

Qualified Allocation Plan (QAP)

State of New Mexico

9% Low-Income Housing Tax Credit Program

Effective as of December 1, 2026

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Housing New Mexico | New Mexico Mortgage Finance Authority (MFA)

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EQUAL HOUSING OPPORTUNITY

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I. Introduction

This "Allocation Plan" constitutes the "Qualified Allocation Plan" (QAP[1]) for the state of New Mexico and is intended to comply with the requirements set forth in Section 42 of the Internal Revenue Code of 1986[2], as amended, including all applicable rules and regulations promulgated thereunder (collectively, the "Code"). This Allocation Plan applies to all allocations of 9% Low-Income Housing Tax Credits pursuant to the Code (hereinafter LIHTC, credits or tax credits) made for QAP year 2027.

A. Role of Housing New Mexico

New Mexico Mortgage Finance Authority (Housing New Mexico | MFA) ("Housing New Mexico") is the Housing Credit Agency (HCA) for the state of New Mexico, responsible for administering the Tax Credit Program and allocating tax credits to eligible New Mexico Projects. Accordingly, Housing New Mexico awards tax credits to Projects meeting its Project selection criteria, including an annual population allocation, any subsequent carry-forward, returned credits and national pool credits. Housing New Mexico monitors existing Projects for compliance with the Code; however, Housing New Mexico does not make any representation to any party concerning compliance with the Code, U.S. Department of Treasury ("Treasury") regulations[3] or other laws or regulations governing LIHTC. Neither Housing New Mexico, nor its agents or employees, will be liable for any matters arising out of or in relation to, the allocation of LIHTC. All organizations and individuals intending to utilize the LIHTC program should consult their own tax advisors concerning the application of tax credits to their Projects and the effect of tax credits on their federal income taxes.

Administration of the Tax Credit Program, as outlined in this QAP, is consistent with the statutes creating Housing New Mexico in 1975 [Chapter 303, Laws of New Mexico, 1975, known and cited as the New Mexico Mortgage Finance Authority Act, being Sections 58-18-1 through 58-18-27, inclusive), as supplemented in 1995, as follows:

> The legislature hereby finds and declares that there exists in the state of New Mexico a serious shortage of decent, safe and sanitary residential housing available at prices and rentals within the financial means of persons and families of low income. This shortage is severe in certain Urban Areas of the

[1] Capitalized terms, when not defined in the text of this document, are defined in the Glossary at Section IX or in Section 42 of the Internal Revenue Code.
[2] Section 42 of the Code is found in the United States Code in Title 26, Subtitle A, Chapter 1, Subchapter A, Part 4, Subpart D, at Section 42 (26 U.S.C. §42.)
[3] Treas. Reg. 26 CFR § 1.42.

> state, is especially critical in the rural areas and is inimical to the health, safety, welfare and prosperity of all residents of the state. The legislature hereby further finds and determines that to aid in remedying these conditions and to help alleviate the shortage of adequate housing, a public body politic and corporate, separate and apart from the state, constituting a governmental instrumentality, to be known as the New Mexico Mortgage Finance Authority should be created with power to raise funds from private investors in order to make such private funds available to finance the acquisition, construction, rehabilitation and improvement of residential housing for persons and families of low income within the state. The legislature hereby finds and declares further that in accomplishing this purpose, the New Mexico Mortgage Finance Authority is acting in all respects for the benefit of the people of the state in the performance of essential public functions and is serving a valid public purpose in improving and otherwise promoting their health, welfare and prosperity and that the enactment of the provisions hereinafter set forth is for a valid public purpose and is hereby so declared to be such as a matter of express legislative determination.

The federal laws governing the Tax Credit Program are subject to change. Final interpretations of certain rules and regulations governing the Program may not yet have been issued by the U.S. Department of Treasury. In the event that any portion of this QAP conflicts with the Code, amendments made thereto, or federal regulations promulgated thereunder, the federal regulation shall take precedence. If any portion of this QAP is invalid due to such conflict, the validity of the remaining portions will in no way be impacted, affected or prejudiced.

Housing New Mexico reserves the right to resolve all conflicts, inconsistencies or ambiguities, if any, in this Allocation Plan or which may arise in administering, operating or managing the allocation of LIHTC.

In accordance with Housing New Mexico's inherent discretion, reasonable judgement and prudent business practices, Housing New Mexico may reject any Application (as defined in the Glossary) or Project that Housing New Mexico has determined does not satisfy the requirements and objectives of the Code, regulations promulgated under the Code or this QAP, regardless of the Application's rank priority.

Housing New Mexico shall not be responsible for any expenses incurred by any Applicant in submitting an Application or otherwise responding to or providing any information in conjunction with this QAP. All costs incurred by Applicants in the preparation, transmittal or presentation of any Application or material the Applicant submits in response to this QAP shall be borne solely by the Applicants.

Housing New Mexico may modify this QAP, including its compliance and monitoring provisions, and waive plan provisions, as required by the promulgation or amendment of the Code, from time to time or for other reasons as determined by Housing New Mexico, including, but not limited to, the ability to respond to government declared disasters and emergencies. Housing New Mexico will make available to the general public a written explanation of any allocation of housing tax credits that is not made in accordance with established priorities and selection criteria of the Agency.

In addition, Housing New Mexico may cancel or modify the provisions of this QAP at any time and may reject any or all Applications submitted under this QAP and re-issue the QAP. If Housing New Mexico rejects any or all Applications submitted under this QAP and re-issues the QAP, all costs incurred by Applicants in the preparation, transmittal or presentation of any Application or materials the Applicant submits in response to this QAP shall again be borne solely by Applicants.

Regardless of any provision of this QAP or any document referenced by or incorporated into this QAP, it is each Applicant's sole responsibility to demonstrate in its Application that the Project proposed shall comply with the Code and all associated regulations in all respects. Failure by any Applicant to demonstrate that the proposed Project shall comply with the Code and all associated regulations shall result in the rejection of the Application and Project.

B. Federal QAP Requirements

This document is intended to fulfill requirements at Code Section 42(m)(1)(B)(i) and (ii), and Code Section 42(m)(1)(C) for Housing New Mexico's 9% tax credit allocation activity in the state, commencing on its effective date. The procedure required at Code Section 42(m)(1)(B)(iii) is summarized in Section VIII but published in full under a separate cover and incorporated herein by reference as Appendices J and K. It is titled Low-Income Housing Tax Credit Compliance Plan and Appendices, and is available on our website: https://housingnm.org/property-owners-agents-and-managers/lihtc. The procedures for Code Section 42(m)(1)(D) are found in New Mexico's QAP governing the 4% LIHTC.

C. Public Hearing Required by Code Section 42(m)(1)(A)(i)

Following public notice, a draft QAP was made available to the public for comment for a period of 21 days (beginning August 14, 2026 and continuing through September 4, 2026), during which time a public hearing was held on August 27, 2026. Housing New Mexico accepted written comments during this 21-day comment period, as

extended, and considered comments presented at the public hearing, prior to completion of the plan.

D. Eligible Projects

Proposed Projects must be eligible for an allocation of credits under the Code. Housing New Mexico's Tax Credit Program is limited to residential rental housing located in the state of New Mexico. Eligible Projects include rehabilitation of existing residential housing Units, Adaptive Reuse of commercial property as residential rental Units, or new construction. Dormitories, assisted living facilities, "trailer parks" and transient housing (e.g. emergency shelters for homeless Persons and households) are ineligible.

Project design must adhere to the *Housing New Mexico 2027 Mandatory Design Standards for Multifamily Rental Housing* (Design Standards) for rehabilitation, Adaptive Reuse and newly constructed Units as they pertain to each Unit type. The Design Standards are incorporated into this QAP as Appendix D.

1. Scattered Site Projects

Under Code Section 42(g)(3)(D), each low-income building is considered a separate project unless the taxpayer identifies each building which is, or will be, part of the Project. Under Code Section 42(g)(7) and Treasury Regulation Section 1.103-8(b)(4)(ii), two or more qualified low-income buildings can be included in a Project only if the buildings:

- Are located on the same tract of land, unless all the Units in all the "scattered site" buildings to be included in the Project are Low-Income Units;
- Are owned by the same Person (Entity) for federal tax purposes;
- Are financed under a common plan for financing; and
- Have similarly constructed Units.

Generally, each site of a scattered-site Project must have a community space adequate for the provision of services and services must be delivered at each site for the Project to be eligible for points for Projects in which Units are reserved for Households with Special Housing Needs, Projects Reserved for Seniors Housing Priority or Projects in which 25% of all Units are reserved for Households with Children.

However, if one of the project sites proposed for rehabilitation does not have adequate community space for the provision of services, services may be provided for residents at another project site so long as the following conditions are met:

- Project sites sharing community space are located within a quarter of a mile of each other and connected by an ADA compliant route, and
- the Application demonstrates, to the sole satisfaction of Housing New Mexico, how the needs of Persons with disabilities who do not have access to on-site services will be met and
- sufficient community space for the provision of services is available for all residents of the Project.

2. Combined Rehabilitation with New Construction Projects

Projects may combine the rehabilitation of existing residential Units with the construction of new residential Units. Such Projects shall be classified as new construction if the number of Units to be newly constructed (or Adaptively Reused) is equal to at least 50% of total Units in the Project. If less than exactly 50% of the total Units are new construction (or Adaptive Reuse) Units, the Project shall be classified as a Rehabilitation Project. The cost limits will be applied based on the category chosen, if the Project is evenly split between newly constructed/Adaptively Reused Units and rehabilitation Units. For example, if the Project has 51% or more newly constructed Units, it will be held to the new Construction Cost limits provided in the Underwriting Supplement.

3. Hybrid 9%/4% Developments

Applicants wishing to combine 9% LIHTC with 4% LIHTC (where the 4% credits are not solely for acquisition of a building) pursuant to an allocation of private activity bond volume cap may do so under the following conditions.

1. The 9% LIHTC and 4% LIHTC portions of the development will be two separate projects, each of which has fully self-supporting financing and operations; the two portions of the development will not be cross-collateralized.
2. Complete separate Applications for the 9% and 4% LIHTC will be required.
3. **Adjacent Parcels:** Applicants proposing to build on adjacent parcels (or by splitting a parcel of land) may submit the 4% LIHTC Application concurrent with the 9% LIHTC Application or at any time 4% LIHTC Applications are being accepted.
4. **Within a Building**: Projects that propose allocating 9% and 4% tax credits within a building through a condominium plat must submit both the 9% and 4% LIHTC Applications concurrently by the 9% Application Deadline. Any reservation of tax credits for the 9% portion, if approved, will be contingent upon an allocation

of private activity volume cap by the State Board of Finance. If the State Board of Finance does not issue an allocation of private activity bond volume cap on or before December 2027, Housing New Mexico would issue binding commitment for 9% LIHTC in a future year that is contingent upon an allocation of private activity bond volume cap.

E. Compliance Period and Extended use Period (30 Year Minimum)

All Projects are subject to an "extended low-income housing commitment" for at least 30 years, as required by Code Section 42(h)(6). Housing New Mexico complies with this requirement with a Land Use Restriction Agreement (LURA) filed when the Project is Placed In Service. Housing New Mexico's required LURA provisions may be found in the sample LURA that is available at www.housingnm.org.

F. Waiver of Qualified Contract

By submitting an Application for an allocation of tax credits to a Project in accordance with this QAP, the Applicant and Project Owner agree to waive their right to request that Housing New Mexico present a "Qualified Contract" for the Project in accordance with Code Section 42(h)(6). The Applicant and Project Owner further agree that the Extended Use Period shall not be terminated for any reason other than foreclosure (or instrument in lieu of foreclosure), in which case existing Low-Income Tenants will not be evicted or charged rents in excess of tax credit rents for a period of three years following the foreclosure or transfer by instrument in lieu of foreclosure in accordance with the Code.

II. Available Financing

A. Amount of Competitive Tax Credit Available Statewide

The state of New Mexico receives a population-based 9% tax credit allocation each year. The current year's population estimates, as provided by the Internal Revenue Service (IRS) and the estimated Annual Credit Ceiling, including any carry-forward, returned or national pool credits received by the state are used to determine how many tax credits will be available in any given year[4].

[4] An exact amount is not available before the QAP is published. Based on the information currently available, approximately $4.9M annual tax credits will be available in 2027 before any forward allocations that may be approved in the round.

B. Limitation on Tax Credit Awards to a Single Project or Principal

The maximum amount of 9% LIHTC that will be awarded to any Project, including any basis boost, is $1,700,000. No Applicant, any General Partner or Affiliate of an Applicant or Person or Entity receiving or identified as eligible to receive any part of a Developer fee for a Project will receive more than one tax credit Reservation in any given competitive LIHTC Application round.

Developers submitting more than one Application may indicate in the Project Narrative, which Project they prefer to be awarded, should more than one rank higher than the lowest qualifying score in the round.

C. Set-Asides

1. Nonprofit Allocation Set-Aside

At least ten percent of the Annual Credit Ceiling will be allocated to Projects involving Qualified Nonprofit Organizations as described in Code Section 42(h)(5). For purposes of this set-aside, only federal requirements identified in Code Section 42(h)(5) will apply. The aggregate amount of tax credits allocated by Housing New Mexico to Qualified Nonprofit Organizations may exceed this amount.

An opinion of counsel addressing the status of the nonprofit organization and qualification for the Nonprofit Set-Aside may be required.

2. Underserved Populations Set-Aside

Twenty percent (20%) of the Annual Credit Ceiling will be set aside for Underserved Populations as defined in this section. The Application must indicate the desire for the Project to participate in the Underserved Populations set-aside, otherwise the Project will compete within the general round. The Project's score must be within 20% of the highest scoring Project to be awarded tax credits through the ranking process in the same funding round. The aggregate amount of tax credits allocated by Housing New Mexico to Projects meeting the set-aside requirement may exceed this amount. Any decision to award tax credits within the Underserved Populations set-aside lies solely within Housing New Mexico's inherent discretion and is not subject to further review. Awards under this set-aside may be made to the highest scoring Project(s) that falls in any of the following categories:

a. Permanent Supportive Housing (PSH)

PSH Projects must meet the following requirements:

i. The Project must meet threshold requirements within the Households with Special Housing Needs Housing Priority and agree to provide voluntary Case Management Services to residents.*

ii. All service coordination and budget requirements must be sufficient to provide proposed services to all PSH residents,

iii. PSH Units have no time limits on occupancy,

iv. PSH residents have the same rights and responsibilities as those occupying other Low-Income or Market Rate housing Units**,

v. PSH residents must have individual leases with identical requirements and protections as other low-income or market rate residents,

vi. PSH Units must cover 25% or more of the total Unit count, and

vii. Project-Based Vouchers or other Federal operating subsidy must be in place or secured for 75% or more of the PSH Units in the Project.[5]

viii. The Application includes a preliminary Memorandum of Understanding (MOU) between the Project Owner and service provider(s) that describes the service provider's expertise to provide the proposed services (with a minimum of three years of experience providing that service to the targeted population), the planned description and delivery of services, and the staff capacity to provide ongoing case management.

* Competing in the Underserved Populations set aside as a PSH Project does not automatically result in points in the Households with Special Housing Needs Priority scoring category. Services must be selected and all required scoring items met in order to receive points in that category.

**All Projects will be required to submit a PSH Commitment to Quality checklist (Tab 15c of the 2027 Housing New Mexico Universal Rental Development Application) with the Application and annually following the award.

b. Tribal Projects.

Projects whose sponsor or developer are a Tribally Designated Housing Entity (TDHE) or other Tribal Entity.

[5] If the evidence provided to support the Project-Based Vouchers or other Federal operating subsidy will expire before the end of the Compliance Period, the Application must include evidence that the rental subsidy may be renewed.

D. Basis Boost

Projects located within a HUD-designated Difficult Development Area (DDA, SDDA) or Qualified Census Tract (QCT) may request a 30% increase in eligible basis under Code Section 42(d)(5)(B), by including documentation of status in a QCT or DDA in the Initial Application.

The following buildings are designated by Housing New Mexico as begin eligible for up to 130% increase in eligible basis under Code Section 42(d)(5)(B)(v), as may be necessary for financial feasibility:

1. Projects receiving points under the Households with Special Housing Needs Housing Priority
2. Projects receiving points under the Projects Reserved for Seniors Housing Priority
3. Projects receiving points under the Households with Children Housing Priority

If the federal government expands the basis boost, Housing New Mexico will allow a basis boost up to the federal limit for Projects meeting the federal eligibility requirements.

III. Application Process

A. Application and Award Schedule

Item	Deadline/Date
Intent to Submit a Tax Credit Application & Development Synopsis	December 21, 2026
Application Round Opens	January 5, 2027
Last Day to Submit FAQs	January 12, 2027
Full Application	January 20, 2027 at Noon Mountain Standard Time
Deficiency Corrections (if requested by Housing New Mexico)	Late February/Early March
Preliminary Reservations/Rejections	Late March
Appeals Hearing (if needed)	Mid-April
Videos for Board Due	May 3, 2027
Final Awards	May 2027 Board Meeting
Reservation Fee Invoice Issued	Day After May 2027 Board Meeting
Reservation Issued for Signature	Upon Payment of Reservation Fee
Reservation Fee & Reservation Due	Early June 2027

B. Allocation Round

Housing New Mexico intends to conduct one competitive LIHTC Application round each calendar year. However, if the Projects submitted do not use all of the available tax credits or if additional tax credits become available later in the year, Housing New Mexico may to conduct additional LIHTC rounds or award tax credits outside of the rounds.

