



MFA 2024 Universal Multifamily Initial Underwriting Supplement

This underwriting supplement outlines the standards that MFA will use when underwriting Initial Applications submitted for consideration for 2024 LIHTC and gap funding allocations. MFA underwrites Initial Applications for two purposes: 1) to determine the amount of credits that may be allocated to each proposed Project and 2) to determine the financial feasibility of each proposed Project. MFA will use the most conservative of the financing terms listed in: this underwriting supplement, the 2024 QAP (if applicable) and the proposed Project's Financing Commitment(s) or letters of interest.

General Guidelines

Awards

MFA will not award additional funding to any active new construction and/or acquisition rehabilitation projects after they have been placed in service, which is defined as receiving a Certificate of Occupancy for new construction or a Certificate of Substantial Completion for acquisition rehabilitation.

Construction Guidelines

Builder profit, overhead and general requirements

In Projects where an "identity of interest" (as defined in this section) is not present, builder profit may not exceed 6 percent of construction costs, builder overhead may not exceed 2 percent of construction costs and general requirements may not exceed 6 percent of construction costs. For purposes of these calculations, see definition of construction costs in the Glossary.

Where an identity of interest exists between or among the Developer/Project Owner, builder (i.e., the general contractor), design professionals and/or subcontractors, builder profit shall not exceed 4 percent of construction costs. An identity of interest means any relationship that is based on shared family or financial ties between or among the Developer/Project Owner, builder (general contractor), design professionals and/or subcontractors that would suggest that one entity may have control over or a financial interest in another.

Architect and Engineering Fees

The architects' fees, including design and supervision fees, and engineering fees, must be capped at 3.3 percent of Total Development Cost. Architects' fee and engineering fees shall be deducted from Total Development Cost when calculating this fee cap.

Construction Contingency

New construction costs will be underwritten to include a minimum construction contingency of 5% of hard construction costs. Adaptive Reuse and rehabilitation construction costs will be underwritten to include a minimum construction contingency of 10%. For this purpose, hard construction costs are defined as the amount listed in MFA Schedule D "VII. Total Construction Costs". Note that Contractor Overhead & Profit, General Requirements, and gross receipts tax (GRT) tax are not to be included.

Mortgagor Guidelines

Credit Pricing

MFA will not use a single credit pricing factor for 2024 Initial Applications. MFA has a recommended range of credit of \$.85 and \$.95 for the credit pricing factor and will underwrite the Project using the factor contained in the letter of interest (LOI) from the proposed credit syndicator or investor. *(For LIHTC Projects)*

Non-LIHTC Sources

First mortgage permanent must-pay debt: All sources of first mortgage permanent must pay debt, excluding MFA financing, will be underwritten using the interest rate contained in the LOI from the proposed financing source and MFA will upon initial application, (and may, based on market trends at subsequent underwritings) add a 50-basis point contingency factor, which shall not cause the all-in rate to exceed the Conservative Interest Rate defined in this section. If no LOI is provided, the Conservative Interest Rate will be used.

The Conservative Interest Rate is defined as the 20-Year Constant Maturity Treasury (Daily Treasury Yield Curve) plus 4%. The date of the 20-Year Constant Maturity Treasury (Daily Treasury Yield Curve) is the later of: 1) 60 calendar days prior to the 9% Application Deadline or 2) 60-days prior to the date the Application is submitted to MFA. The 20-Year Constant Maturity Treasury may be found at the following URL:

https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value_month=202311

For example:

The 20-Year Constant Maturity date as of November 1, 2023 was 5.13.

https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value_month=202311

Date	1 Mo	2 Mo	3 Mo	4 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
11/01/2023	5.56	5.55	5.57	5.54	5.51	5.37	4.95	4.76	4.67	4.75	4.77	5.13	4.96

The Conservative Interest Rate would be 9.13% (5.13% on November 1, 2023 + 4%).

