant has demonstrated the cost effectiveness and cost reasonableness of the proposed project or activity. Evaluation of this category will include the source of the applicant's cost estimates, data from experience on prior projects in New Mexico, and consultation with construction cost experts.

### **Application Format and Instructions to Applicants**

Proposals must include and address the following, pursuant to the PRLF Application Package:

1. Completed and executed PRLF Application, including all requested and applicable documentation attached as appendices.
2. Resumes or biographical profiles and related information on applicant's development and/or management team and qualifications evidencing ability to manage proposed project.
3. Current audits for the previous two fiscal year ends (FYE) (*i.e.*, no more than 18 months old). An internally prepared FYE statement is acceptable for the most recent FYE if the audit is not yet available. Applicants without an audit must submit accountant reviewed reports for the same time periods.
4. Year-to-date internally prepared financial statements (dated within 3 months of the application) that demonstrate the financial and management stability of the applicant.
5. Narrative, supported by the application and schedules, that describes the need for the PRLF award, the value that the PRLF award has on reducing the cost of the housing, and the benefit to the community and/or beneficiaries of a proposed project.
6. Applicant Certification: Applicant will certify that they will comply with specific USDA regulations including but not limited to: management regulations found in 7 CFR Part 3560, Subpart C, tenant eligibility requirements contained in 7 CFR 3560.152, Restrictive Use Provisions contained in 7 CFR Part 3560.662 and housing accessibility requirements found at 7 CFR 3560.60(d). Applicant will certify that they will comply with other Federal Government requirements including: Title VIII of the Fair Housing Act, Title VI of the Civil Rights Act of 1964, the Equal Credit Opportunity Act, the Age Discrimination Act of 1975, Executive Order 12898, the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973.
7. Applicants must be in compliance with all USDA program requirements or have an agency approved workout plan in place which will correct a non-compliance status. Applicant must not be debarred or suspended from any other Federal government programs nor be delinquent in any debt or non-tax judgment lien.
8. Applicant must demonstrate that it is unable to provide funding to preserve and revitalize existing 514, 515 and 516 properties from their own resources, and are unable to obtain the necessary credit from other sources upon terms and conditions the applicant would be reasonably be expected to fulfill.



9. Litigation: Please describe any material, current or pending litigation, administrative proceedings or investigations that could impact the reputation or financial viability of applicant.
10. The MFA requires that applicants be Equal Opportunity Employers (if applicable). Please state that applicant complies fully with all applicable government regulations regarding nondiscriminatory employment practices.
11. Disclosure: Please provide a statement disclosing the following or stating they are not applicable:
  - a. Any political contribution or gift valued in excess of \$2,500.00 (singularly or in the aggregate) made by Applicant or on Applicant's behalf to any elected official of the state of New Mexico currently serving or who has served on the MFA Board in the past three (3) years.
  - b. Any current or proposed business transaction between applicant and any MFA member, officer, employee or their employer or other potential conflict which may give rise to a claim of conflict of interest. Applicant shall warrant that it has no interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under any loan agreement that may be awarded as a result of this NOFA.

### **Incurring Expenses**

MFA shall not be responsible for any expenses incurred by an applicant in applying for PRLF funding. All costs incurred by an applicant in the preparation, transmittal or presentation of any application or material submitted in response to this NOFA will be borne solely by the applicant.

### **Award Notice**

MFA shall provide written notice of the award to all applicants within fifteen (15) days of the date of the award. The award shall be contingent upon successful negotiations of a final loan agreement and related agreements between MFA and the applicant whose application has been selected by MFA for PRLF financing. Commitment of loan funds is not finalized until an affirmative decision on proceeding with funding is received by USDA RD.

### **Loan Agreement**

A successful applicant will enter into a loan agreement and related agreements with MFA for the services to be performed. Related agreements may include, but are not limited to, notes, financing statements, and Land Use Restriction Agreements. The loan agreement shall include the scope of services, term of performance, fees or costs, and shall describe the conditions under which the successful applicant shall perform the scope of services. The loan agreement will also contain USDA Restrictive Use Provisions found in 7 CFR Part 3560.662.

### **Environmental**

Applicant will provide the Environmental Review Officer at MFA the proper documentation to prepare a properly completed form from FmHA 1940-20. This form will be submitted to USDA who must clear project under 7 CFR Part 1940 before the project can begin construction. The environmental review allows MFA



to determine whether there are any significant impacts that could adversely affect the environment, inform the public about the project and any environmental impacts, and provide an opportunity for comment or objection to the use of federal funds.

### **Application Confidentiality**

Prior to the application submission, MFA encourages inquiries and contacts with its Contact Person from potential applicants regarding the NOFA or sound housing project policies and procedures. The MFA shall not disclose any information regarding a proposed application provided during such inquiries and contacts to any third party.

After the application submission and until awards are made and notice given to all applicants, the MFA will not disclose the contents of any application or discuss the contents of any proposal with an applicant or potential applicant, so as to make the contents of any offer available to competing or potential applicants.

After the awards have been made and notice given to all applicants, all applications shall be available and open to the public for review.

### **Irregularities in Applications**

MFA may waive technical irregularities in the form of proposal of any applicant selected for award which do not alter the price, quality or quantity of the services offered.

### **Responsibility of Applicants**

If an applicant who otherwise would have been awarded a loan agreement is found not to be a responsible applicant, a determination, setting forth the basis of the finding, shall be prepared and the applicant disqualified from receiving the award.

A responsible applicant means an applicant who submits an application that conforms in all material respects to the requirements of this NOFA and the PRLF application and who has furnished, when required, information and data to prove that the applicant's financial resources, production or service facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the services described in this NOFA.

### **Protest**

Any applicant who is aggrieved in connection with this NOFA or the award of a loan agreement pursuant to the PRLF application process may protest to MFA. The protest must be written and addressed to the Contact Person. The protest must be delivered to MFA within fifteen (15) calendar days after the notice of award or decline. Upon the timely filing of a protest, the Contact Person shall give notice of the protest to all applicants who appear to have a reasonable prospect of being affected by the outcome of the protest. The applicants receiving notice may file responses to the protest within seven (7) calendar days of notice of protest. A committee appointed by the MFA Board Chair shall review the protest and responses to the protest and shall make a recommendation to the Board of Directors regarding the disposition of the protest.





The Board of Directors shall make a final determination regarding the disposition of the protest. Applicants or their representatives shall not communicate with MFA Board of Directors or staff members regarding any proposal under consideration, except when specifically permitted to present testimony to the committee of the Board of Directors. A proposal will be deemed ineligible if the applicant or any person or entity acting on behalf of applicant attempts to influence members of the Board of Directors or staff during any portion of the review process, or does not follow the prescribed Application and Protest process.

### **Nondiscrimination**

In accordance with Federal Law and U.S. Department of Agriculture Policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age or disability.

To file a complaint of discrimination, write USDA Office of Civil Rights, 1400 Independence Avenue SW, Washington, DC 20250-9410 or call (800) 795-3272 voice or (202) 720-6382 TTY

### **Modifications to Notice of Funding Availability**

This NOFA may be modified by MFA staff from time to time to the extent that revisions are required in order to ensure full utilization of the funds or if there are changes in the federal guidance for this program.