1. Deadline

Initial applications must be fully uploaded to the file sharing site identified in Section III.B.2 of this QAP no later than 12:00 p.m. Mountain Standard Time on January 20, 2027 (Application Deadline). Late Applications will not be accepted. No additional materials may be submitted after the Initial Application Deadline, unless requested by Housing New Mexico in accordance with the provisions of this QAP.

2. Where to Submit the Application

Initial Applications must be uploaded to Housing New Mexico's Secure File Transfer-HD file sharing Site: https:/.internal.housingnm.org/SFT_HD/. Initial Applications submitted by any other means of delivery will be rejected.

3. Form of Submission

The required 2027 Housing New Mexico Universal Rental Development Application will be provided electronically and may be downloaded from Housing New Mexico's website at https://housingnm.org/developers/lihtc/current-and-prior-tax-credit-rounds. Applicants must submit the 2027 Housing New Mexico Universal Rental Development Application and Schedules in excel format and one fully-tabbed and bookmarked PDF file that includes all materials listed on the Attachments Checklist at Tab 1a, except the following which shall be uploaded as stand-alone PDF documents:

- Market study
- Architectural plans and specifications
- Capital Needs Assessment (see Section III.E.2 regarding when this is required).
- Appraisal (see Section V.K and the Underwriting Supplement at Appendix C regarding when this is required).

All documents in the PDF must be submitted in numerical order. PDF files must be "bookmarked" with each applicable tab ("Tab") and named accordingly (e.g., Tab 1 –

Project Information and Application Fees, Tab 1a – Attachments Checklist, etc.) following the tab numbers on the Application Checklist at Tab 1a.

4. Complete Application

Complete Applications will meet the following standards when they are initially submitted and without benefit of any subsequent submissions, including any such submissions received during the deficiency correction period:

a. Housing New Mexico will require submission of an "omnibus" signature page wherein all General Partners must certify, among other things, that the Application submitted, including all schedules and certifications, is accurate and complete and does not contain any misrepresentations.
b. Complete Initial Applications must include the 2027 Housing New Mexico Universal Rental Development Application and Schedules, including all attachments and exhibits that are applicable to the Project – both those listed in the attachments checklist found at Tab 1a of the Application form and any other materials requested in the 2027 QAP that apply to the Project.
c. Applicants must redact protected personal information such as Social Security numbers and board member home addresses.
d. Complete Initial Applications must include Application fees as outlined in Section III.C below.
e. Current year Housing New Mexico forms must be used when provided and no substitutions will be accepted.
f. All information must be current, clearly legible and consistent with all other information provided in the Application.
g. Forms must be completely filled out and executed where indicated. Forms that require signatures must bear scanned blue ink or third-party verified digital signatures from all General Partners.
h. Except as Housing New Mexico may determine is necessary to evaluate the "Applicant eligibility" threshold requirement in Section IV.E, all Applications must be self-contained. Housing New Mexico will not rely on any previously submitted information, written or verbal, to evaluate the Applications in a given round.

In determining whether the Application is complete, Housing New Mexico will examine the package for both the availability of all required materials listed in Section I of the Application Attachments Checklist and for the content of those materials. Failure to provide or complete any element of the Initial Application Package, including all items listed in Section I of the Application Attachments Checklist, may result in immediate rejection of the Application without complete review.

When specific documents required to obtain points under particular Project Selection Criteria are not provided in the Initial Application, as listed in Section II of the Application Attachments Checklist, the related points will not be awarded. The Application Attachments Checklist is not intended to be a comprehensive listing of all documents required to be submitted. Applicants bear the burden of determining and submitting any additional documents that directly support an Application or other information required by this QAP to be submitted.

In addition to the actions Housing New Mexico may take pursuant to Section III.F.7 "*Deficiency Correction Period*," Housing New Mexico may also choose to accept inconsistent information and if so, may select any of the inconsistent pieces of information over any other pieces of information, in its reasonable judgment. However, Housing New Mexico is under no obligation to seek further information or clarification or to accept inconsistent responses.

The Applicant will bear sole and full responsibility for submitting its Application in accordance with the requirements of the Internal Revenue Code and the QAP and will be deemed to have full knowledge of such requirements regardless of whether or not a member of Housing New Mexico's staff responds to a request for assistance from Applicant or otherwise provides Applicant assistance with respect to all or a portion of the Application.

5. Communications and Quiet Period

Questions concerning the competitive LIHTC Application round Application requirements must be submitted through Housing New Mexico's website at https://housingnm.org/developers/lihtc/lihtc-applications-faq-2027. No questions will be accepted after 5 p.m. Mountain Standard Time, January 12, 2027. Answers will be posted to the website and once posted will be deemed a part of this QAP. Answers to questions submitted on January 12, 2027, that can be answered by January 14, 2027, will be posted on January 15, 2027. It is the sole responsibility of Applicants to review the website for answers to questions.

A "Quiet Period" for each competitive round will begin at the time an Initial Application is submitted and end upon the approval of tax credit awards by Housing New Mexico's Board of Directors. During the Quiet Period, Applicants, or any part of the development team (i.e., Developer, Project Owner, General Partner, contractor, management company, consultant(s), architect, attorney, and accountant, etc.), shall not contact Housing New Mexico's management, employees, members of the Board of Directors or their proxies, officers or agents regarding an Application under consideration unless expressly directed to do so by Housing New Mexico staff. The

purpose of the Quiet Period is to create a fair and consistent process for all Applications in the competitive round. The Quiet Period only applies to Applications under consideration during the competitive round and not to any other Projects, issues, or Applications, including questions regarding Housing New Mexico gap funding requested in conjunction with the Application.

The imposition of the Quiet Period does not relieve any Applicant of its obligation to notify Housing New Mexico of changes to the Project as provided for in Sections VII.F and VII.G herein. In addition to the provisions of Sections VII.F and VII.G, Applicants are required to notify Housing New Mexico of any material change in circumstances concerning the Application, development team, threshold requirements and/or scoring changes. Applicant shall notify the Tax Credit Program Manager in writing immediately of the material change, and Housing New Mexico staff shall review the notification and determine, in its sole discretion, what action, if any, is to be taken with respect to the pending Application. After award, all Applications and documents pertaining to the Applications will be available to the public.

All communications regarding LIHTC Projects should be directed to:

Jeanne Redondo
Tax Credit Program Manager
(505)532-1852
jredondo@housingnm.org

6. Prohibited Activities

Applicants (including Applicants for tax-exempt bond financed Projects) or their representatives shall not communicate with or by any other means attempt to influence members of the Board of Directors, their proxies, or members of the Allocation Review Committee (ARC) regarding any Application except when specifically permitted to present testimony at a tax credit related proceeding. **An Application shall be rejected if the Applicant or any Person or Entity acting on behalf of Applicant violates the prohibitions of this section**. A list of ARC members, Housing New Mexico Board members, their proxies, Housing New Mexico leadership, and LIHTC program management staff, which is current as of the date of this QAP, is attached hereto as Appendix A. It is the Applicant's responsibility to check Housing New Mexico's website for a current list of Board members and ARC members.

Any communication made or action taken in violation of the Quiet Period or the prohibited activities section of the QAP shall be immediately reported to the Tax Credit Program Manager, whose contact information is provided in Section III.B.5. Nothing in this section shall be construed to alter or affect the mandatory appeals

processes and procedures that are prescribed elsewhere in this QAP. An Applicant's failure to adhere to the prescribed Application and appeals processes and procedures shall result in the rejection of the Application.

C. Housing New Mexico Fees and Direct Costs

Except where explicitly stated below, all fees are non-refundable. Fees are due at the times and in the amounts shown below and they apply to both allocated and non-allocated tax credits. Fees may be delivered in the form of personal or business checks, money orders or cashier's checks, or wire (contact hd@housingnm.org for wiring instructions). Any check returned for insufficient funds will result in rejection of the Application, cancellation of the Reservation or other actions available to Housing New Mexico. Exceptions may be granted at Housing New Mexico's sole discretion and fees may be adjusted annually, as determined by Housing New Mexico in its sole discretion.

The following table summarizes the fees described below:

Fee	Amount	Payment Deadline
Application	$750 nonprofit/ $1,500 for profit	With Initial Application
Base Portion Design Review	$12,000	With Initial Application
Additional Design Review and/or Inspection	$1,500 each	With 20 days of invoice
Additional Market Study	Varies	Within 5 days of Deficiency Correction
Processing Fee	8.5% of Annual LIHTC	Reservation Contract Deadline
Additional Review	$1,500 each	Invoiced Deadline
Deadline Extension	$500 per week	Upon receipt of invoice
Monitoring and Compliance Fees	$50/LI Unit/Year	First Credit Year Upon Receipt of Invoice, thereafter annually on January 31
Monitoring and Compliance Fees	$1,500 Late Fee	February 1st
Monitoring – Reinspection Fee	$80 < 60 miles $250 > 60 miles	30 days from Invoice Date
Monitoring – Noncompliance 8823 Issuance	$150 plus $25 per form	30 days from Invoice Date
Monitoring – Noncompliance Open Monitoring Review	$200 at 6 months Reinspection Fee at 12 months	30 days from Invoice Date
Appeal Fee	$5,000	With Appeal submission

Change Requests before 8609 (ownership, swaps, documents)	$500	With change request
Form 8609 Re-issuance	$250/form but not to exceed $2,500	With reissuance request
Ownership/GP/LP Change	$500	With change request
	$1,500	Upon approval of request
LURA Modification	$500	With modification request
	$250 per item	With modification request
	$1,500	Upon approval of request
Non-Compliance for Ownership/GP/LP Change	$10,000	Upon receipt of invoice

1. Application Fee (for initial and supplemental requests)

- Due at submission of tax credit Initial Application
- $750 for nonprofit or governmental Entity Applicant; $1,500 for a for-profit Applicant

2. Direct Cost Fees

a. Base Portion Design Review: $12,000 due at submission of tax credit Initial Application. It includes one of each of the following:

i. Preliminary review of Project for Design Standard compliance at Initial Application. All plans and related materials submitted as part of an Application must provide enough detail for Housing New Mexico to determine compliance with the Design Standards.

ii. Construction Drawing Review.

iii. Specification Review.

iv. Environmental Study & HERS Modeling Projections Review.

v. Contract document review (construction contract, permit, schedule).

vi. 33% Site Inspection visit.

vii. 66% Site Inspection visit.

viii. 100% Site Inspection visit, report and closeout document review. Housing New Mexico will not issue the IRS Form 8609 before Housing New Mexico's Architectural Services Representative indicates that the Project has been built as proposed and that all outstanding issues, if can, have been resolved.

Design reviews may require additional site visits and/or document reviews, which would be billed separately and above this non-refundable $12,000 base fee at a rate of $1,500 per inspection or additional review. Any amount in excess of the $12,000 base fee is due within 20 calendar days of billing by Housing New Mexico. If the Initial Application is not awarded a Reservation or approved as a tax-exempt bond financed Project, the Base Portion Design Review Direct Cost Fee will be returned to the Applicant.

b. Housing New Mexico-ordered Market Study: Amount varies depending on cost.

If a subsequent Housing New Mexico-ordered Market Study is required, the cost will be covered by the Applicant through a non-refundable Direct Cost Fee that will be due within five days of receiving a deficiency correction (see Section III.F.7) with an invoice via email.

3. Processing Fee

- Due prior to Reservation Contract for 9% awards.
- 8.5% of Housing New Mexico-determined tax credit allocation amount rounded down to the nearest dollar.

4. Additional Review Fees

One underwriting with one opportunity to make corrections is included in the standard Application and Processing Fees. Any additional underwriting (of the Initial Application or submissions described in the Post-Award Processes and Requirements Handbook) to review further corrections or changes to the Project will incur a $1,500 fee per review.

5. Extension Fee

For a request to extend the deadline of any documents required under Post Award Submittals in the Post-Award Processes and Requirements Handbook and/or with submission of late or missing documents required under Post Award Submittals in the Post-Award Processes and Requirements Handbook.

- $500 per week due upon invoice

6. Monitoring and Compliance Fees

Housing New Mexico will send an invoice for the first credit year fees shortly after the Project is Placed In Service. The invoice is due upon receipt.

Thereafter, fees are due annually by January 31st through the end of the Extended Use Period. The monitoring and compliance fee for the entire 15-year Compliance Period may be paid in a lump sum at the time the first credit year fees are due (number of Units x $50/Set-aside Unit/year x 15 years).

- $50/set-aside Unit/year (Average Income projects may be subject to an increased Compliance Monitoring fee.)
- $20/set-aside Unit/year during the Extended Use Period

Project that fails to pay the Annual Compliance Monitoring fees by the January 31st deadline will be assessed a late fee of $1,500.

7. Compliance Monitoring- Re-inspection Fees

A re-inspection fee will be charged if Housing New Mexico is unable to complete the inspection due to owner/agent's failure to notify residents or owner/agent's failure to appear for the inspection.

- For properties within 60 miles from Housing New Mexico's office (one way), the fee is $80.
- For all other properties further than 60 miles, the fee is $250.

Re-inspection fees are due within 30 days of billing.

8. Compliance Monitoring - Noncompliance Fees

Projects will be charged noncompliance fees in the following circumstances:

- Issuance of IRS Form 8823: Each IRS Form 8823 issued $150 plus $25 per Form.
- Non-compliance with the LURA requirements that persists 6 months beyond the traditional 30 days initial response time will incur a $200 penalty fee plus a reinspection fee if a follow-up inspection becomes required for monitoring reviews open 12 months beyond the initial response deadline.

Noncompliance fees are due within 30 days of billing.

9. Appeal Fee

- $5,000 due at submission of appeal
- No appeal will be entertained in advance of appeal fee payment

10. Change Requests

Request for changes to a Project incur a $500 fee due at submission of the request. Changes include, but are not limited to:

- changes in ownership prior to receiving Form 8609,
- requests to recycle an allocation of tax credits,
- other changes, that in Housing New Mexico's sole discretion, do not rise to the level of requiring an additional underwriting review.

11. Reissuance of Form 8609

Housing New Mexico sends draft 8609 forms to the Owner for review prior to issuance. A $250 fee for each 8609 form that must be re-issued after it is signed and issued to the Owner; total fees shall not exceed $2,500.

12. Ownership Change and LURA Modification Fees after receipt of Form 8609:

- $500 non-refundable fee due at submission of application to change ownership, General Partner, and/or limited partner, request a limited partner exit and/or request a LURA modification.
- If applicable, an additional $250 per item requested in a LURA Modification, when the Project is out of compliance with Asset Management at the time of the application.
- If applicable, an additional $1,500 processing fee upon approval of an ownership or General Partner change.
- If changes are made to the ownership structure without Housing New Mexico's prior written approval, the Project will be considered out of compliance. This noncompliance may result in a denial of requests for a future ownership change, financing, and/or LURA modification and may, at Housing New Mexico's discretion, also be subject to a $10,000 fine to move forward with the ownership change process.

D. Process to Allocate Tax Credits

1. Ranking to meet Allocation Set-Asides

The highest scoring, Qualified Nonprofit Organization Eligible Project will be funded first. If there are insufficient Qualified Nonprofit Organization Eligible Projects to meet the nonprofit set-aside, the unallocated nonprofit set-aside tax credits **cannot** be allocated to other Eligible Projects. A similar procedure will be used to meet the Underserved Populations set-aside, following the fulfillment of the nonprofit set-aside; however, if there are insufficient Underserved Populations Eligible Projects to meet the Underserved Populations set-aside, any unallocated set-aside tax credits may be used for other Eligible Projects.

2. Allocation to New Construction and Rehabilitation Projects

Housing New Mexico will allocate the tax credits awarded in the 9% Application round based on project type in two separate pools:

- new construction and Adaptive Reuse Applications compete in one pool, and
- rehabilitation Applications compete in a separate pool.

From those two pools, the two highest scoring new construction Projects will be awarded first, followed by the highest scoring rehabilitation Project. The pattern of two new construction Projects followed by one rehabilitation Project will be followed until all credits are allocated, or until the last Project in a pool has been awarded. Projects awarded in the Nonprofit or Underserved Population set-asides will be considered in achieving this target. Forward allocations may be made following the same process, however any decision to forward allocate tax credits lies solely within Housing New Mexico's inherent discretion and is not subject to further review.

Housing New Mexico will use the same process to select Projects that have been placed on the waiting list for an allocation of tax credits. For example, if a rehabilitation Project is initially awarded tax credits but later fails to move forward in the allocation process, the next highest-scoring rehabilitation Project may be given an award of tax credits. If no similarly categorized Project is available (e.g. if no rehabilitation Project is available for purposes of this example), then Housing New Mexico may choose the next highest-scoring Project in the other track/category from the waiting list (e.g. new construction for purposes of this example.)

E. Rehabilitation Projects

1. Scope of Work

For all rehabilitation Projects, Applicants must also submit an accurate, detailed and concise description of the work to be performed by the contractor, the Applicant and any third parties relating to the rehabilitation of the Project. Referred to as the scope of work, this submission must identify the work to be performed including any demolition. At a minimum, the Project's scope of work must meet the definition of a Moderate Rehabilitation in the Glossary at Section IX. See Design Standards for more detailed discussion of Scope of Work requirements.