MFA 542(c) Risk Sharing, other HUD MAP loans, and USDA RD

During underwriting, MFA will add a 50-basis point contingency factor, which shall not cause the interest rate to exceed the Conservative Interest Rate defined above, to the calculation any MFA HUD 542 (c) Risk Sharing Program loan, as the formula for such rate is based, in part, on a floating index. MFA will underwrite to a maximum 30-year amortization for bank loans, or the amortization in the LOI up to 40 years. Federal financing provided by USDA Rural

Development, HUD MAP Lenders or MFA 542(c) Risk Sharing loans will be underwritten to a maximum of 40-year amortization for new construction or 35 years for rehabilitation unless otherwise stated in an LOI.

HUD 542 (c) Risk Sharing Program loan interest rates are based on the following calculation:

10 Year Treasury rate + current HUD-approved total MIP + 25 bps MFA servicing fee + 2.00

The current HUD-approved total MIP is 0.25 as of April 1, 2016. As noted above, for underwriting purposes a 50-basis point contingency factor will be added, which shall not cause the all-in rate to exceed the Conservative Interest Rate defined above.

24-month rate locks are also available at an additional 1% fee to the borrower. Payments are interest-only during construction, and amortization occurs over the remaining life of the loan beginning at conversion.

Subordinate Permanent Must-Pay Debt:

All sources of subordinate permanent must-pay debt, excluding pending MFA financing, must be supported by a Letter of Intent, or other commitment, or MFA will not underwrite that source. MFA NM Housing Trust Fund loans may be underwritten at 3% interest and up to a 40-year amortization. MFA HOME loans will be underwritten per the 2024 HOME/LIHTC terms (provided below) (i.e., as necessary for financing gap) but not to exceed 0% interest and 80-year amortization maturing in 40 years. Both sources may be used during construction for up to two additional years. HOME funds provided by the cities of Albuquerque or Las Cruces will be underwritten to terms provided by those jurisdictions.

Soft Debt and Grants:

MFA will not underwrite non-MFA soft debt (such as forgivable or cash-flow loans) or grants not yet committed or awarded at time of initial application. Examples include Federal Home Loan Bank (FHLB) grants that have not yet been awarded.

If applying for MFA or Ventana Fund loans, please reference the individual loan underwriting requirements on MFA's website to ensure compliance.

Investor Letters of Interest

In addition to stating a credit pricing factor, investor letters of interest must include standard underwriting terms such as minimum DSCR, minimum reserve requirements, income and expense inflation factors, investor fees, equity pay-in schedule, and anticipated debt service for MFA loans. *(For LIHTC Projects)*

Developer fees

Developer fees for 9% LIHTC projects shall not exceed: 1) \$23,000 per low-income unit for the first 30 units, plus 2) \$20,500 per low-income unit for units 31 – 60, plus 3) \$18,000 per low-income unit for Units 61+, which shall not cause the total Developer Fee to exceed the lesser of \$2,000,000 or 14% of Total Development Cost. Developer Fee for 4% LIHTC Projects shall not exceed 14% of Total Development Cost. 9% Projects utilizing MFA-issued Section 811 Project Rental Assistance (PRA) are eligible for a 5% boost to the capped developer fee as calculated above.

Donations of land and waived fees are excluded from Total Development Cost when calculating maximum allowable developer fees. Developer fees include all consulting costs for services typically rendered by a Developer. Any reserve, excluding any MFA-required Project reserve (see below), may be considered as part of the developer fee, if it is not held for the benefit of the Project for a minimum of 15 years. For the purposes of these calculations, Total Development Cost is adjusted to exclude developer fees, consultant fees and all reserves. Notwithstanding the Developer Fee amounts described in the preceding paragraph, where an Identity of Interest exists between the Developer/Project Owner and the builder, the above-mentioned fee may be further reduced if MFA, in its

discretion, determines the fee to be excessive. In a proposed sale transaction where there is an Identity of Interest in any Principal of the seller and buyer, the Project will be subject to reduced developer fees. Where there is such an Identity of Interest, the developer fee percentages will be calculated on Total Development Cost reduced by Acquisition Costs. Also, an “as-is” appraisal dated no earlier than six months prior to the Application date and completed by a MAI licensed in New Mexico must be submitted. The value in the appraisal must assume that any existing use restrictions will remain in place.