The scope of work must include a detailed narrative. This narrative should:

a. Describe the following:
   i. Proposed rehabilitation plans, including a detailed discussion regarding how the Project conforms to the definition of a Moderate Rehabilitation or

Substantial Rehabilitation in the Glossary at Section IX, including the major building systems to be replaced and/or improved, how and whether the work area exceeds 50% of the aggregate building area, and how the proposed rehabilitation plans are consistent or inconsistent with the scope of work and/or Capital Needs Assessment ("CNA"). (See the Glossary and below for CNA requirements.)

ii. Any capital expenditures made to the Project over the past two (2) years and the nature of these capital expenditures.

iii. Any past local, state or federal resources invested in the Project.

iv. Any obvious design flaws, obsolescence issues or safety issues.

v. Any significant events that have led to the current need for rehabilitation, e.g. fire, natural disaster or any other catastrophic event.

vi. Why the Project is appropriate for rehabilitation and not demolition;

vii. The physical aspects of the existing building(s), including, but not limited to, structural conditions;

viii. Any relocation issues;

ix. Work performed, including the inclusion of any third-party reports, to determine the reasonableness of a rehabilitation versus demolition; and

x. Preservation of affordability, including any existing federal rental assistance contracts, and the impact of a rehabilitation or demolition on this federal assistance.

b. Address the following:

i. The anticipated date of site control and whether there is any Identity of Interest between or among any Principal of the seller and buyer.

ii. The Ten-Year Rule. (See Code Section 42(d)(2)(B)(ii).)

iii. Current financing on the property or Project which will be assumed or paid with LIHTC equity or a Housing New Mexico-administered funding source (e.g., paid in full vs assumed and current terms.)

iv. For 9% Projects claiming points available for Rehabilitation Projects under Section V.C that were previously subsidized with either 9% or 4% tax

credits, proof that more than 20 years have passed since the Project was Placed In Service.

c. For Projects involving demolition, provide details of what the demolition entails. e.g. interior walls, debris removal, building envelope.

2. Capital Needs Assessment

All Projects that include rehabilitation must provide a CNA prepared by a professional who meets the minimum requirements set forth in the Design Standards. (See Glossary for requirements.) Housing New Mexico will review the CNA to determine whether it supports the Scope of Work outlined in the Application and complies with the Design Standards. The CNA is due:

- with the Initial Application for Projects that were Placed In Service less than 20 years prior to the Application Deadline; or
- by November 15th of the allocation year with the Carryover Application for Projects that were Placed In Service more than 20 years prior to the Application Deadline.

3. Relocation Plan

Applicants must submit a preliminary displacement/relocation plan outlining: (i) any potential permanent, temporary or economic displacement/relocation issues; (ii) the approximate number of current tenants to be relocated; (iii) where tenants could be relocated during the rehabilitation and length of time; (iv) how displacement/relocation can be minimized, and how relocation expenses will be paid for if incurred; (v) good faith estimate of displacement/ relocation costs. (A final version of the displacement/relocation plan is due at the time of submission of a Carryover Application.)

F. Staff Analysis and Application Processing

1. Threshold Review

Following the Application Deadline, Housing New Mexico will undertake a threshold review to determine whether the Initial Application meets the minimum Project threshold requirements shown in Section IV. If the Initial Application fails to meet site control, zoning, fee, or market study requirements, the Applicant will be given an opportunity to correct the deficiency in accordance with Section III.F.7 and if not corrected in the time period allowed, the Application will be rejected. The Applicant eligibility and financial feasibility threshold requirements are not correctable and

Applications that fail to meet these requirements will be rejected, regardless of the Application's score.

2. Scoring Review

Housing New Mexico staff evaluate each Application against the criteria shown in Section V below to award points to a particular proposed Project during the Application round. Applicants may not rely on prior submissions or prior scoring to support a re-submission of an Application. In addition to meeting the threshold requirements in Section IV, tax credit Reservations will not be awarded to 9% Projects achieving fewer than fifty-three (53) points unless too few Projects score above this level and Housing New Mexico, in its reasonable judgment, decides to reduce the minimum score. Projects scoring fifty-three (53) or more points will be ranked according to their scores and in accordance with Section III.D herein. Reservations will be made to these Projects, unless they are eliminated under threshold review or subsequent processing, starting with the highest scoring Projects, all in accordance with Section III.D herein, until all available tax credits are used.

Other than the criteria that include scaled-point structures, partial points will not be awarded.

Within each scoring track/category, if two or more Projects with equal scores (each a "tied Project") would require more than the available tax credits, the tied Project with the lower Total Development Cost per Unit will be selected first for an award of credits. If too few tax credits are available to make a full award of credits to any tied Project, Housing New Mexico will determine in its discretion whether to award a partial allocation, to commit future year's tax credits to the Project in accordance with Section VII.K, to award no tax credits at all to any tied Project or to choose some combination of these options.

Regardless of strict numerical ranking, the scoring does not operate to vest in an Applicant or Project any right to a Reservation or tax credit allocation in any amount. Housing New Mexico will, in all instances, reserve and allocate tax credits consistent with its sound and reasonable judgment, prudent business practices and the exercise of its inherent discretion. Consequently, Housing New Mexico may reject any Project that Housing New Mexico deems to be inconsistent with the objectives of this QAP or prudent business practices regardless of the Project's numerical ranking.

3. Feasibility Analysis and Financial Considerations

All Projects, in addition to the threshold review process, will undergo financial analysis by Housing New Mexico staff to determine whether the Projects are

financially feasible. Such determinations will rely on both the financial data submitted by the Applicant and on staff judgments with respect to feasibility matters. Projects that do not appear financially feasible in Housing New Mexico's judgment may be rejected without further processing. All financing sources must be clearly identified, and their terms specified in a letter of interest from the financing source.

Projects must meet all standards in Housing New Mexico's Universal Multifamily Underwriting Supplement (Underwriting Supplement) attached hereto and incorporated by reference. The Underwriting Supplement includes, among other topics, cost limits, debt coverage ratio floors, operating expense ranges, as well as requirements for other Housing New Mexico financing.

4. Initial Design Review

All Projects will be subject to Housing New Mexico's design review and construction inspections to determine compliance with the Design Standards, which are required for all Projects. Housing New Mexico staff will make a good faith effort to perform an initial review of construction documents within ten (10) business days after receipt of complete construction documents.

Housing New Mexico will review the CNA, if applicable, for completeness, consistency with the Application and compliance with the Design Standards.

5. Local Notice

Within 10 days after the Application Deadline, Housing New Mexico provides a "Local Notice" to the Chief Executive Officer of the local jurisdiction identified on the Application form that informs the local jurisdiction that an Application has been received and offers a 30-day window to comment. The jurisdiction may be a municipality, town, county or tribal government.

6. Site Visits

On completion of the threshold review, and as allowed by current health conditions, public health and executive orders, or laws, Housing New Mexico will visit the proposed sites for the highest-ranking Projects. Sites considered by Housing New Mexico in its reasonable judgment to be inappropriate due to current or foreseeable adverse health, safety, welfare, site constraints or marketability risks may be cause for rejection of any Application, regardless of threshold review or scoring results. Communications made by or on behalf of an Applicant in response to communications initiated by Housing New Mexico in conjunction with a site visit shall not be a violation of the Quiet Period.

7. Deficiency Correction Period

Housing New Mexico may provide a five-business day deficiency correction period after the threshold review. This period is intended only to: 1) correct threshold items that are identified as correctable in Section IV, 2) clarify ambiguous information, 3) complete forms, 4) make minor corrections to the Application, or 5) request supplementary information, that Housing New Mexico, in its sole discretion, believes is necessary to complete its review. If the deficiency correction period is used, Housing New Mexico will provide notice to Applicants having such shortcomings in their Applications via e-mail and U.S. mail. Applicants will have five business days after the date of the e-mail notice to correct deficiencies. All materials must be submitted no later than 5 p.m. Mountain Standard Time on the fifth business day, following "Form of Submission" requirements shown in Section III.B.3 above.

Certain types of deficiencies cannot be corrected during the deficiency correction period, including an Applicant's failure to provide materials or to provide materials in the required form, as well as other deficiencies that Housing New Mexico determines in its reasonable judgment may not be correctable. In no case shall the deficiency correction period be used by Housing New Mexico to allow an Applicant to submit scoring items listed on Section II of the LIHTC Application Attachments Checklist or to alter the original structure of the Project. This prohibition includes, but is not limited to, all changes listed in Section VII.F. If the information requested by Housing New Mexico is not submitted within the timeframe provided or is submitted but remains deficient, the Application may be rejected without any further review.

8. Final Processing and Awards

Applications meeting the requirements of the threshold review and Feasibility Analysis described above will be further evaluated and processed by Housing New Mexico. In this step all remaining determinations will be made with respect to development team capability, design, readiness to proceed and other factors in Housing New Mexico's reasonable judgment to evaluate the Project's Application.

a. Selection of Projects for Awards

Projects meeting the threshold review requirements listed in Section IV will be ranked and ordered according to scoring procedures established in Sections III.D.2 and V with consideration to the Allocation Set-Asides as described in Section III.D.1. Staff will then prepare a summary of the Projects to be recommended for allocations. Eligible and ineligible Projects will be distinguished for purposes of subsequent awards if additional credits become available.

b. Allocation Review Committee (ARC)

The Chairman of the Board of Housing New Mexico will appoint an ARC. The functions of this committee will be to: 1) review the Project rating and ranking results in the staff's proposed award summary, 2) determine whether or not the proposed awards have been made consistent with this QAP, 3) conduct the appeals process and 4) make final award recommendations to the Board of Directors. Housing New Mexico will notify Applicants of the preliminary status of their Projects with the use of a preliminary Reservation Letter, preliminary waitlist letter or rejection letter, after ARC's approval of the staff's proposed awards and before the appeal process begins. Such letters will be scheduled to be issued after the Allocation Review Committee meets.

c. Appeal Process

Applicants wishing to appeal a determination made by Housing New Mexico with respect to their Application may do so by uploading the letter described below to Housing New Mexico's portal (link found in Section III.B.2) no later than 5 p.m. Mountain Standard Time on the 10th calendar day after the date the preliminary Reservation Letter, preliminary waitlist letter or rejection letter was emailed to the Applicant. The letter must include the following:

- Identification of the specific determination(s) being appealed;
- A description of why, based solely on the material included in the Initial Application, the General Partner or proposed General Partner believes that the determination made by Housing New Mexico is incorrect;
- Supporting documentation that the General Partner or Proposed General Partner wishes to be included in an appeals hearing booklet prepared for Allocation Review Committee consideration. Please note that Housing New Mexico's initial determination with respect to the Application will stand unless the Applicant can prove or justify, solely on the basis of materials submitted in the Initial Application, why the decision should be changed; and
- A non-refundable payment to New Mexico Mortgage Finance Authority in the amount of $5,000 for the appeal fee.

Appeal requests may only be filed by the General Partner or proposed General Partner and only one appeal may be filed with regard to an Application. Housing New Mexico's initial determination with respect to the Application will stand unless the Applicant can prove or justify, solely on the basis of materials submitted in the Initial Application, why the decision should be changed. The ARC will review the appeal and

take whatever action it deems appropriate. The decision by ARC or the Board, if the matter is referred to the Board, will be final; no further appeals will be entertained. Appeals may result in re-ranking of Projects, in rejection of previously approved Projects and/or in approval of previously rejected Projects. Once the appeals process is completed and the resulting recommendations are considered and approved by Housing New Mexico's Board of Directors, final Reservation Letters, in accordance with Section III.F.8.e, will be issued.

d. Board of Directors

The Board will make final awards for each competitive 9% tax credit allocation round (for logistical reasons the preliminary Reservation Letters, preliminary waitlist letter and rejection letters will be issued prior to the appeals process and the Board's final decisions).

On or before May 3, 2027, Applicants are required to provide a brief (approximately three minute) MP4 video. The video must highlight the proposed Project being recommended for approval by Housing New Mexico's Board of Directors. Housing New Mexico's marketing department will work with each Applicant to prepare the video. Applicants are also required to attend the Housing New Mexico Board of Directors meeting to answer any questions Board members may have regarding the Project recommended for approval. Final Reservation Letters will be issued following the Board decision. Housing New Mexico Board-approved hybrid 9%/4% projects with a pending allocation of private activity bond volume cap that is needed for the 9% Project's feasibility will receive Final Reservation Letters following approval of private activity bond volume cap. The Board will approve Projects considered to be Eligible Projects and these may include Projects for which tax credit allocations are not immediately available. If any Projects receiving a Reservation fail to meet subsequent requirements, an allocation of tax credits may be revoked and then awarded by Housing New Mexico to the next highest scoring Eligible Project(s) on the waiting list. Any conflicts of interest of Board members are to be disclosed and Board members having such conflicts will abstain from votes approving or disapproving LIHTC Projects in accordance with Housing New Mexico's policies, procedures, rules and regulations regarding conflicts of interest.

e. Notification of Approval

Successful Applicants will be notified of Housing New Mexico's allocation decision in the form of a Reservation Letter. Housing New Mexico anticipates Reservation Letters will be delivered in May 2027, shortly after approval of tax credit awards at the May 2027 Board meeting.

Reservation Letters and/or Carryover Allocations are non-transferable either to another Entity or within the same Entity where there is a change in Control or General Partner interests, except with the express written consent of Housing New Mexico, it being the explicit intention of the QAP to prevent one party from obtaining such a Reservation and/or Carryover Allocation in order to sell or broker its interest in the proposal (except for syndication purposes). Because all representations made with respect to the Project Owner, Application, Developer or related party or Entity, or any member of the development team, their experience and previous participation are material to the evaluation made by Housing New Mexico, it is not expected that Housing New Mexico's consent will be granted for such transfers unless a new Application is submitted and scores no less than the original Application, and the transfer would result in a benefit to the Project.

The processing fee and any other conditions noted in the Reservation Letter must be satisfied by the deadlines stipulated in the Reservation letter.

9. Post Award Submittals

Affirmative actions after Reservation. From the date of the Reservation, the Applicant must continue to timely remit all Tax Credit Program related fees and meet each of the deadlines specified in the Post-Award Processes and Requirements Handbook attached to and incorporated by reference to this QAP. **Housing New Mexico has no obligation to provide any further notice to Applicants of these requirements and failure to submit any one or more of the items may cause the Reservation to be terminated or the Carryover Allocation to be cancelled**. Applicants must further agree to voluntarily return their Reservations or tax credit allocations for reallocation to other Projects by Housing New Mexico if any of the deadlines in the Post-Award Processes and Requirements Handbook are not met. **All submissions must follow "Form of Submission" requirements shown in Section III.B.3.**

IV. Threshold Requirements

All tax credit Applications must meet each of the following requirements, in addition to the eligibility requirements of the Code.

A. Site Control

1. Site control for all of the property needed for the Project must be evidenced by:

a. A fully executed and legally enforceable purchase contract or purchase option and/or a written governmental commitment to transfer or convey the property to the Applicant or Developer or Project Owner by deed or lease that demonstrates Applicant or Developer or Project Owner will possess a Qualified Leasehold Interest upon execution of the lease, (collectively termed a "transfer commitment"). If a transfer commitment is submitted, the commitment must provide for an initial term lasting at least until June 30 of the year in which the allocation is made ("initial term.") This initial term must not be conditioned upon any extensions requiring seller consent, additional payments, financing approval, tax credit award or other such requirements. Similarly, the transfer commitment must not require any additional actions on behalf of Applicant during the initial term which could allow the seller/lessor to terminate the transfer commitment if the action is not fulfilled by Applicant. **If the transfer commitment requires an escrow payment or other deposit due and payable after signing, evidence that payment was received must be included in the Initial Application**; or

b. A recorded deed or recorded lease demonstrating that Applicant possesses a Qualified Leasehold Interest.

2. Site control evidence and the Application materials must show **exactly** the same names, legal description and Acquisition Costs. (Exception: In the case of To Be Formed partnerships, the relationship between the parties must be shown.) All signatures, exhibits and amendments must be included to be considered complete.

3. For 9 percent projects, at 10% test submission (August 31 of the year following the Reservation), Project Owner must submit evidence that they have taken ownership of the land or depreciable real property or has executed a lease for the land (and buildings if applicable) with a term extending at least three years beyond that of any agreed upon Affordability Period. For tribal projects, this includes a fully executed Master lease and sublease with evidence of filing with the Bureau of Indian Affairs.

B. Zoning

The Initial Application must include a letter from the local jurisdictional zoning (or planning) official stating that the current zoning of the proposed site(s) does not prohibit the proposed Project. The zoning letter must be dated no more than six months prior to the Application Deadline and indicate the specific address for the proposed Project or location of the site, if no address has been assigned. The letter

must indicate that multifamily projects are not prohibited by the existing zoning of the proposed site and that there is no pending litigation, pending variance, or unexpired appeal process relating to the zoning of the proposed site.

Projects sited on land that is not zoned, or that is zoned agricultural, are exempt from this threshold test, but must obtain zoning approval and deliver evidence of it to Housing New Mexico no later than November 15th of the year of the Reservation.

C. Fees

All fees owed to Housing New Mexico for all Projects in which Principal(s) of the proposed Project participate must be current. Fees currently due and owing must be received by Housing New Mexico by the date due.

D. Market Study

A Market Study must be submitted at Application and completed by a vendor meeting the requirements agreed upon in the Market Study Professional Certification document, found at http://housingnm.org/developers/developer-resources/market-study-requirements. The market study itself must meet the requirements and follow the methodologies identified in the National Council of Housing Market Analysts (NCHMA) Model Content Standards[6] and have been issued within 180 days of the Application submission[7]. All market studies must be issued to Housing New Mexico as the designated user. The market study must address and meet the following requirement*:

Subject Capture Rate. The market study must provide a Capture Rate, as defined in the Glossary, for the proposed Project overall, as well as Capture Rates for each targeted income level and bedroom count. The overall Capture Rate for a Project must not exceed 10%. This rate may be the subsidized rate if subsidies are secured at the time of application.

*Tribal Projects, Senior Housing, and Projects that restrict 100% of the Units to farmworkers are exempt from meeting the Capture Rate level, but they must submit a Market Study meeting the requirements outlined in the NCHMA Model Content

[6] NCHMA Model Content Standards are incorporated into this QAP as Appendix G and may be downloaded here: https://www.housingonline.com/councils/national-council-housing-market-analysts/model-content-standards/

[7] Market Studies that were issued more than 180 days but less than one calendar year prior to the Application Deadline may be updated at the market analyst's discretion. Market Studies issued one year or more prior to the Application Deadline will be rejected. A new Market Study is required.

Standards and the Market Study must indicate a need for the type and quantity of housing proposed.

If the Market Study as submitted is not sufficient, there may be an additional Market Study ordered by Housing New Mexico. The cost of this Housing New Mexico-ordered Market Study will be covered by the Applicant through the Direct Cost Fee invoiced with a deficiency correction described in Section III.F.7. It is Housing New Mexico's sole discretion whether or not the Market Study is sufficient.

E. Applicant Eligibility

All members of the development team (i.e., Developer, Project Owner, General Partner, contractor, management company, consultant(s), architect, attorney and accountant, etc.) of the proposed Project must be in good standing with Housing New Mexico and all other state and federal affordable housing agencies.

To determine eligibility, Housing New Mexico reviews publicly available information, its internal records and the following Application exhibits:

- Related party affidavits inserted at Tab 1h for the Developer, Project Owner, General Partner, contractor, consultant(s), and architect affirming they have no related party relationships; or, that all related party relationships have been properly disclosed.
- Organizational chart inserted at Tab 1i that includes all related party interests among the Developer, Project Owner, General Partner, contractor, management company, consultant(s) and architect.
- Compliance affidavit(s)[8] in the form stipulated at Tab 1l of the Application certifying the Projects owned/developed by the Principal and its Affiliate(s) have no outstanding Material Compliance Matters. Only Applicants (along with their Affiliates) with no outstanding Material Compliance Matters are eligible to participate in the 9% LIHTC round.
- Development team resumes inserted at Tab 12 to determine capacity to perform in the role proposed. Considerations may include related

[8] Applicants shall attach a complete list of all Projects in which the Principal and/or its Affiliate(s) have experience. The schedule of experience required shall be in the form of a recent real estate owned schedule provided to a lender, a HUD Form 2530, or other similar form that includes the experience of the Principal completing the compliance affidavit. The schedule of experience shall include every project that is Placed In Service for which the Principal has a financial interest and that the Principal developed without an ownership participation. Projects that are planned or under development may be included but are not required. If the experience of any Principal differs from the Applicant and/or General Partner, a separate schedule of experience is required for that Principal.

experience, financial capacity, performance history, references, management and staff, among others.

Housing New Mexico may reject an Application under the following circumstances relating to the Project Owner or other Principal, or any development team member:

- debarment from HUD, Housing New Mexico or other federal housing programs,
- bankruptcy, criminal indictments or convictions,
- poor performance on prior Housing New Mexico or federally-financed Projects, including:
    - (late payments of any Housing New Mexico fees or loan payments within the 18-month period prior to the Application Deadline,
    - misuse of reserves and/or other Project funds,
    - default,
    - fair housing violations,
    - Material Compliance Matter with the terms of a LURA on a Project controlled by an Affiliate, or
    - failure to meet Housing New Mexico development deadlines or documentation requirements.

Housing New Mexico may conduct its own related party search utilizing Secretary of State websites, online searches, or other means to ensure all related parties have been properly disclosed. An Application may be rejected or substitutions requested if the development team or any member thereof is unsuitable and/or undisclosed related parties are identified as determined by Housing New Mexico.

F. Financial Feasibility

Applications must demonstrate that the Project meets all requirements in the Housing New Mexico Universal Underwriting Supplement.

G. Pre-Application Requirements

1. Intent to Submit- Applicants must submit an Intent to Submit a Tax Credit Application and Development Synopsis on or before December 21, 2026. This submission is a mandatory requirement for the 2027 competitive LIHTC Application round; Housing New Mexico will not accept an Application prior to receipt of this submission. Information contained within the Intent to Submit will be posted on the Housing New Mexico website following submission.

2. Housing New Mexico allows all Applicants for the 2027 competitive LIHTC Application round to meet with Housing New Mexico staff to discuss their Project. (Staff is not able to discuss scoring but is available to discuss underwriting issues and gap financing questions.) Meetings must take place ahead of the FAQ closing date.

3. A representative of the development team (Board member, officer, director, commissioner or staff) must have attended the most recent Housing New Mexico QAP training prior to submitting the Application. If the proposed owner entity includes a qualified, nonprofit organization, New Mexico Housing Authority (NMHA), Tribally Designated Housing Entity (TDHE), Tribal Housing Authority (THA) or government entity, a member of that organization must have attended as well to claim points under Project Selection Criterion A.

V. Scoring Criteria

Housing New Mexico uses the following scoring criteria to rank Applications. By providing information and documentation in the Application, the Applicant is committing to the representations made in the Application, regardless of whether points are awarded.

The following table summarizes the available points that are available to Applications that meet each of the criteria:

	Criterion	Points
A	Nonprofit, NM Housing Authority, TDHE, THA or Government Entity Ownership	Tier 1: Up to 5 points Tier 2: Up to 3 points Tier 3: 2 points
B	Locational Efficiency	Up to 6 points
C	Rehabilitation Project	Up to 5 points
D	Sustaining Affordability	6, 8, or 10 points
E	Income Levels of Tenants	12, 14, or 16 points
F	Projects that Incorporate Market Units	2 points
G	Projects Committed to a Longer Extended Use Period	Up to 8 points
H	Households with Special Housing Needs Housing Priority	Up to 5 points
I	Projects Reserved for Seniors Housing Priority	Up to 5 points
J	Projects with Children Housing Priority	Up to 4 points
K	Leveraging Resources	Up to 10 points

L	Marketing Units to Households Listed on Public or Indian Agency Waiting Lists	2 points
M	QCT/Concerted Community Revitalization Plan	3 or 5 points
N	Projects with Units Intended for Eventual Tenant Ownership	2 points
O	Projects with Historic Significance	2 points
Q	Efficient Use of Tax Credits	1, 3, or 5 points
R	Non-Smoking Properties	4 or 6 points
S	Adaptive Reuse Projects	2 points
T	Underserved Communities	Up to 9 points
U	Other Scoring Points Available	Up to 6 points

A. Nonprofit, New Mexico Housing Authority (NMHA), local Tribally Designated Housing Entity (TDHE), Tribal Housing Authority (THA) or Government Entity Ownership

Tier 1: Local Qualified Nonprofit Organizations (as defined in the Glossary), NMHAs, TDHEs, THAs and government entities that demonstrate financial capacity by having net worth/net assets of at least $1,000,000 will qualify for **four points** when there is no for-profit developer participation in the Project. Nonprofits, NMHAs, TDHEs, THAs and government entities with net worth/net assets below $1,000,000 may partner as a co-developer with a local Qualified Nonprofit Organization with at least $1,000,000 in net worth/net assets.

Tier 2: Qualified Nonprofit Organizations that do not meet the Glossary's definition of Local Qualified Nonprofit Organization but demonstrate strong financial capacity by having net worth/net assets of at least $1,000,000 will qualify for **two points** when there is no for-profit developer participation in the Project. Nonprofits, NMHAs, TDHEs, THAs and government entities with net worth/net assets below $1,000,000 may partner as a co-developer with a qualified, non-profit organization with at least $1,000,000 in net worth/net assets.

Tier 3: For-profit developers who partner with a Qualified Nonprofit Organization that will own at least 51% of the General Partner interest and receive a minimum of 10% of the Developer Fee will qualify for **two points**. The Developer Fee calculation is made before any reduction for consultant fees. The Application must include an agreement between the for-profit developer and the Qualified Nonprofit Organization that documents the fee-split arrangement and how the Qualified

Nonprofit Organization will "materially participate (within the meaning of section 469(h)) in the development and operation of the project throughout the compliance period." (See IRC Section 42(h)(5)(B))

Right of First Refusal: If the Qualified Nonprofit Organization, NMHA, TDHE, THA or government entity will receive a First Right of Refusal described in IRC Section42(i)(7) as certified in the certificate inserted at Tab 16g, Applications qualifying for points under Tier 1 or Tier 2 are eligible for **one additional point**. A true and complete copy of the operating or partnership agreement of the owner of the project shall be provided to Housing New Mexico as of both the closing of the financing for the construction of the project (i.e., with the submission of the 10% Test) and the submission of a Final Allocation Application for a Form 8609, in each case for Housing New Mexico's review to confirm that such agreement includes the First Right of Refusal.

Additional requirements to receive points under this scoring criterion:

- To qualify for points under Tier 1 and Tier 2, the Applicant, developer and any co-developer(s) must all be Qualified Nonprofit Organizations. The General Partner or Managing Member of the owner Entity receiving the tax credits and operating the development through the Compliance Period and Extended Use Period must be the Developer or its sole purpose Affiliate. The Qualified Nonprofit Organization cannot be formed by a member (or an Affiliate) of a Development Team member or by one or more individuals of for-profit entities for the principal purpose of qualifying for points under this selection criterion. Applicant must provide information on the owners, directors, officers, and any Person with a Controlling Interest in itself, its general partner and the owners of the general partner.
- To qualify for points under any Tier, the Application must include evidence that a representative of the qualified, nonprofit organization, NMHA, TDHE, THA or government entity (board member, officer, director, commissioner or staff) has attended the most recent Housing New Mexico QAP training prior to submitting the Application.
- Net worth/net assets must be substantiated by Certified Public Accountant or audit firm-reviewed or audited year-end financial statements for the most recent past two years each Qualified Nonprofit Organization or General Partner whose financials are being relied upon to meet the minimum net worth/net assets.
- New Mexico Qualified Nonprofit Organization(s) requesting points under this scoring criterion must provide evidence that the New Mexico Qualified Nonprofit Organization's registration is current and up to date on the New Mexico

Department of Justice Registry of Charitable Organizations found at https://secure.nmdoj.gov/CharitySearch/.

- If more than one Qualified Nonprofit Organization is participating in the Project, the Application must include an operating plan for the Project covering the role of each Qualified Nonprofit Organization, their roles in developing and managing the project, including the portion of the Developer fee each will earn, control of Project reserves, strategy for maintenance, replacement and renovation, and oversight of marketing and of compliance with IRC Section 42.

B. Locational Efficiency

Projects located in proximity and connected to 1) services or 2) public transportation are eligible for up **to six points** in total.

In addition to completing the Locational Efficiency Scoring Worksheet included in the Application Package, separate maps for each amenity and location of transportation claimed for points must be submitted. Each of the maps shall be used to illustrate the Project's compliance with the Locational Efficiency criteria. Maps must show actual walking distance from site to each amenity and public transportation stop with a dotted line.

Proximity to Services (2 Points)

Locate the Project within these set distances from the designated number of facilities in the table below:

General: a 1-mile walk distance to at least three facilities, or a 2-mile walk distance to at least six facilities. For the 1-walk distance facilities, at least one of these facilities must be a supermarket, farmer's market or other food store with produce. For the 2-mile walk distance facilities, at least two of these facilities must be in the Retail or Services categories below and one must be a supermarket, farmers market or other food store with produce.

Rural / Tribal: A 5-mile walk/drive distance to at least two facilities. At least one of these facilities must be a supermarket, farmers market or other food store with produce.

Projects seeking to use Rural / Tribal Locational Efficiency criteria must provide a map indicating the location of the proposed Project. Rural Projects are defined as any Project outside of the defined Urban Areas as defined in the Glossary, Section IX. Initial Applications that do not include a map demonstrating eligibility for Rural / Tribal classification will be scored using the General Locational Efficiency criteria.

Retail	Services	Civic and Community Facilities
Supermarket Other food store with produce Farmers market Clothing store or department store selling clothes Hardware store Pharmacy Other retail	Bank Gym, health club, exercise studio Hair care Laundry, dry cleaner Restaurant, cafe, diner	Adult or senior care (licensed) Child care (licensed) Community or recreation center Cultural arts facility (museum, performing arts) Educational facility (including K-12 school, university, adult education center, vocational school, community college) Entertainment venue (theater, sports) Government office that serves public on-site Place of worship Medical clinic or office that treats patients Police or fire station Post office Public library Public park

Access to Public Transportation (2 or 4 Points)

General and Rural / Tribal (2 points) Locate Project within a 1-mile walk distance of commuter bus (i.e. not Greyhound) or commuter rail stop in Urban Areas and 2-mile walk distance of commuter bus (i.e., not Greyhound) or commuter rail stop outside Urban Areas. Public transportation must be established and provided on a fixed route with scheduled service. Existing "on call" transportation programs on tribal land that provide the users a choice of local destinations, regardless of their residency in the Project, shall be considered "public transportation" for purposes of this Project Selection Criterion. A future promise to provide transportation service does not satisfy this Project Selection Criterion.

Frequent Transportation (4 points) Locate Project within a 0.25-mile walk distance of commuter bus stop. Public transportation must be established and provided on a fixed route with frequent scheduled service (defined as: any series of three or more single direction stops hourly or more frequent than every 1 hour, Monday - Friday).

C. Rehabilitation Projects

The Project Selection Criterion applies to the rehabilitation of Low-Income apartment Units or the conversion of Market Rate apartment Units to Low-Income Units. These

scoring points are not available in a combined new construction and rehabilitation Project wherein the Application is categorized as new construction as discussed in Section I.D.2.

To be eligible for points under this criteria, Projects must incur average rehabilitation Construction Costs of $25,000 per Unit or more for Moderate Rehabilitation or $45,000 per Unit or more for Substantial Rehabilitation (see Section IX Glossary for definitions), and more than 20 years must have elapsed since issuance of certificates of occupancy or the Units were Placed In Service and/or it has been 20 years since the Project's prior rehabilitation utilizing tax credits as a source of funding was finished and those Units were Placed In Service (together, this prerequisite is referred to as the "20-year requirement.")

For rehabilitation Projects meeting the above threshold criteria, the following points are available for a Project that exceeds the 20-year requirement as follows:

≥ 21 years - 1 point
≥ 23 years - 2 points
≥ 25 years - 3 points
≥ 27 years - 4 points
≥ 29 years - 5 points

Applicants must submit at time of Application sufficient documentation to establish that it satisfies the 20-year requirement with respect to the age of the Project or date of completion of last rehabilitation utilizing tax credits as a source of funding. This documentation may be in the form of certificate(s) of occupancy or property tax records. In the case of a Project with a previous tax credit allocation, the completed Form 8609's (with Part II First Year Certification completed) and recorded LURA must be submitted at the time of Application.

These points can be awarded in conjunction with points under sustaining affordability.

Housing New Mexico reserves the right to request additional information or documentation regarding the scope of work.

D. Sustaining Affordability

1. Projects which meet one of the criteria listed below are eligible for **10 points**:

    a. Previously subsidized existing Projects that are currently restricted, but for which use restrictions are to expire on or before December 31, 2029, or

b. Existing Projects that are currently subsidized and eligible for prepayment and termination of their use agreement or LIHTC projects that are eligible to make a Qualified Contract request or

c. Existing Projects that are at imminent risk of conversion to market rate or

d. Projects currently without federal rental assistance that will have a new federal rental assistance contract covering at least 75% of all Units.

2. Projects that have an existing federal rental assistance contract covering at least 75% of all Units (or those Projects utilizing a conversion of existing federal rental assistance) are eligible for **eight points**.

3. Projects that have or will have a federal rental assistance contract covering at least 20% of all Units are eligible for **six points**.

All Projects must document the proposed rents with published payment standards.

Projects with existing federal rental subsidies (e.g., CoC, RD, HUD HAP) who propose post-rehabilitation rents in the Initial Application must document the anticipated rents with a Rent Comparability Study submitted with the Initial Application. Projects not requesting post-rehabilitation rents in the Initial Application may use the current OCAF-based rents or published payment standards based on current FMRs.

Anticipated federal rental subsidies (e.g., CoC, RD, NAHASDA etc.) must be similarly documented as fully secured to the Project itself, including the number of project-based vouchers allocated to the Project, in order to score under this criterion.

For example, anticipated federal rental assistance contracts from housing authorities must show they are adequately secured through the presentation of specific items:

- A copy of the PHA administrative plan which describes the selection procedures for owner submission of PBV and for PHA selection of PBV proposals
- A copy of the published public notice of the PBV proposal selected
- If the proposal selected is for PHA-owned Units, a copy of the HUD field office or HUD-approved independent Entity's determination that the PHA-owned Units were appropriately selected

(If the proposal is selected based on a previous competitive award, Housing New Mexico would require documentation that the proposal meets the criteria for selection without additional competition.)

E. Income Levels of Tenants

An Application may qualify for **up to sixteen (16) points** for rent and income restricting a Project for the Affordability Period at the levels identified below.

For Projects proposing to use the 40-60 election under §42(g)(1)(B) of the Code, that propose that the percentage of all LIHTC Units at the Project that are reserved for households at or below 50% of Area Median Income will be at least:

	Percentage of LIHTC Units at 50% AMI or below in an Urban Area	Percentage of LIHTC Units at 50% AMI or below in a Non-Urban Area
16 points	40%	25%
14 points	30%	15%
12 points	25%	10%

Projects proposing to use the 20-50 election under §42(g)(1)(A) are only eligible for the 16-point category in the table above.