The maximum developer fee is locked in at Initial Application for 9% Projects and is locked in at 8609 issuance for 4% Projects.

Acquisition/Rehabilitation Developer Fee Split

The amount of developer fee included in 30 percent basis will be proportional to acquisition cost (not including land) divided by total development cost (TDC). If the project just has land as acquisition, then there will not be a split in the developer fee. If you have any basis eligible acquisition costs, then the developer fee will be split based on the percentage of acquisition basis vs rehab basis. For example, if basis eligible acquisition costs are ¼ of TDC, ¼ of developer fee will be included in 30% basis. No deductions are made from TDC for the purpose of calculating the developer fee split. The calculation is as follows:

Assume the following amounts:

- Acquisition Costs in Basis (ACB) = \$100,000
- Total Development Costs (TDC) = \$1,000,000
- Total Developer Fee (TDF) = \$140,000

ACB / TDC = Percentage of Acquisition portion of Developer Fee (%DF)	\$100,000/\$1M = 10%
%DF x TDF = Amount of Acquisition portion of Developer Fee (ADF)	10% x \$140,000 = \$14,000
TDF – ADF = Amount of Rehab portion of Developer Fee	\$140,000 - \$14,000 = \$126K

Therefore, the \$140,000 developer is split between acquisition for \$14,000 and rehabilitation at \$126,000.

Deferred Developer Fee

Unless otherwise stated in the investor LOI, MFA may assume that up to 100% of the developer fee can be deferred but not to exceed cumulative projected excess cash flow. Deferred developer fee may count as a contribution provided the pro forma supports repayment of deferred fee by year 15.

Operating Pro Forma Guidelines

Minimum Debt Service Coverage

Cash flow proformas, during the first 15 years, must reflect the ability to repay all must-pay debt with an aggregate minimum debt service coverage ratio (DSCR) of 1.20:1 or the debt service coverage ratio (DSCR) minimum within the LOI but shall not be underwritten at less than 1.15:1. Projects that fail to produce sufficient cash flow may be deemed financially infeasible and may be rejected. Conversely, MFA may reduce the Tax Credit award and/or other loans and/or subsidies, increase the interest rate on MFA subordinate loans or shorten loan amortization if a Project has a DSCR on all must-pay debt in excess of 1.40:1. MFA will consider total annual cash flow as well as DSCR when making this determination.

MFA reserves the right to deviate from the DSCR standard described herein on a case by case basis for permanent supportive housing projects.

Management Fee

Proposed management fee may not exceed 6.00%. If a project has USDA funding and USDA has approved a higher management fee, MFA will underwrite to that fee only if the applicant submits documentation showing the USDA approved management fee.

Project Operating Assumptions

Proposed Project operating expenses (excluding reserves and resident social service expenses) should be between \$4,300 per unit and \$5,800 per unit, as supported by the Market Study. Applicants proposing operating expenses below \$4,300 must provide historical documentation supporting their ability to successfully operate similar affordable housing Projects at that level. Applicants proposing operating costs above \$5,800 per unit must provide documentation justifying higher expenses.

All projects will be underwritten using a maximum inflation factor of 2% for rent and other income and a minimum inflation factor of 3% for expenses. An exception to this is that a 2% inflation factor will be used for management fees & related gross receipts taxes since these fees are usually charged as a percentage of net revenue. A vacancy factor of 7% will be applied to all rental income unless a higher vacancy factor is recommended by a market study. For projects with at least 90% of all units covered by a federal rental assistance contract and projects reserved for seniors, MFA will use the market study vacancy factor but not less than 5%.