For Projects proposing to use the Average Income election under §42(g)(1)(C) of the Code, that propose an average income of all LIHTC Units that is at or below the following percentage:

	Average Income for the proposed Project in an Urban Area will be this percent or below	Average Income for the proposed Project in a Non-Urban Area will be this percent or below
16 points	54%	55%
14 points	55%	56%
12 points	56%	57%

Those Projects electing the Average Income Election must include at least 5% of their Units above 60% of Area Median Income.

Projects that receive points under Income Levels and utilize the Average Income election may not receive points under Project Selection Criterion F below.

F. Projects that Incorporate Market Rate Units

Projects that incorporate Market Rate Units equal to at least 15% of the total Units are eligible for **two points**.

Projects that utilize the Average Income election above may not receive points under Projects that Incorporate Market Rate Units.

G. Projects Committed to a longer Extended Use Period

Projects committing to at least a 35-year Affordability Period (15-year initial Compliance Period plus at least a 20-year Extended Use Period) are eligible for **up to 8 points** based on the length of the Affordability Period indicated in the table below. This election must be indicated on page 1 of the Universal Rental Development Application inserted at Tab 2.

Affordability Period Duration	Total Points
35 Years	5
40 Years	6
45 Years	7
50 Years	8

This commitment will be enforced through a Land Use Restriction Agreement (with a joinder for a leasehold interest.

H. Households with Special Housing Needs Housing Priority

Applications requesting points under this scoring criterion are not eligible for points under scoring criteria I (Projects Reserved for Seniors Housing Priority) or J (Households with Children Housing Priority).

Due to restrictions within the USDA program, this Project Selection Criterion is not available to Projects involving USDA-RD rental assistance.

1. Threshold Requirements

Projects are eligible for up to five points described below under *2. Scoring Points Available*, if all of the following threshold requirements are met.

Twenty percent or more of total Units are reserved for Households with Special Housing Needs (see definition in Glossary), and

- at least 10% of the total Units in the Project must be rent-restricted at 30% of Area Median Income (AMI), **or**

- have secured (at time of Initial Application) permanent rental subsidy support with a project-based federal rental assistance contract that ensures residents do not pay rent in excess of 30% of their adjusted income.

The Application includes a Service Coordination Plan that demonstrates satisfaction of items a, b, c and d below.

Applicant certifies to Housing New Mexico that it will meet the reporting requirements described in the Low-Income Housing Tax Credit Compliance Plan.

a. Fair Housing

All Projects shall comply with Federal Fair Housing requirements. Any limitation or preference must not violate nondiscrimination requirements. A limitation does not violate nondiscrimination requirements if the Project also receives funding from a federal program that limits eligibility to a particular segment of the population (e.g., Housing Opportunity for Persons Living with AIDS program, the Section 202 and Section 811 programs or the Housing for Older Persons Act).

b. Service Coordination

i. A minimum of four hours per week of onsite Service Coordination provided by the service coordinator for properties with up to 20 Units set aside for Households with Special Housing Needs, with an additional one hour per week for every five Units over 20. Service coordinator must be in addition to the property manager and property management site staff. Duties of the service coordinator include, but are not limited to:
   - Providing residents with information about available onsite and community services;
   - Assisting residents in accessing available services through referral and advocacy;
   - Arranging for access to transportation; and
   - Organizing community-building and/or other enrichment events for residents (i.e. holiday events, resident counsel, etc.)

ii. Adequate space to meet with residents that provides for confidential conversations and maintenance of secure records.

iii. Appropriate space reserved for the delivery of supportive services.

iv. Access to telephone and internet services when meeting with residents for the purpose of coordinating services. Use of a smart phone and tablet is acceptable.

v. Meeting with residents requiring services within 60 days of move-in and semi-annually thereafter.

vi. Provide follow-up as needed to address residents' needs.

vii. Conduct an annual survey regarding need for and satisfaction or dissatisfaction with the service coordination, including coordinated services.

c. Coordinated Services-

i. Immediately following the issuance of a certificate of occupancy, implementation of at least two services/programs to be offered on-site on a monthly or quarterly basis.

ii. Services must be actively linked to the Project, not simply available to the community-at-large (e.g., senior center, head start) unless the on-site space where the program is held qualifies as a community service facility under the Code.

iii. Services must be provided to residents at little or no cost, which must be reasonable in Housing New Mexico's sole discretion. Any cost for services must be accounted for separately from rent. Services may not be provided by property management staff. In limited circumstances some services may be provided by the service coordinator. Appropriate services will do one or more of the following:

- Increase resident knowledge of and access to available services.
- Help residents maintain stability and avoid eviction.
- Build life skills.
- Increase household income and assets.
- Increase health and wellbeing.
- Improve educational success of children and youth.

iv. Examples of services that meet the threshold requirement are listed below, but other services will be considered. One of the two services must be provided at least quarterly by qualified personnel.

- Literacy/language training;
- Personal safety (fire, identity theft, scams, drug awareness, self-defense, etc.);
- Financial fitness (budgeting, money management, credit counseling, entitlement assistance/benefits counseling, etc.);
- Income and asset building (job coaching, homebuyer education);
- Life skills (communication skills, conflict resolution/mediation training, training in personal hygiene, self-care and housekeeping, etc.).

Note that any services selected to meet threshold for this Project Selection Criterion shall not be eligible for any of the five points described in *2. Scoring Points Available* below.

d. Marketing

i. Applicants shall provide a narrative explaining how Units will be marketed and made available to Households with Special Housing Needs. This plan shall describe the following:
   - The manner in which all proposed marketing and outreach will be performed and encouraged in connection with locating and confirming Special Housing Needs applicants, including any assistance to be provided in connection with the Application process, move-in process and resident's rights education.
   - The process for maintaining and updating a waiting list of Special Housing Needs applicants eligible to reside in a Special Housing Needs Unit.
   - How the Project will liaise with a Special Housing Needs applicant/resident in order to facilitate communication to help residents maintain stability and avoid eviction.

ii. Project Applicant shall agree that Special Housing Needs Units shall not be rented to other non-Special Housing Needs households unless the Unit has been marketed by the Project Owner and/or Management Company for 30 days from Placed In Service or Substantial Completion date, date notice to vacate is received for occupied Units, or date vacancy was established when no notice was received.

e. Service Coordination Budget

The proposed Project annual operating budget must include sufficient costs to cover the selected services and be detailed out in the submitted budget for serving this Households with Special Housing Needs Housing Priority provided in detail within the service budget submitted in the Initial Application at Tab 20c.

f. Evidence of Service Provider Capacity

- Application must include a letter from the qualified service provider that:
  - Briefly describes their experience providing the service committed in the Application, which shall not be less than three years; and
  - Describes the staffing capacity to provide the service committed in the Application; and
  - Affirmatively states, that should the Application receive a reservation of tax credits, that the service provider will provide the committed service, including

- A description of the service(s) to be provided;
- An acknowledgement that the service will be delivered on-site at the property;
- the frequency that the service will be provided;
- which staff position will provide the direct service; and
- the fee, if any, to the property and/or residents.

- The letter must be memorialized in a memorandum of understanding or service contract before the 50% completion meeting as described in the Post-Award Processes and Requirements Guide.

g. Land Use Restriction Agreement

The requirements of this scoring criterion and any services proposed in the Application will be enforced through a provision in the LURA, regardless of whether points are awarded. Services must be provided throughout the Affordability Period and must not allow for more than a 30-day gap in services provided. Project Owner must notify Housing New Mexico within seven days of the termination of service agreements/contracts. The Project will be determined to be out of compliance if the requirements of the LURA are not met (e.g., if a new service contract is not timely executed or services are altered without Housing New Mexico's advance approval).

2. Scoring Points Available (up to 5 points):

Applicants may choose from the following services to qualify for up to 5 points for providing services.	
Food pantry - onsite, or contiguous and accessible to the property and of adequate size with reasonably sufficient quantities of food, both perishable and non-perishable.	2
Free transportation services to support medical and social service needs – minimum 2 days per week. Bus passes are not sufficient to satisfy this scoring item.	5
Health promotion/disease prevention/wellness classes or blood pressure or other health screening- provided at least every two months onsite and provided by a qualified service provider. Any health services must be provided by a licensed individual or organization. Examples include substance abuse counseling, crisis prevention and intervention, mental health counseling/therapy, etc.	3

Quarterly on-site or online security awareness training (social media safety, phishing, vishing, smishing, pretexting, password safety, fake login pages, suspicious emails, VPNs, PII, QR Codes, and other scams)	1
Case management services – provided onsite by a qualified service provider to a majority of the Special Housing Needs residents on a voluntary and as-needed basis but at least quarterly.	5
Other - Housing New Mexico approved service. Must be approved by Housing New Mexico in writing one month before Application Deadline and will be posted on the FAQ section of the Housing New Mexico website.	1-2 Points each as deemed appropriate

I. Projects Reserved for Seniors Housing Priority

Applications requesting points under this scoring criterion are not eligible for points under scoring criteria H (Households with Special Housing Needs Housing Priority) or J (Households with Children Housing Priority).

1. Threshold Requirements

These points benefit Projects specifically designated as Senior Housing. Projects are eligible for **up to five points** described below under *2. Scoring Points Available*, if all of the following threshold requirements are met.

"Senior Housing" means Projects that qualify for an exemption from familial status discrimination under the Fair Housing Act. To qualify for this exemption, Projects must be:

• Provided under any state or federal program that HUD has determined to be specifically designed and operated to assist elderly Persons (as defined in the state or federal program); or

• Intended for, and solely occupied by Persons 62 years of age or older; or

• Intended and operated for occupancy by Persons 55 years of age or older in compliance with the Housing for Older Persons Act (HOPA), 24 CFR Part 100 Final Rule.

a. Fair Housing

All Projects shall comply with Federal Fair Housing requirements. Any limitation or preference must not violate nondiscrimination requirements. A limitation does not violate nondiscrimination requirements if the Project also receives funding from a

federal program that limits eligibility to a particular segment of the population (e.g., the Section 202 program or the Housing for Older Persons Act).

Applicants requesting Housing for Seniors Housing Priority points are required to submit a Fair Housing Act Certification.

b. Service Coordination

The Applicant must indicate in the Initial Application which enrichment services will be provided, including a list of any proposed fees for services. Fees must be reasonable in Housing New Mexico's sole determination.

i. A minimum of five hours per week of onsite Service Coordination provided by the service coordinator. The service coordinator must be in addition to the property manager and property management site staff. Duties of the service coordinator include, but are not limited to:
- Providing residents with information about available onsite and community services;
- Assisting residents in accessing available services through referral and advocacy;
- Arranging for access to transportation; and
- Organizing community-building and/or other enrichment events for residents (i.e. holiday events, resident counsel, etc.)

ii. Adequate space to meet with residents that provides for confidential conversations and maintenance of secure records.

iii. Appropriate space reserved for the delivery of supportive/enrichment services.

iv. Access to telephone and internet services when meeting with residents for the purpose of coordinating services. Use of a smart phone and tablet is acceptable.

v. Meeting with residents requiring services within 60 days of move-in and semi-annually thereafter.

vi. Provide follow-up as needed to address residents' needs.

vii. Conduct an annual survey regarding need for and satisfaction or dissatisfaction with the service coordination, including coordinated services.

c. Coordinated Services

i. Enrichment services that are optional to the residents must be implemented within the first 90 calendar days following the issuance of a certificate of occupancy.

ii. Services must be actively linked to the Project, not simply available to the community-at-large (e.g., senior center, Head Start) unless the on-site space where the program is held qualifies as a community service facility under the Code.

iii. Services must be optional and provided to residents at little or no cost, which must be reasonable in Housing New Mexico's sole discretion. Any cost for services must be accounted for separately from rent. Services may not be provided by property management staff. In limited circumstances some services may be provided by the service coordinator.

d. Service Coordination Budget

The proposed Project annual operating budget must include sufficient costs to cover the selected services and be provided in detail within the service budget submitted in the Initial Application at Tab 21c.

e. Evidence of Service Provider Capacity

- Application must include a letter from the qualified service provider that:

  o Briefly describes their experience providing the service committed in the Application, which shall not be less than three years; and

  o Describes the staffing capacity to provide the service committed in the Application; and

  o Affirmatively states, that should the Application receive a reservation of tax credits, that the service provider will provide the committed service, including

    - a description of the service(s) to be provided;
    - an acknowledgement that the service will be delivered on-site at the property;
    - the frequency that the service will be provided;
    - which staff position will provide the direct service; and
    - the fee, if any, to the property and/or residents.

  o The letter must be memorialized in a memorandum of understanding or service contract before the 50% completion meeting as described in the Post-Award Processes and Requirements Guide.

f. Land Use Restriction Agreement

The requirements of this scoring criterion and any services proposed in the Application will be enforced through a provision in the LURA, regardless of whether points are awarded. Services must be provided throughout the

Affordability Period and must not allow for more than a 30-day gap in services provided. Project Owner must notify Housing New Mexico within seven days of the termination of service agreements/contracts. The Project will be determined to be out of compliance if the requirements of the LURA are not met (e.g., if a new service contract is not timely executed or services are altered without Housing New Mexico's advance approval).

2. Scoring Points Available (up to 5 points)

Housing priority and design requirements met (must be met to be eligible for further points in this category)	Required
Community building and all Units incorporate Universal Design (must be evidenced in plans and specifications)	3 points
Service enrichment scoring (requires service coordinator for point awards):	
Providing one prepared meal on a daily basis, available to all tenants at little or no cost to tenants	2 points (congregate meals) 1 point (meal service)
Bi-monthly health and nutrition education. Examples include, but are not limited to, fitness classes, walking programs, seminar instruction on cooking for one, information on the Supplemental Nutrition Assistance Program (SNAP.)	1 point
Quarterly blood pressure or other health screening	1 point
Quarterly technology training (setting up smart phones and wearable health trackers, tablet instruction, social media training, computer training, internet browsing, taking and sharing photos, downloading apps, assessing online privacy, technology set-up assistance such as connecting modems)	1 point
Social events designated to provide engaging activities for residents "build community" such as holiday potlucks, arts and crafts events, book clubs, creative writing, bingo and other games, field trips to the movies or a museum or other place of interest, etc. Bi-monthly or six per year. This must include alternative methods for socializing incorporating social distancing. (qualified service provider not required)	1 point
Beyond Financial Literacy – financial counseling and tax preparation-educational programs to occur quarterly and focus on one or more of the following topics: budget counseling, financial planning assistance, credit score counseling, avoiding credit traps, income tax preparation in partnership with CPAs or a VITA program or local community college.	1 point

Gardening: delivery of at least four monthly gardening classes per year during the growing season by a qualified instructor plus provision of gardening space of at least three square feet per Unit for at least 50% of the Units in the Project.	1 point
Estate Planning and End of Life Planning – educational programs to occur quarterly and focus on one or more of the following topics: 1) estate planning 101 – what is and do you need the following: advance health care directive (living will;) durable power of attorney for healthcare and HIPAA release; durable power of attorney for finances; a will and revocable living trust; 2) What is hospice and does Medicare cover this?; 3) Probate: what is it and how to avoid it; and 4) funeral planning.	1 point
Semi-annual on-site eligibility screening and/or application assistance for Medicaid and/or Medicare	1 point
Quarterly on-site or online security awareness training (social media safety, phishing, vishing, smishing, pretexting, password safety, fake login pages, suspicious emails, VPNs, PII, QR Codes, and other scams)	1 point
Other - Housing New Mexico approved service. Must be approved by Housing New Mexico in writing one month before Application Deadline and will be posted on the FAQ section of the Housing New Mexico website.	1-2 Points each as deemed appropriate

J. Households with Children Housing Priority

Applications requesting points under this scoring criterion are not eligible for points under scoring criteria H (Households with Special Housing Needs Housing Priority) or I (Projects Reserved for Seniors Housing Priority).

1. Threshold Requirements

Households with Children Housing Priority Projects are eligible for up to four points described below under *2. Scoring Points Available*, if all of the following threshold requirements are met.

Twenty-five percent of all Units are reserved for Households with Children.

The Applicant must provide a description of the Project's specific design elements that serve the needs of Households with Children.

In addition to meeting the Design Standards, for new construction Projects, at least:

- 10% of the total Units must have three or more bedrooms with at least two bathrooms, one of which must contain four pieces (bathtub, shower (or

bathtub/shower combo), sink, and toilet) and the other must contain at least three pieces (sink, toilet and bathtub or shower)

- and a further 15% of the total Units must have two bedrooms with at least two bathrooms, one of which must contain four pieces (bathtub, shower (or bathtub/shower combo), sink, and toilet) and the other must contain at least three pieces (sink, toilet and bathtub or shower).

For rehabilitation Projects, at least:

- 30% of the total Units must have at least two bedrooms.

For Projects that combine rehabilitation and new construction:

- All newly constructed two- and three or more-bedroom Units must have two bathrooms, one of which must contain four pieces (bathtub, shower (or bathtub/shower combo), sink, and toilet) and the other must contain at least three pieces (sink, toilet and bathtub or shower)

- Two- and three- or more bedroom Units must be added until the percentages required for new construction Projects are met for the Project overall.

a. Fair Housing

All Projects shall comply with Federal Fair Housing requirements. Any limitation or preference must not violate nondiscrimination requirements. A limitation does not violate nondiscrimination requirements if the Project also receives funding from a federal program that limits eligibility to a particular segment of the population (e.g., Housing Opportunity for Persons Living with AIDS program, the Section 202 and Section 811 programs or the Housing for Older Persons Act).

b. Service Coordination

i. A minimum of five hours per week of onsite Service Coordination provided by the service coordinator. The service coordinator must be in addition to the property manager and property management site staff. Duties of the service coordinator include, but are not limited to:
   - Providing residents with information about available onsite and community services;
   - Assisting residents in accessing available services through referral and advocacy;
   - Arranging for access to transportation; and
   - Organizing community-building and/or other enrichment events for residents (i.e. holiday events, resident counsel, etc.)

ii. Adequate space to meet with residents that provides for confidential conversations and maintenance of secure records.
iii. Appropriate space reserved for the delivery of supportive/enrichment services.
iv. Access to telephone and internet services when meeting with residents for the purpose of coordinating services. Use of a smart phone and tablet is acceptable.
v. Meeting with residents requiring services within 60 days of move-in and semi-annually thereafter.
vi. Provide follow-up as needed to address residents' needs.
vii. Conduct an annual survey regarding need for and satisfaction or dissatisfaction with the service coordination, including coordinated services.

c. Coordinated Services

i. Enrichment services that are optional to the residents must be implemented within the first 90 calendar days following the issuance of a certificate of occupancy.
ii. Services must be actively linked to the Project, not simply available to the community-at-large (e.g., senior center, head start) unless the on-site space where the program is held qualifies as a community service facility under the Code.
iii. Services must be optional and provided to residents at little or no cost, which must be reasonable in Housing New Mexico's sole discretion. Any cost for services must be accounted for separately from rent. Services may not be provided by property management staff. In limited circumstances some services may be provided by the service coordinator.

d. Service Coordination Budget

The proposed Project annual operating budget must include sufficient costs to cover the selected services and be provided in detail within the service budget submitted in the Initial Application at Tab 22c.

e. Evidence of Service Provider Capacity

- Application must include a letter from the qualified service provider that:
    - Briefly describes their experience providing the service committed in the Application, which shall not be less than three years; and
    - Describes the staffing capacity to provide the service committed in the Application; and

- Affirmatively states, that should the Application receive a reservation of tax credits, that the service provider will provide the committed service, including

  - a description of the service(s) to be provided;
  - an acknowledgement that the service will be delivered on-site at the property;
  - the frequency that the service will be provided;
  - which staff position will provide the direct service; and
  - the fee, if any, to the property and/or residents.

- The letter must be memorialized in a memorandum of understanding or service contract before the 50% completion meeting as described in the Post-Award Processes and Requirements Guide.

f. Land Use Restriction Agreement

The requirements of this scoring criterion and any services proposed in the Application will be enforced through a provision in the LURA, regardless of whether points are awarded. Services must be provided throughout the Affordability Period and must not allow for more than a 30-day gap in services provided. Project Owner must notify Housing New Mexico within seven days of the termination of service agreements/contracts. The Project will be determined to be out of compliance if the requirements of the LURA are not met (e.g., if a new service contract is not timely executed or services are altered without Housing New Mexico's advance approval).

2. Scoring Point Available (Up to four points)

Housing priority and design requirements met (must be met to be eligible for further points in this category)	Required
Service enrichment scoring (requires service coordinator for point awards):	
Bi-monthly health and nutrition education, including but not limited to, fitness classes, walking programs, seminar instruction on meals in minutes.	1 point
Semi-annual CPR training	1 point
Quarterly blood pressure or other health screening	1 point
Quarterly technology training (setting up smart phones and wearable health trackers, tablet instruction, social media training, computer training, internet browsing, taking and sharing photos, downloading apps, assessing online privacy, technology set-up assistance such as connecting modems)	1 point

Quarterly on-site or online security awareness training (social media safety, phishing, vishing, smishing, pretexting, password safety, fake login pages, suspicious emails, VPNs, PII, QR Codes, and other scams)	1 point
Weekly tutoring during school year	1 point
Quarterly job training, search assistance and/or placement	1 point
Gardening: delivery of at least four monthly gardening classes per year during the growing season by a qualified instructor plus provision of gardening space of at least three square feet per Unit for at least 50% of the Units in the Project.	1 point
Food resources program: a monthly program offering two of the following: 1) assistance and referral with applications for SNAP, (USDA), 2) youth summer lunch program (USDA) (daily when school is not in session) or 3) after-school snack program twice a week.	1 point
Youth character building: a program occurring at least quarterly that will provide teens with group education covering a range of topics including drug prevention, self-defense, safe internet behavior, non-violence and teen dating, teambuilding, goal setting, basic teen financial literacy and referral to job training and alternative education resources.	1 point
Beyond financial literacy: financial counseling and tax preparation; educational programs to occur quarterly and focus on one or more of the following topics: budget counseling, financial planning assistance, credit score counseling (restoring credit and avoiding credit traps), homebuyer education and down payment assistance, income tax preparation in partnership with a certified public accountant or VITA program or community college.	1 point
Other - Housing New Mexico approved service. Must be approved by Housing New Mexico in writing one month before Application Deadline and will be posted on the FAQ section of the Housing New Mexico website.	1-2 Points each as deemed appropriate

K. Leveraging Resources

Up to 10 points are available for eligible contributions to the Project described in this Project Selection Criterion. Points awarded shall correspond to the percentage of Total Development Cost (TDC) contributed. Only whole points will be awarded with the point value rounded down to the nearest percentage point; thus at least 1% of TDC must be contributed. For example, a Project that provides leverage of 2.3% of TDC, is eligible for two points, a Project that provides leverage of 5.7% of TDC is eligible for five points, etc., up to 10 points. The value of the contribution must be listed as a source on Schedule A-1 and, when not a cash contribution, as a cost on Schedule A.

Any percentage of contribution claimed, for which points are awarded, will continue to be monitored and tested by Housing New Mexico and shall be contributed prior to the issuance of Form 8609(s).

The following contributions are eligible if they do not include any form of hard debt and they are irrevocably and permanently contributed to the Project. Soft debt shall not include any required payments during the Compliance Period (see definition in Glossary) and shall not include a higher interest rate than the Applicable Federal Rate in effect when the loan is closed.

- Unrelated private third party with no ownership interest in the Project or affiliation with the Developer:

  Cash grant: submit a copy of the formal resolution of the third-party's board of directors or other Controlling party irrevocably binding the grantor to contribute a specific amount of cash with no obligation for repayment, which may only be conditioned upon receipt of a LIHTC reservation.

  Donated land and/or buildings: submit a copy of the formal resolution of the third-party's board of directors or other Controlling party along, a title report evidencing that the unrelated private third party owns the land and/or building(s) with an "As-is" appraisal evidencing the value of the donation dated no earlier than six months prior to the Application date that was completed by an MAI appraiser licensed in New Mexico. The value in the appraisal that will be acceptable for points must assume that any existing use restrictions will remain in place. The entire value of the vacant land or developed land with improvements must be donated to earn points.

- General Partner:

  Deferred Developer Fee: submit a letter from the General Partner confirming the amount of the Developer fee to be deferred. To be eligible for points, the pro forma (as confirmed by Housing New Mexico) supports repayment of deferred fee by year 15. Any deferred fee that cannot be repaid in 15 years will not be considered a contribution and will not count in Eligible Basis.

  Donated land and/or buildings: submit a copy of a contract binding the General Partner to donate the land and/or building(s) that is conditioned only upon receipt of a LIHTC reservation, a title report evidencing that the General Partner owns the land and/or building(s) and an "As-is" appraisal evidencing the value of the donation dated no earlier than six months prior to the Application date that was completed by an MAI appraiser licensed in New Mexico. The value in the appraisal that will be acceptable for points must assume that any existing use restrictions will remain in place. The entire value of the vacant land or developed land with improvements must be donated to earn points.

Loaned Sales Proceeds: submit a copy of a contract binding the General Partner to loan the entire proceeds from the sale of the land and (if existing) building(s) to the Project's owner Entity (Partnership) at an interest rate that does not exceed the Applicable Federal Rate as of the date of transfer to the Partnership with no payments until the 15-year Compliance Period has expired. The contract may only be conditioned upon receipt of a LIHTC reservation. In addition, submit a title report evidencing that the General Partner owns the land and/or building(s) and an "As-is" appraisal evidencing the value of the land and (if existing) building(s) dated no earlier than six months prior to the Application date that was completed by an MAI appraiser licensed in New Mexico. The value of the appraisal that will be acceptable for points must assume that any existing use restrictions will remain in place.

- Government (federal, state or Local Government):

  Cash or soft loans not requiring payment during the 15-Year Compliance Period: submit a letter from the Government Entity awarding the funds that includes the amount and terms of the funding along with evidence that the award has been approved by the applicable government (such as city council meeting minutes) contingent only upon receipt of a reservation of LIHTC.

  Construction permit fee waivers: submit a letter signed by an authorized representative of the Local Governmental Entity describing the legal basis for imposing the permit fee(s) and the amount of the permit fee(s) to be waived.

  Land and/or buildings: submit a copy of the contract contributing the land and/or building(s) between the governmental Entity and the Developer or the proposed Project Owner (if duly formed) along with an "As-is" appraisal evidencing the value of the land and/or buildings dated no earlier than six months prior to the Application date that was completed by an MAI appraiser licensed in New Mexico. The value in the appraisal that will be acceptable for points must assume that any existing use restrictions will remain in place and include the value of any leasehold interest, if applicable. Contributions may be in the form of:

  - donation of an entire parcel of land and any improvements thereon;
  - lease of an entire parcel of land through the Extended Use Period for a nominal amount (i.e., $1 per year).

- Local tribal governmental Entity, tribal housing Entity or tribal council:

Cash or soft loans not requiring payment during the Affordability Period: submit a letter from the tribal Entity awarding the funds that includes the amount and terms of the

funding along with evidence that the award has been approved by the applicable tribal government Entity (such as tribal council resolution) contingent only upon receipt of a reservation of LIHTC.

Contributions of Native American Trust Land: to claim points insert a certified copy of the tribal council resolution. Contributions of Native American Trust Land qualify for five points.

The following contributions do not qualify for points under this Project Selection Criterion:

- Tax abatements
- Cost paid by prior owner to remediate land and/or buildings (or other similar cost)
- Tax-exempt bond financing
- Housing New Mexico funding (e.g., HOME, NM Housing Trust Funds, federal Housing Trust Fund)
- Non-verifiable or non-measurable sources not based upon an existing fee schedule (e.g., in-kind contributions)
- Any source requiring any hard debt payment during the Affordability Period
- Contributions made more than two years prior to the Application Deadline
- Donations of the proceeds of a loan of a capitalized lease payment

L. Marketing Units to Households Listed on Public or Indian Agency Waiting Lists

Projects providing a commitment to market the Units to households listed on public or Indian housing agency waiting lists are eligible for **two points** under this criterion. A letter to the Public Housing Authority (PHA) or Tribally Designated Housing Entity (TDHE) that serves the jurisdiction of the proposed site verifying this commitment is required to obtain points for this criterion.

M. QCT/Concerted Community Revitalization Plan

Projects are eligible for **3 points** if the Project is located within the geographic boundaries covered by a Concerted Community Revitalization Plan (CCRP) as that term is defined in the Glossary **and** the development of the proposed Project contributes to the CCRP by engaging in a housing activity promoted in the CCRP.

A CCRP is defined as: a metropolitan redevelopment plan as defined in NMSA 1978 Section 3-60A-4 prepared and enacted by a local, county or tribal government prior to the Application Deadline **or** other formal plan that:

- was enacted or adopted by a local, county or tribal government prior to the Application Deadline, **and which**

- identifies barriers to community vitality and promotes specific concerted revitalization activities within a subarea of the jurisdiction having distinct geographic boundaries, **and which**
- contains more housing components than the LIHTC Project itself, **and which**
- **is not** a jurisdiction's HUD 5-year Consolidated Plan or Annual Action Plan, **and which**
- **is not** the jurisdiction's Affordable Housing Plan submitted to qualify under NMSA 1978 Section 6-27-3, **and which**
- **is not** the jurisdiction's general plan or other zoning ordinance.

The Project is eligible for an **additional 2 points** if eligible for these 3 points (above) and it is located in a QCT.

For scattered site Projects, all of the scattered sites comprising the Project need to be located in a QCT and/or located in an area covered by a CCRP, and all sites must contribute to the CCRP to be eligible for points.

N. Projects with Units Intended for Eventual Tenant Ownership

Projects in which all the Units are intended for eventual tenant ownership are eligible for **two points** under this criterion, Projects are limited to single family, duplex, four-plex or townhome style projects, that may be easily separated from other Units.

These points may not be awarded in combination with points under Projects Committed to an Extended Use Period.

The Project must be designed and designated at the time of Application for eventual home ownership and demonstrate that the design will meet the subdivision and building code requirements, including fire department requirements of the Local Government that exist at the time of the Carryover Allocation Request Deadline, as evidenced by a letter from the Local Government. All Units must be individually-metered utilities and located on public streets. This commitment will be evidenced by submission of a long-range Tenant Conversion Plan at Initial Application and will be documented in the LURA.

The following conditions generally apply:

- Intention to convert must be expressed in writing at the time of Application;
- Applicant must submit a comprehensive plan that includes, but is not limited to, provisions for repair or replacement of heating system, water heater, and roof prior to sale; limitation on equity upon subsequent sales; homeownership classes for potential

homebuyers; and requirements for extent of stay in rental Unit to be eligible for purchase;

- Purchaser must occupy Unit as primary residence;
- Units must be initially marketed to existing rental residents, including residents in Market Rate Units. Remaining Units not sold to existing renter households must be sold to households earning 80% or less of AMI; and
- The Tenant Conversion Plan, which must be reasonably acceptable to Housing New Mexico in order to receive points under this category, must be implemented on or before one (1) year prior to the termination of the Compliance Period. Please see definition of Tenant Conversion Plan in Section IX.

O. Projects with Historic Significance

Projects certified on the National Register of Historic Places (i.e., meeting the criteria for Part 1 Approval for Historic Tax Credits) are eligible for **two points** under this criterion. For scattered site Projects, the total Gross Square Feet of the Historic Property must equal or exceed 10% of the proposed total Project Gross Square Feet.

P. Efficient Use of Tax Credits

Projects are eligible for 1, 3, or 5 points based on the criteria listed below. For purposes of this Project Selection Criterion, new construction Projects include Adaptive Reuse Projects.

To qualify for points, the Project must request fewer tax credits than the amounts listed in the following tables for the applicable project type:

Tribal Projects:

New Construction Projects			
	5 Points	3 Points	1 Point
Low-Income Unit AND	$29,692.70	$31,426.46	
Low-Income Square Foot	$27.81	$30.51	
Low-Income Unit OR			$29,692.70
Low-Income Square Foot			$27.81
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$27,526.54	$29,043.58	
Low-Income Square Foot	$24.32	$26.70	
Low-Income Unit OR			$27,526.54
Low-Income Square Foot			$24.32

Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$25,358.30	$26,659.66	
Low-Income Square Foot	$20.87	$22.87	
Low-Income Unit OR			$25,358.30
Low-Income Square Foot			$20.87

Permanent Supportive Housing Projects:

New Construction Projects			
	5 Points	3 Points	1 Point
Low-Income Unit	$29,692.70	$31,426.46	N/A
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit	$27,526.54	$29,043.58	N/A
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit	$25,358.30	$26,659.66	N/A

Non-Permanent Supportive Housing comprised of at least 80% efficiency and/or one-bedroom Units.

New Construction Projects			
	5 Points	3 Points	1 Point
Low-Income Unit AND	$28,946.57	$30,604.99	
Low-Income Square Foot	$27.81	$30.51	
Low-Income Unit OR			$28,946.57
Low-Income Square Foot			$27.81
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$26,873.28	$28,325.30	
Low-Income Square Foot	$24.32	$26.70	
Low-Income Unit OR			$26,873.28
Low-Income Square Foot			$24.32
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$24,798.96	$26,043.55	
Low-Income Square Foot	$20.87	$22.87	
Low-Income Unit OR			$24,798.96
Low-Income Square Foot			$20.87

All Other Projects:

New Construction Projects			
	5 Points	3 Points	1 Point
Low-Income Unit AND	$28,946.57	$30,604.99	
Low-Income Square Foot	$26.60	$29.17	
Low-Income Unit OR			$28,946.57
Low-Income Square Foot			$26.60
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$26,873.28	$28,325.30	
Low-Income Square Foot	$23.26	$25.55	
Low-Income Unit OR			$26,873.28
Low-Income Square Foot			$23.26
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$24,798.96	$26,043.55	
Low-Income Square Foot	$19.96	$21.88	
Low-Income Unit OR			$24,798.96
Low-Income Square Foot			$19.96

For the purpose of this criterion, low-income square footage means the sum of each building Gross Square Feet multiplied by the Project's Applicable Fraction and includes the Gross Square Feet of common space allocated to low-income use. Square footage of commercial space, garages and structured parking are excluded for the purposes of this calculation.

Applicants may request fewer credits than the Project is otherwise eligible for to obtain points in this category, however, Projects must meet underwriting guidelines for financial feasibility. Projects that were awarded points for the Efficient Use of Credits Project Selection Criterion may not apply for additional tax credits if circumstances change unless the subsequent Application results in the same scoring range under Efficient Use of Credits when combined with the scoring range in the Initial Application. In other words, a subsequent request for additional tax credits shall not be granted if Applicant received points for the Efficient Use of Credits in a prior round and now exceeds the efficient use of credits scoring ranges when evaluating both Applications as one single Application. An exception to this is in the event of a Casualty, in which case additional tax credits may be considered. See Section VII.B. for additional requirements concerning supplemental tax credits and the definition of a Casualty.