Operating Reserves

Operating reserves must be a minimum of six months operating expenses (including replacement reserve payments and social service delivery costs) and six months must-pay debt service. Replacement reserve levels must be shown in the operating budget at the minimum of \$250 per unit per year for senior housing (new construction Projects only) and \$300 per unit per year for all other new construction and rehabilitation and adaptive reuse Projects.

Adjusted Gross Median Income and Rents (AGMI & AGMR)

MFA will underwrite using the LIHTC AGMI & AGMR in effect as of its October 26, 2022 Qualified Allocation Plan (QAP) training. These be found on the MFA website via the following URL:

<https://housingnm.org/property-owners-agents-and-managers/tools-resources-1/rent-and-income-limits/>

Projects with Rental Subsidies

MFA will underwrite rents in excess of the maximum LIHTC rent for projects with Project Based rental subsidies provided the subsidy has been fully awarded at time of application, a federally approved rent schedule is available, and the tenant paid portion is no greater than 30% of their income. If project-based vouchers have been awarded, but a federally approved rent schedule is unavailable, proof of the award is required, and MFA will underwrite to HUD FMR. Tenant Based Vouchers will not be underwritten. If there is no documentation In the application documenting a higher rent, MFA will underwrite to FMR.

HOME TERM SHEET

BACKGROUND - MFA's HOME rental programs are designed to provide gap financing for a variety of affordable and special needs housing projects throughout the state of New Mexico. As gap financing, HOME funds are typically the last dollars committed to a project and are used in combination with other housing resources such as MFA's Low-Income Housing Tax Credit (LIHTC) and 542(c) loan programs.

Underwriting:

- ✓ HOME funds cannot be used as a substitute for market-rate first-mortgage debt unless the conventional first-mortgage debt amount would be less than \$150,000: Excess coverage will result in a requirement to obtain such debt and MFA will allocate HOME accordingly.
- ✓ HOME loan repayment will normally be structured at 0% interest with a minimum of 50% of principal to be repaid monthly over the term of the loan. MFA, however, may require a higher interest rate or shorter amortization if projected cash flows indicate an ability to cover higher debt payments. Projects targeting households at or below 30% of area median income are eligible for forgivable loans. Please note that, per LIHTC rules, forgivable HOME loans are considered federal grants and may not be included in eligible basis. Loan terms may extend up to 40 years, plus a construction period of up to 24 months, during which no payments are required.
- ✓ MFA must determine that the overall financing gap, after inclusion or re-sizing of a first mortgage loan, can be satisfied within the annual HOME limits structured according to the MFA Underwriting Criteria. When all financing sources are committed to the project, MFA will perform a final underwriting prior to close and may restructure the HOME loan according to the MFA Underwriting Criteria, which may include reducing the loan amount if the amount awarded is not needed to fill the financing gap.

CONSTRUCTION LOANS - MFA is at risk for repayment if, and when, MFA's Gap funding sources are expended and units are not produced. Therefore, the use of MFA funds for construction will be allowed only when guarantors, acceptable to MFA, provide guarantees during the construction period. Exceptions to this requirement are allowable for HOME and NHTF loans. However, HOME and NHTF loans without such guarantees may only be drawn upon at completion, except for minor amounts at initial close and 50% completion (e.g., \$25,000 each).

ENVIRONMENTAL REVIEW - The environmental review process must be completed before any funds are committed to a HOME-assisted project. ***While the review is underway, and until environmental clearance is given by HUD, no choice-limiting actions may be taken.*** Such actions include activities that have physical impacts or limit the choice of alternatives, even if they are financed with the developer's or other project participant's funds. These include starting the project by purchasing property and/or conducting site work. Please see MFA's website for guidance (<http://www.housingnm.org/developers/environmental-review>).