Q. Non-Smoking Properties

All LIHTC Projects are required to participate in the New Mexico Smoke-Free at Home program. More information on the Certification programs may be found at https://www.smokefreeathomenm.org/get-certified-today/. In order to receive Certification, Applicants will be required to complete three steps as detailed on the Smoke-Free at Home website, including the submission of a Letter of Intent, a Lease Addendum, and a Violation Policy. Projects are eligible for scoring points as follows provided the Certification described below is obtained and proof of certification is submitted with the Project's 8609 Application:

1. Projects agreeing to participate in and obtain the Smoke-Free at Home NM Platinum Certification (new construction Projects which do not allow any smoking or use of electronic cigarettes at any time on any part of the property) (**6 points**);
2. Projects agreeing to participate and obtain the Smoke-Free at Home NM Gold Certification (applies to, rehabilitation and/or Adaptive Reuse Projects and no smoking or use of electronic cigarettes is permitted at any time on any part of the property) (**6 points**);
3. Projects agreeing to participate and obtain the Smoke-Free at Home NM Silver Certification (applies to new construction, rehabilitation and/or Adaptive Reuse Projects and does not allow smoking or use of electronic cigarettes inside any of the Units and common areas, nor within 25 feet of all entry ways and windows of the building. (**4 points**)

The Project must have appropriate space for the provision of smoking cessation classes.

R. Adaptive Reuse Projects

Projects eligible for points for Rehabilitation Projects are not eligible for points under this criterion.

Projects which will involve the conversion of an existing building that was not initially constructed for residential use to multifamily residential rental Units (i.e., apartment Units) are eligible for **two points**. Projects involving the conversion of motel rooms, hotel rooms, dormitories, convents, etc. are considered Adaptive reuse and not rehabilitation.

In combined new construction and Adaptive Reuse Projects, converted space must account for at least 20% of the sum of each Building's Gross Square Feet. The separation of conversion costs and new Construction Costs must be designated in the Application on separate Schedule A and D (i.e., the Application must include a Schedule A and D for

the entire Project, a Schedule A and D for the rehabilitation/conversion costs and a Schedule A and D for the new Construction Costs.) All schedules must reconcile.

S. Underserved Communities

Up to nine additional points are available to a Project meeting any one or more of the following criteria:

1. The Project involves newly constructed Units totaling 35 Units or less, and does not contain any rehabilitation or Adaptive reuse in Project scope and the Market Study supports need for the Project (**3 points**); or
2. The Project is to be located in a town, municipality, or Census Designated Place (CDP) with a population less than 16,000 people pursuant to data published by the 2020 U.S. Census Bureau, and the Market Study supports need for the Project (**3 points**);
3. The Project is to be located in a town or municipality with no "active" LIHTC Projects. "Active" is defined as a town or municipality for which a LIHTC award (9% as evidenced by a reservation letter and inclusion of Housing New Mexico's list of 9% projects on its website and/or 4% LIHTC as evidenced by issuance of a 42(m) letter and inclusion on Housing New Mexico's list of 4% projects posted on its website on or before the Application Deadline) was made in the last five (5) calendar years and the Market Study supports need for the Project (**3 points**);

T. Other Scoring Points Available

Up to six additional points are available to a Project meeting any one or more of the following criteria:

(i) Deep Affordability:

a. **The Project is not in the housing priority for Households with Special Housing Needs** and targets extremely low income residents, which includes income and rent restricting at least 5% of total Units in the Project to residents earning 30% or less of Area Median Income, which Units may have permanent rental subsidy support with a project-based federal rental assistance contract that ensures residents do not pay rent in excess of 30% of their adjusted income or

b. **For Projects in the Special Housing Needs housing priority category**, the Project restricts an additional 5% of the total Units in the Project to residents earning 30% or less of Area Median Income, which Units may

have permanent rental subsidy support with a project-based federal rental assistance contract that ensures residents do not pay rent in excess of 30% of their adjusted income.

In either case, Applicants must indicate on the Application form and Schedule B, Unit Type and Rent Summary, the applicable Units that will be rent-restricted at 30% of AMI and include a copy of the applicable federal rental assistance contract. (**3 points**)

(ii) Project's resident selection criteria contain a preference for active duty, Honorably Discharged, or retired US military Veterans (**3 points**). This scoring criterion requires pre-approval from HUD for Projects with project-based Section 8 contracts. (Projects with existing Section 8 contracts must provide a copy of the request to HUD along with all accompanying supporting documents.)

VI. Underwriting Criteria

Requirements regarding cost limits, Feasibility Analysis and financial considerations, and tax credit calculations are stipulated in Appendix C (Housing New Mexico's Underwriting Supplement) attached to and incorporated by reference into this Qualified Allocation Plan.

VII. General

A. Additional Credits for Projects with Partial Allocations

If there are fewer tax credits available for a Project than the amount necessary for financial feasibility, Housing New Mexico may elect to forward allocate the remaining tax credits necessary for feasibility through a Binding Commitment.

B. Additional Supplemental Tax Credits for Cost Increases

Projects with increased Eligible Basis resulting from increases in Hard Construction Costs may apply for additional tax credits in a subsequent allocation round prior to issuance of an IRS Form 8609. Only one additional tax credit allocation will be permitted by Housing New Mexico for any given Project. The total amount of tax credits for the Project (including those previously awarded) shall not exceed the total credits available in Section II.B of this QAP. The Project must continue to meet the

QAP requirements, including Design Requirements, from the year of the original award and the supplemental tax credits will not extend the Placed In Service deadline for the original award. However, the August 31st deadlines found in the Post-Award Processes and Requirements Handbook will be extended to the federal statutory deadline for the Ten Percent Test based on the date of the Carryover Agreement for the original award.

Applicants must submit the Intent to Submit a Tax Credit Application described in Sections III.A and IV.G.a by December 21, 2026 and the streamlined Application described below by the Application Deadline for the 2027 9% round. Applicants will be limited to an additional 10% of the original 9% LIHTC awarded and the supplemental tax credits may reduce the number of tax credits awarded in the 2027 round, as requests for supplemental tax credits will not compete against other Projects in the 2027 9% round.

The streamlined Application will include:

- an updated Application Form;
- updated Schedules A-F;
- updated financing commitments from all financing sources; and
- a narrative with documentation that the supplemental tax credits are required due to an unforeseeable hardship or emergency situation where the completion of the Project is jeopardized without an award of additional tax credits.

The Application must demonstrate that:

- the Project has not previously received supplemental tax credits;
- the development contingency has been exhausted;
- the Applicant was not eligible for additional Housing New Mexico gap financing from any other source;
- the Developer made reasonable attempts to secure financing from other sources;
- the Developer fee has been deferred to the extent which would allow for repayment through Project cash flow within 15 years;
- the Project was value engineered, where possible, to reduce construction costs; and
- that the Project, as currently structured, would not have caused the Project to be ineligible for an award during the competitive round in which it was first awarded

credits. Thus, if the score under the Efficient Use of Credits for the original application would have been reduced, the Project will be eligible for the supplemental credits, so long as the reduced score would not have caused the original application to be ineligible for an award in that round.

Applicants who need additional tax credits for financial feasibility and do not qualify for supplemental tax credits under the conditions above may return the previous valid tax credit allocation and submit a full Application to compete in the 2027 9% round.

An exception to the number of supplemental credits and/or the need to maintain eligibility in the original round may be made for Projects undergoing an unforeseen Casualty event, as defined in the Glossary. Supplemental credits in excess of 10% of the original award due to an unforeseen Casualty event must be approved by the Housing New Mexico Board.

C. New Allocations to Projects Previously Subsidized with Tax Credits

Existing Projects that previously received tax credit allocations and are eligible under Code Section 42(d)(2) for new acquisition tax credits may apply for a current allocation. However, because of prior subsidy investment in the Project and the scarcity of the resource and to ensure that the subsidy is not being used primarily for ownership transfer, previously subsidized Projects must demonstrate: 1) a real risk of loss of affordable Units, and 2) an addition of significant improvements and services to enhance livability for the tenants. These may qualify for standard tax credit applicable percentages.

D. Recycled Allocations

Property Owners may find information regarding the process to return a valid allocation of tax credits to receive an allocation of tax credits from the current tax year's tax credit ceiling in the Post-Award Processes and Requirements Handbook.

E. Property Standards

All Projects must conform to the 2027 Mandatory Design Standards for Multifamily Housing, which are hereby incorporated into this QAP at Appendix D.

F. Termination of Reservations or Rejection of Applications

Any of the following events or actions on the part of the Applicant at any time subsequent to the Initial Application may cause the Application to be rejected or the Reservation to be terminated in Housing New Mexico's sole discretion:

1. Loss of site control or site change

2. Submission of any false or fraudulent information in the Application or in other submissions

3. Failure to meet the conditions and directives in this QAP, the Reservation Letter, and all appendices to this QAP.

4. Subsequent regulations issued by U.S. Department of Treasury or the IRS pertaining to the Code

5. Failure to promptly notify Housing New Mexico of any material or adverse changes in the facts of the original Application pursuant to Section VII.G below

6. Instances of non-compliance continuing beyond the specified cure period on Applicant's or Principal's other Projects

7. Any other change which would alter the original scoring of the Application or which was not approved in advance by Housing New Mexico

8. Debarment from HUD, Housing New Mexico or other federal programs, bankruptcy, criminal indictments or convictions, poor performance on prior Housing New Mexico or HUD-financed Projects (including but not limited to late payments within the 18 month period prior to the Application Deadline, misuse of reserves and/or other Project funds, default, fair housing violations, non-compliance [e.g. with the terms of LURAs on other Projects,] failure to meet development deadlines or documentation requirements) on the part of any development team member or Project Owner or Principal

9. Change in the federal Set-Aside Election or other set-aside proposed in the Initial Application, subsequent to the Application Deadline

G. Notifications to Housing New Mexico of Change to the Project

It is Applicant's responsibility to notify Housing New Mexico immediately, in writing, of any changes to the Project subsequent to submission of an Application, including the changes listed below and any other material changes, by requesting Housing New Mexico's approval of such changes. Failure to notify Housing New Mexico may result in the rejection of an Application or loss of a Reservation or tax credit allocation. Approval of such changes will be made in Housing New Mexico's sole discretion and the change may result in a change in the tax credit amount or other action by Housing New Mexico. A $500 fee payment is required at the time of the request for approval of any changes in accordance with Section III.C. Applicants/Project Owners will not be allowed to make changes to a Project that would result in a change to any of the specific items for which points were requested, unless extraordinary and well-

documented circumstances would warrant it, and changes must be approved by Housing New Mexico. Any such change(s) to a Project that would require a re-scoring or re-evaluation which causes the Project's score to fall below its original score may cause the LIHTC allocation to be rescinded.

Examples of changes of which Housing New Mexico must be notified:

1. Site control or rights of way are lost or at risk of loss;

2. Project costs change in excess of 5% of the Total Development Cost shown in the Carryover Allocation Application Package;

3. Applicant obtains additional subsidies or financing other than those disclosed in the Carryover Allocation Application Package; or loses subsidies or financing included in the Carryover Application Package, and/or the amount of any such financing or subsidy changes by greater than or equal to 10% from the amount shown in the Carryover Allocation Application Package;

4. Development cost contributions made by a state, local or tribal governmental Entity are reduced, increased, withdrawn or substituted with other types of contributions than the ones originally proposed in the Application;

5. The syndication payment timing and/or net proceeds change from those stated in the Carryover Allocation Application Package;

6. The parties [other than the limited partner(s) formation] involved in the ownership Entity as represented in the Application change;

7. Changes to Project design, Unit design, square footage, Unit mix, number of Units, number of buildings changes, amenities, parking quantities, landscaping scope, energy performance, water usage, quality of construction or specification;

8. A change in any enrichment service provider and/or change in type of enrichment service to be provided;

9. The general contractor or other member of the original development team changes;

10. Any fire or other natural disaster occurring at or near the Project site; or

11. Any other factor deemed material by Housing New Mexico in its reasonable judgment.

H. Notice Provisions

Housing New Mexico will typically provide notice to Applicants through certified mail, courier service or e-mail transmission. Consequently, correct street addresses, e-mail addresses and phone numbers must be provided clearly in the Application form. **Such notices will be provided only to the Contact Person(s) shown in the Application form. Housing New Mexico will not be responsible for any consequences that may result from the Applicant's inability to receive notice from Housing New Mexico due to a change in Contact Person information, or other contact information i.e., address or phone number, that was not reported to Housing New Mexico**.

I. Applications are Public Records

All information contained in Applications to Housing New Mexico are public records subject to inspection under state and federal open records laws. In addition, Housing New Mexico may share information and details obtained from Applications with other public agencies.

After award, all Applications are open to the public for inspection and copying. Applicants must redact confidential and personal identifier information from documents if the information is not specifically required by Housing New Mexico.

Applicant agrees to indemnify Housing New Mexico from any claims arising from or related to Housing New Mexico's disclosure or nondisclosure of materials submitted to Housing New Mexico related to the Application.

J. Attorney Fees

Any and all attorney fees incurred by Housing New Mexico in the course of contract development, negotiations, project reviews, loan conditions, ownership changes, changes to the Project or other project-specific legal expenses will be reimbursed by the Project or Developer. In any litigation, arbitration or other proceeding arising from, as a result of or pursuant to this QAP and/or the resulting tax credit allocation round, selection process or award determinations, Housing New Mexico, if it is the prevailing party, shall be entitled to be awarded its reasonable attorney fees, costs and expenses incurred from the opposing party, regardless of which party initiated the litigation, arbitration or other proceeding.

K. Future Year's Binding Commitments

Housing New Mexico staff shall have the authority to advance allocate up to $300,000 in future year's tax credits to Board-approved Eligible Projects. However, advance allocations are made solely at Housing New Mexico's discretion and no

advance allocation may be made to any Project whose tax credit amount is not at least 50% funded by the current year's Annual Credit Ceiling without Housing New Mexico Board approval. Future year commitments in excess of $300,000 in any given year must also be approved by the Board. Any advance allocation will require the Applicant to execute a Binding Commitment, as drafted by Housing New Mexico and agree to the dates and timeframes required in this QAP.

L. Disaster Relief Allocations

The Board will retain the authority to allocate current or future year's tax credits at any time and in any amount to Projects approved by the Board that are intended to alleviate housing shortages in communities affected by declared and natural disasters.

M. Audit Requirements

Beginning with issuance of the Reservation Contract and Reservation Letter by Housing New Mexico and during the entire term of the Compliance and Extended Use Periods, Housing New Mexico may perform an audit or other related procedures of any Project that has received an allocation of tax credits. Projects selected for audit or other related procedures may be chosen at random or based on Housing New Mexico's discretion.

An audit or other related procedure may include, but is not limited to:

- an on-site inspection of all buildings;
- a review of all records and certifications and other documents supporting criteria for which the Project Owner received points in the Application for an allocation of tax credits.
- audit of all costs of a Project, including invoices, all third-party contracts, e.g., construction contract(s), management contract(s), architect and other professional contract(s), all construction pay applications and back up documentation (including, but not limited to, subcontractor invoices), and any other documents deemed necessary to perform the above;
- an audit of records of the process used to select general contractors (including any RFPs and Proposals).
- A review of written communication with selected general contractor regarding required Cost Certification upon Project completion.

N. Compliance Plan

Federal law requires Housing New Mexico to develop and implement a compliance-monitoring program for completed Projects that have received LIHTCs. A compliance

plan contained in a manual has been developed and is available to the Project Owners at Housing New Mexico's website, www.housingnm.org.

VIII. Tax Credit Monitoring and Compliance Plan Summary

A. General Requirements

Federal law requires Housing New Mexico to develop and implement a compliance-monitoring program for completed Projects that have received LIHTCs. A compliance plan contained in a manual has been developed and is available to the Project Owners at Housing New Mexico's website, www.housingnm.org. Compliance Monitoring is required for a minimum of 15 years after receipt of a tax credit allocation. Each Project Owner has chosen to utilize LIHTCs to take advantage of the tax benefits provided. In exchange for these tax benefits, certain requirements must be met so that the Project will benefit Low-Income Tenants.

Project Owners will be required to submit a quarterly report to Housing New Mexico for each of the first four calendar quarters after a Project is Placed In Service. At that time, if the Project is determined to be in compliance with the Code, reports may be filed on an annual basis with Housing New Mexico's approval. Project Owners will be required to submit to Housing New Mexico a copy of all federal form 8609's, including schedule A, filed with the IRS in the first year that credits are claimed and at any subsequent time as requested by Housing New Mexico. Housing New Mexico reserves the right, in its sole discretion, to require such additional reports and/or records as Housing New Mexico reasonably determines are necessary.

Beginning three (3) years prior to the expiration of rent restrictions:

- Project Owners shall notify existing tenants in writing of the date when the Project's long-term use restrictions will expire. If the Project Owner fails to timely issue the notice, each existing tenant's rent shall remain restricted until such time as each existing tenant receives three years notice of the expiring use restrictions.
- Notify all new tenants in writing of the date when the Project's long-term use restrictions will expire concurrent with signing a lease to move into the property. If the notice is not signed by the tenant with the lease, the tenant's rent restriction shall be extended for the number of days the notice was delayed.

Project Owners shall maintain copies of each notice with documentation of the date that the tenant received the notice.

B. Inspections

Housing New Mexico will conduct on-site inspections of all buildings in the low-income housing Project and will review low-income certifications by the end of the second calendar year following the year the last building in the low-income housing Project is Placed In Service; and at least once every 3 years thereafter. The minimum number of Low-Income Units that must be included in the random samples on which Housing New Mexico will conduct physical inspections or low-income certification review is the lesser of the applicable REAC number or 20 percent of the Low-Income Units in the Project, rounded up to the next whole number.