Please note that, for 9% LIHTC purposes, as of the 2024 QAP, property must be purchased by August 31st of the year following reservations, therefore it is crucial to obtain HUD environmental clearance in sufficient time to meet this acquisition deadline. Purchase agreements must incorporate language allowing for the purchase to be cancelled in the event environmental clearance cannot be obtained.

SITE AND NEIGHBORHOOD STANDARDS (NEW CONSTRUCTION ONLY) - MFA is responsible for making the determination that proposed sites for new construction meet the requirements in 24 CFR 983.57(e). MFA will utilize the market study to determine if a site meets these standards, which relate to concentrations of low-

income/minority persons in census tracts, substandard dwelling conditions, and accessibility to jobs and services. Developers are advised to review these requirements prior to investing time and money in a specific site. Please confer with MFA as needed.

RELOCATION PLANS (REHABS ONLY) - Upon receipt of a preliminary tax credit award letter, applicants must submit copies of: (1) the General Information Notice (GIN) that was mailed to tenants, (2) the rent roll for the month the GIN was issued, and (3) the relocation plan in accordance with the Uniform Relocation Act (URA). See <http://www.housingnm.org/developers/uniform-relocation-act/>. Contact MFA for guidance.

HOME LOAN AMOUNTS - In accordance with the approved 2022 State of New Mexico Action Plan, the maximum HOME loan amount for the 9% LIHTC round will be the lesser of (a) \$15,000 per residential rental unit for MFA-designated Community Housing Development Organizations (CHDOs) as developers, owners or sponsors/\$7,500 per residential rental unit for non-CHDOs, (b) a maximum of \$1,000,000 per project for CHDOs/\$400,000 for non-CHDOs or (c) 80 percent of the project's MFA-approved total development cost.

In accordance with the approved 2022 State of New Mexico Action Plan, the maximum HOME loan amount for rental assistance *without* the 9% LIHTC round will be the lesser of (a) \$15,000 per residential rental unit for MFA-designated Community Housing Development Organizations (CHDOs) as developers, owners or sponsors/\$7,500 per residential rental unit for non-CHDOs, (b) a maximum of \$1,000,000 per project for CHDOs/\$800,000 for non-CHDOs or (c) 80 percent of the project's MFA-approved total development cost.

HOME AWARDS - HOME awards to LIHTC projects will only be made in conjunction with a LIHTC award. Following underwriting and processing of all applications, successful projects will be ranked according to LIHTC scores, and HOME funds will be awarded to the highest scoring CHDO projects first, then to other LIHTC projects, until all available funds have been awarded.

FOR FURTHER INFORMATION:

HOME Underwriting Criteria:

Jacobo Martinez, Development Loan Manager
(505) 767-2285 or toll-free statewide (800) 444-6880
jmartinez1@housingnm.org

Environmental Review, Site and Neighborhood Standards, and Relocation:

Theresa Laredo-Garcia, Program Development Manager
(505) 767-2244 or toll-free statewide (800) 444-6880
tgarcia@housingnm.org

NATIONAL HOUSING TRUST FUND TERM SHEET

BACKGROUND - The purpose of the NHTF is to provide a new affordable housing production program that will complement existing federal, state, and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for households whose incomes do not exceed the greater of 30% of Area Median Income (AMI) or the federal poverty line (hereinafter collectively defined as Extremely Low Income or “ELI” households). One hundred percent of rental units funded by NHTF will be occupied by ELI households.

Underwriting:

- ✓ Awards of the NHTF funds are limited by the maximum per-unit subsidy limits and the MFA’s underwriting guidelines. Awards of NHTF funds to projects that receive 9% low-income housing tax credits are limited to a maximum of \$400,000 per project. Awards of NHTF funds to all other projects are limited to a maximum of \$1,500,000 per project. Projects that will include accommodations for individuals with disabilities are likely to have higher development costs. Projects will be evaluated separately for cost-efficiency.
- ✓ **Maximum Per-Unit Subsidy Limits** - To allow maximum flexibility, the maximum per-unit subsidy limits for NHTF will be set at HUD’s applicable limits for the HOME Program effective at the time of commitment of NHTF funds. The maximum per-unit subsidy limits change annually, and applicant should contact MFA for the most recent data.
- ✓ **Developer and Consultant Fees** - Developer fees, inclusive of consultant fees, will be restricted to the maximum limits as described beginning on page 3 above.
- ✓ **Builder Fees** - “Builder Fees” generally cover builder overhead, profit and general requirements and are limited to a percentage of improvements and hard construction costs. Builder Fees will be restricted to the maximum limits as described beginning on page 1 above, unless further restricted by other funding sources.

CONSTRUCTION LOANS - MFA is at risk for repayment if, and when, MFA’s Gap funding sources are expended and units are not produced. Therefore, the use of MFA funds for construction will be allowed only when guarantors, acceptable to MFA, provide guarantees during the construction period. Exceptions to this requirement are allowable for HOME and NHTF loans. However, HOME and NHTF loans without such guarantees may only be drawn upon at completion, except for minor amounts at initial close and 50% completion (e.g., \$25,000 each).

PROJECT READINESS STANDARDS - MFA intends to make NHTF awards only to projects that are significantly ready to proceed. At the time of application, the project must have all required zoning in place and the applicant should have all significant environmental issues identified with a plan to address such issues. Preference will be given to projects that have all funding commitments, other than MFA resources, in place. The applicant must be able to represent to MFA that there are no unusual circumstances that would delay a loan closing.

ENVIRONMENTAL REVIEW - New construction and rehabilitation projects funded with NHTF must be assessed in accordance with the NHTF Environmental Provisions described in 24 CFR 93.301(f)(1) and (2) as well as HUD Notice CPD-16-14, “Requirements for Housing Trust Fund Environmental Provisions.” Copies of all NHTF Environmental Provisions are posted on MFA website for review at <http://housingnm.org/developers/national-housing-trust-fund-environmental-review>.

FOR FURTHER INFORMATION:

NHTF Underwriting Criteria:

Jacobo Martinez, Development Loan Manager
(505) 767-2285 or toll-free statewide (800) 444-6880
jmartinez1@housingnm.org

Environmental Review, Site and Neighborhood Standards, and Relocation:

Theresa Laredo-Garcia, Program Development Manager
(505) 767-2244 or toll-free statewide (800) 444-6880
tgarcia@housingnm.org

NEW MEXICO HOUSING TRUST FUND TERM SHEET

BACKGROUND - The purpose of the NMHTF is to provide flexible funding for housing initiatives in order to produce significant additional housing investment in the state. The Act requires that funds be awarded on a competitive basis, and that the application process encourage applicants to develop solutions that are responsive to local needs and are consistent with sound housing policy. The NMHTF may be used to finance in whole or in part projects that will provide affordable housing primarily for persons or households of low or moderate income.

ELIGIBLE EXPENSES - Subject to applicable law, NMHTF financing may be used only for reasonable and customary costs that are directly attributable and traceable to the development, acquisition, construction, rehabilitation, and/or preservation of affordable housing projects. Eligible expenses include those related to the construction of modest living quarters/community spaces and basic durable household furnishings (i.e., stoves, refrigerators, & dishwashers) but not electronics, equipment or luxury (i.e., non-essential) goods.

Underwriting:

- ✓ **Maximum Funding Amount** - MFA, in its discretion, may set limits on the amount of NMHTF funding to be awarded per application, per NOFA, per quarter, per year, or otherwise. See the program webpage on MFA's website at <https://housingnm.org/developers/rental/new-mexico-housing-trust-fund> for current funding limits.
- ✓ **Interest Rate** – MFA may, in its sole discretion, set interest rates on NMHTF funding. See the program webpage on MFA's website at <https://housingnm.org/developers/rental/new-mexico-housing-trust-fund> for current rates according to project type.
- ✓ **Loan Term and Amortization** – MFA offers construction loans with a maximum term of 24-months and permanent long-term amortizing loans with a maximum term of 40 years. Loans are fully amortizing according to the duration of the permanent loan term.
- ✓ **Developer and Consultant Fees** - Developer fees, inclusive of 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. Exceptions will be allowed in the case of Low Income Housing Tax Credit (LIHTC) projects, in which developer and consultant fees are subject to the limits set forth in the applicable LIHTC Qualified Allocation Plan issued by MFA.
 - Small project (five or fewer units): 15%
 - Standard project (six or more units): 12%
- ✓ **Builder Fees** - "Builder Fees" generally cover builder overhead, profit and general requirements and are limited to 14 percent of site improvements and hard construction costs, unless further restricted by other funding sources.

CONSTRUCTION LOANS - MFA is at risk for repayment if, and when, MFA's Gap funding sources are expended and units are not produced. Therefore, the use of MFA funds for construction will be allowed only when guarantors,

acceptable to MFA, provide guarantees during the construction period. During construction, multiple disbursements are permitted upon evidence of costs incurred, not more frequently than monthly.

REPAYMENT – NMHTF loans will require interest only payments monthly during the construction period not to exceed 24 months and monthly principal & interest payments during the permanent loan term not to exceed 480 months (40 years). Outstanding principal and interest is due at the earlier of maturity, refinance or sale of the project.

AFFORDABILITY PERIOD - The NMHTF is designed to assist housing that will remain affordable on a long term or permanent basis. MFA shall establish a required affordability period, which, as long as funding for the NMHTF is provided by state funds, shall be in accordance with Section 5.7 E of the Affordable Housing Act Rules, a copy of which can be obtained on MFA's website. These rules require minimum affordability periods of up to 20 years, depending on the total amount of NMHTF funds awarded, during which the housing units must only be occupied by low-income or moderate-income households. Additionally, for multifamily rental projects, MFA will require an extended affordability period to match the duration of the loan term (currently set at a maximum of 40 years). For single family for-sale homes, this will require deed restrictions ensuring that the unit can only be sold to qualifying individuals during the affordability period (minimum 5 years).

HOUSING STANDARDS - All housing receiving NMHTF financing must meet housing standards prior to occupancy (or after completion for homeowner rehabilitation) and throughout the affordability period. Standards vary depending on the type of housing (owner-occupied, rental, special needs, etc.) and the type of activity.

Beneficiary Income Limits and Other Requirements:

Beneficiaries or occupants of housing financed in whole or in part by the NMHTF must have incomes at or below the following limits, which the applicant shall be required to verify. The income limits and requirements vary depending on the type of housing provided.

- ✓ **Owner-Occupied Housing** - Beneficiary households residing in units financed with NMHTF monies must earn either very low, low, or moderate incomes (adjusted for household size) as defined by the most recently amended MFA Rules and Regulations. Currently, these limits are set at 150% or less of AMI. The home must be owned and occupied by the household as a principal residence. Title to the property must be held as fee simple or a 99-year leasehold. Homes located on Tribal Land may have a 50-year lease or alternative acceptable to MFA.
- ✓ **Rental Housing** - Beneficiary households residing in units financed with NMHTF monies must initially have incomes at or below 60% of AMI adjusted for family size as determined by HUD. Rent rates for households residing in units financed with NMHTF monies will be rent-restricted. A unit is deemed "rent-restricted" when the maximum rent for such unit will not exceed thirty (30) percent of the maximum annual income allowable for persons or families occupying such unit. If persons or families occupying such rent-restricted units pay for their own utilities, the maximum tenant-paid rent will equal the amount, reduced by the amount of the local utility costs approved by Lender. If a unit receives Federal or State project-based rental subsidy and the family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent

allowable under the Federal or State project-based rental subsidy program. Additionally, MFA requires that 60% of all rental units in a given project be for families earning no more than 120% of AMI.

FOR FURTHER INFORMATION:

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