Each inspection will include a review of the Project's low-income certifications, supporting income documentation, leases, rent records (including utility documentation) and Unit inspections in at least the minimum Unit sample size of the Project's Set-Aside Units and a physical inspection of the entire Project (interior and exterior). In mixed-use and mixed-income properties, 100% of the Units may be monitored. If Projects are determined to be in noncompliance, site visits may occur more often. Housing New Mexico will provide the owner written notification at least 15 days in advance of scheduled inspections.

Housing New Mexico will also inspect, as applicable to the property, compliance with service coordination plans and service coordinator office hour requirements, enrichment services, coordinated services, etc. committed to under the Households with Children Housing Priority, Households with Special Housing Needs Housing Priority, Projects Reserved for Seniors Housing Priority and the PSH category under the Underserved Populations set-aside.

During the Extended Use Period, Housing New Mexico reserves the right, under the provisions of the Code and the Project's LURA, to perform an audit of any Project that has received an allocation of tax credits. This audit will include an on-site inspection of all buildings and a review of all tenant records and certifications and other documents supporting criteria for which the Project Owner received points in the Application for an allocation of credits.

C. Recordkeeping and Record Retention

Under the provisions of the tax credits, the Project Owner will be required to keep records as defined below for each building within a particular Project. These records must be retained by the Project Owner for a minimum of six years beyond the Project Owner's income tax filing date for that year. However, first-year Project records must be maintained for six years beyond the tax filing date of the final year of the Project's

eligibility for tax credits. The Project Owner must report to Housing New Mexico, through Housing New Mexico's Web Compliance Management System (WCMS), annual audited property financial statements within 120 days of the close of the Project's fiscal year, as well as annual operating budgets. On a monthly basis, the Project Owner must provide tenant income certifications and property vacancy data using the WCMS online system. In addition, the Project Owner must maintain records for each qualified low-income building in the Project showing:

1. The total number of residential Units in the building (including the number of bedrooms and size in square feet of each residential Unit)
2. The percentage of residential Units in the building that are Set-Aside Units
3. The rent charged on each residential Unit in the building (including utility allowances)
4. The number of occupants in each residential Unit in the building
5. The Low-Income Unit vacancies in the building and documentation of when and to whom the "next available Units" were rented
6. The income certification of each Low-Income Tenant
7. The documentation to support each Low-Income Tenant's income certification
8. The Eligible Basis and Qualified Basis for each building
9. The character and use of any nonresidential portion of the building included in the building's Eligible Basis (this includes separate facilities such as clubhouses or swimming pools whose Eligible Basis is allocated to each building)
10. Additional documentation and reporting as required by federal regulation
11. Additional documentation and reporting as required by Housing New Mexico

Failure to annually report is deemed as noncompliance and is reportable to the IRS.

D. Annual Certification Review

It is the responsibility of the Project Owner to annually certify to Housing New Mexico that the Project meets the requirements of the Code, whichever set-aside is applicable to the Project. Failure to make this certification is deemed as noncompliance and is reportable to the IRS. This annual certification requires the Project Owner to certify that:

1. The Project meets the minimum requirements of the set-aside election

2. If the Project is an Average Income Test project, the owner has met the qualified group of units to satisfy the Average Income Test. The owner has met the qualified group of units to determine the applicable fraction. There have been no changes to the unit designation this year.

3. There has been no change in the Applicable Fraction (as defined in Section 42(c)(1)(B) of the Code) for any building in the Project.

4. The owner has received an annual Tenant Income Certification from each Low-Income Tenant and documentation to support that certification, or the owner has obtained self-certifications based on HERA rules.

5. Each Low-Income Unit is rent restricted under Section 42(g)(2) of the Code.

6. All low-income units in the project are and have been for use by the general public and used on a non-transient basis (except for transitional housing for the homeless provided under Section 42 (i)(3)(B)(iii) of the Code).

7. No finding of discrimination under the Fair Housing Act, 42 U.S.C 3601-3619, has occurred for this project. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C 3616a(a)(1), or an adverse judgment from a federal court.

8. Each building in the project is and has been suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low income unit in the project.

9. There has been no change in the eligible basis (as defined in Section 42(d) of the Code) of any building in the project since last certification submission.

10. All tenant facilities included in the eligible basis under Section 42(d) of the Code of any building in the project, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups, and appliances were provided on a comparable basis without charge to all tenants in the buildings.

11. If a low-income unit in the project has been vacant during the year, reasonable attempts were or are being made to rent that unit or the next available unit of

comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income.

12. If the income of tenants of a low-income unit in any building increased above the limit allowed in Section 42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size in that building was or will be rented to residents having a qualifying income.

13. An extended low-income housing commitment as described in Section 42(h)(6) was in effect, including the requirement under Section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s. Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher and the project otherwise meets the provisions, including any special provisions, as outlined in the extended low-income housing commitment (not applicable to buildings with tax credits from years 1987-1989).

14. The owner received its credit allocation from the portion of the state ceiling set-aside for a project involving "qualified non- profit organizations" under Section 42(h)(5) of the code and its Non-Profit entity materially participated in the operation of the development within the meaning of Section 469(h) of the Code.

15. There has been no change in the ownership or management of the project.

16. The owner has obtained accurate, allowable, current utility allowances for use in the calculation of rents for the project. In addition, the owner acknowledges this process to be an annual requirement of the LIHTC program and certifies to adhere to this requirement for the duration of the compliance period for the project.

17. For the proceeding 12-month period (pursuant to IRS Revenue Ruling 2004-82) the owner has complied with §42(h)(6)(E)(ii)(I) that an existing tenant of a low-income unit has not been evicted or had their tenancies terminated for anything other than good cause.

18. The owner has complied with § 42(h)(6)(E)(ii)(II) and not increased the gross rent above the maximum allowed under § 42 with respect to any low-income unit.

19. The project has complied with the Violence Against Women Act (VAWA), which provides protections for residents and applicants who are victims of domestic violence, dating violence or stalking, and any other situation or incidence mandated by VAWA. Compliance requirements mandated by VAWA include, but

are not limited to, honoring civil protection orders, eviction protection and bifurcation of lease when necessary.

20. The owner has received an annual Student Self Certification for each low-income household.
21. The owner is compliance with all agency mandated tenant protections and any applicable protections required by state or local landlord-tenant laws or rules
22. The owner continues to comply with all terms it agreed to in its application for Credit authority, including all federal and state-level program requirements and any commitments for which it received points or other preferential treatment in its application.
23. The property has not suffered a casualty loss resulting in the current displacement of residents.
24. The owner has not initiated foreclosure or instrument in lieu of foreclosure since the completion of the last Certification of Continuing Program Compliance.
25. If applicable, the property has completed the annual service coordination requirements per the LURA including on site office hours, providing coordinated services and conducting an annual survey.
26. If applicable, the property has completed PSH Commitment to Quality checklist for every Permanent Supportive Housing for each qualified household.
27. If applicable, the property has provided all required service enrichments according to the schedule listed in the LURA with lapses in services no greater than 30 days and has current Memorandums of Understanding with all Service Providers.
28. The property is incompliance with the Smoke Free at Home Program.
29. If applicable, the property has all required special needs units filled or offered all vacancies that came available in the last year to the Local Lead Agency on a priority basis in compliance with requirements for the Special Needs Housing Priority.

As an exception, only for RD Projects, Housing New Mexico may accept a certification from RD that income is based upon annual tenant certifications/re-certifications and that third party verification has been obtained. This certification will be in a form that is acceptable to both RD and Housing New Mexico. Project Owners must furnish RD certifications annually, verifying that Projects are in compliance with the Code.

Tax-exempt bond financed Projects in which 50% or more of the aggregate basis is funded with the proceeds of bond financing may also be exempt, in Housing New Mexico's discretion, from many of the certification and review provisions outlined within this document. The monitoring and certification guidelines for these Projects must be in a form that will satisfy those agencies issuing the bonds and Housing New Mexico. The Project's monitoring procedures must, at a minimum, satisfy the compliance guidelines set forth by the Code.

Projects which are 100% allowable for tax credit purposes (i.e., all Units are income and rent restricted at 60% of AMI or lower or 80% of AMI or lower with an average income of 60% AMI or lower for Average Income Projects) and that have no other financing requiring annual income re-certifications may also be exempt pursuant to HR 3221. Project Owners must furnish Housing New Mexico certifications annually, verifying that Projects are in compliance with the Code, as well as any other data that Housing New Mexico may require per our monitoring and compliance guidelines.

The Project Owner of any exempted Project must certify to Housing New Mexico on an annual basis that the Project is in compliance with the requirements for RD assistance, tax credits or the tax-exempt bond financing guidelines, as applicable, and that all requirements of the Code are also being met. The Project Owner must inform Housing New Mexico of any noncompliance or if Project Owner is unable to make one or more of the required certifications.

E. Compliance Review

Housing New Mexico may elect to subcontract the monitoring procedure to other agents. In doing so, Housing New Mexico would designate the subcontractor as the compliance-monitoring agent who would perform Housing New Mexico's function.

In the event that any noncompliance with the Code is identified, a discrepancy letter entitled "Notice of Non-Compliance," detailing the noncompliance will be forwarded promptly to the Project Owner and the management company of the Project. The Project Owner must then respond in writing to Housing New Mexico within 30 days after receipt of the discrepancy letter. The response must address all discrepancies individually and must indicate the manner in which corrections will be made. The Project Owner will then have a cure period of 30 days from the date of the discrepancies individually and must indicate the manner in which corrections will be made. The proposed owner will then have a cure period of 30 days from the date of the discrepancy letter to correct the noncompliance detected and to provide Housing New Mexico with any documentation or certification found to be missing during the annual management review. The cure period may be extended for periods of up to six months. Extensions will be based on a

determination by Housing New Mexico that there is good cause for granting the extension.

Housing New Mexico will notify the IRS within 45 days after the expiration of the cure period of any noncompliance that has been detected. All corrections made by the Project Owner within the cure period will be acknowledged within this notice. A copy of the Project Owner's response to the noncompliance will accompany the notice to the IRS.

If potential noncompliance is discovered during a Compliance Monitoring review, the Project Owner will be required to have the Project's managing agent attend a compliance training session within two months following the Compliance Monitoring review.

In order to offset the cost of monitoring procedures, an annual fee will be assessed for each year through the end of the Extended Use Period. For 2027, the monitoring/compliance fee is $50.00/set-aside Unit/per year. The monitoring/compliance fee can be paid annually, on or before January 31, or in a lump sum to cover the initial 15 years of the Compliance Period. If paid in a lump sum, the amount will be determined in the year the development receives a Final Allocation. Payment of the lump sum amount will be required prior to issuance of Forms 8609 for each Project. For 2027, the amount of the Compliance Monitoring fee for the remainder of the contractual Extended Use Period will be $20.00/set-aside Unit/per year beginning in year 16. Annual certifications and reports are due in the Housing New Mexico office by March 31st of each year (for the past reporting year.) Annual compliance reports are due by March 31st of each year, through Housing New Mexico's WCMS online compliance system for the full term of the Extended Use Period. Annual audited property financial statements are due in the Housing New Mexico office within 120 days of the property's fiscal year end. A notice will be mailed to each Project Owner or a designated representative to remind them that the certification, reports and fees are due.

IX. Glossary

This Glossary defines terms that are used in this QAP and its incorporated appendices.

Acquisition Costs - for purposes of calculating Developer fee in related party transactions, the full appraised value of any land and/or existing improvements, including any buildings; and/or costs attributable to the acquisition of any land and/or improvements, including any buildings, and including costs relating to title, recording, legal and site review.

Adaptive Reuse Projects - Projects which will involve the conversion of an existing building or buildings, which was not initially constructed for residential use to multifamily residential rental Units (i.e., apartment Units).

Affiliate - any Person or Entity who (i) directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with the Applicant; or (ii) owns or Controls any outstanding voting securities, partnership interests, membership interests, or other ownership interests of the Applicant; or (iii) is an officer, director, guarantor, employee, agent, partner, member, manager or shareholder of the Applicant; or (iv) has an officer, director, member, manager, guarantor, employee, agent, partner, or shareholder who is also an officer, director, member, manager, employee, agent, partner, or shareholder of the Applicant; or (v) receives fees as a consultant or advisor that exceeds $200,000; or (vi) who otherwise shares an Identity of Interest. A third-party management agent that provides services for multiple non-related companies is not an Affiliate unless it is part of the vertically integrated Developer applying for LIHTC.

Affordability Period - Total of the initial Compliance Period plus the Extended Use Period (30-year minimum plus any additional time required and documented in the LURA).

Agency - New Mexico Mortgage Finance Authority (Housing New Mexico).

Allocation Review Committee (ARC) - a committee appointed by the Chairman of the Housing New Mexico Board of Directors to review Projects rating and ranking results, to determine if the proposed allocations have been made consistent with the Project Selection Criteria and the QAP, and to hear appeals and decide their outcome.

Allocation Set-asides - the federally mandated tax credit Allocation set-aside requirement for Projects involving Qualified Nonprofit Organizations, as well as other tax credit Allocation Set-asides designated by Housing New Mexico from time-to-time and incorporated into the QAP.

Annual Credit Ceiling - the total dollar volume of tax credits available for distribution by the Agency and authorized pursuant to the Code, in a given year. The population-based ceiling amount is the amount of tax credits allocated to the state each year based on the state population.

Applicable Credit Percentage - the monthly interest rate issued by the U.S. Department of Treasury and used to discount the present value of the 70% tax credit (set at 9% by the PATH Act of 2015) and the 30% tax credit (set at 4% by the Consolidated Appropriations Act of 2021.)

Applicable Fraction - the fraction, the numerator of which is the number of Low-Income Units and the denominator of which is the total number of residential rental Units less any Unit exempted by Revenue Ruling 92-61; or the fraction, the numerator of which is the floor space of the Low-Income Units and the denominator of which is the total floor space of the residential rental Units less any Unit exempted by Revenue Ruling 92-61, whichever is less. The Eligible Basis of a building is multiplied by the Applicable Fraction to determine the Qualified Basis of a building for tax credit purposes.

Applicant - the General Partner or the managing member(s) of the General Partner.

Application - the completed forms, schedules, checklists, exhibits uploaded to Housing New Mexico's file sharing site https:/.internal.housingnm.org/SFT_HD/ any additional documentation requested in the Initial Application Package, Carryover Allocation package and Final Allocation package, as well as any supplemental materials requested by Housing New Mexico. They must be submitted to Housing New Mexico in accordance with the QAP in order to apply for the Tax Credit Program.

Application Deadline – 12:00 p.m. Mountain Standard Time on the final day of the Application Period.

Application Package - the forms, schedules, checklists, exhibits uploaded to Housing New Mexico's file sharing site: https:/.internal.housingnm.org/SFT_HD/ and instructions thereto obtained from the Agency, which shall be completed and submitted to the Agency in accordance with all regulations in order to apply for the Tax Credit Program.

Application Period – the period during which Applications will be accepted by Housing New Mexico as described in Section III.A.

Architecture and Engineering – includes the following disciplines: all services provided through the architectural firm including architectural services and supervision, landscape design and civil, structural, mechanical, plumbing, electrical engineering. It does not include the services of a geotechnical engineer or HERS rater as these consultants are contracted directly with the Developer. Interior design, if applicable to the Project, is included in the Furniture, Fixtures and Equipment line under Other Construction Costs on Schedule A.

Area Median Income (AMI)– the median income level, issued annually by HUD for each metropolitan area and for each county outside a metropolitan area, which is adjusted for household size and used to calculate maximum income of eligible Persons and rents for Rent Restricted Units. As of July 30, 2008, any Project located in a rural area (as defined in Section 520 of the Housing Act of 1949) shall have income limitations measured by the greater of the HUD median income or the national non-metropolitan median income.

Average Income (AI) Election – This election under the Code was authorized by the Consolidated Appropriations Act of 2018. This set-aside allows the Project to serve households up to 80% AMI as long as at least 40% of the total Units are rent and income restricted and the average income limit for all tax credit Units in the Project is at or below 60% AMI.

Binding Commitment – an agreement between Housing New Mexico and an Applicant by which Housing New Mexico allocates and the Applicant accepts tax credits in accordance with Section 42(h)(1)(C) of the Code. Housing New Mexico's Carryover Allocation is its Binding Commitment.

Blighted Buildings – buildings that are in such severe disrepair that rehabilitation or Adaptive reuse is no longer feasible.

Board of Directors (Board) – Housing New Mexico's Board of Directors.

Building Identification Number (BIN) – Housing New Mexico issues a number to identify each building in the Project so the Owner can claim LIHTC from the IRS. Housing New Mexico only issues BINs for complete buildings and does not issue separate BINs by floor or due to separate permits being issued. The only exception is when a Hybrid 9%/4% Development requires separate BINs for each portion of a single building with a condominium plat to separate the portions of the building that are under separate ownership.

Building's Gross Square Feet – the sum of the Gross Square Feet on each floor of a building. Covered parking and structured parking should not be included in the Building's Gross Square Feet.

Capital Needs Assessment (CNA) – a report prepared by a competent professional meeting the minimum qualification/certification requirements set forth by Housing New Mexico, as defined in the Design Standards, that addresses the following:

1. Site visit and physical inspection of the interior and exterior of Units and structures
2. Interview with available on-site property management and maintenance personnel regarding past and pending repairs/improvements and physical deficiencies
3. Identification of the presence of any visible environmental hazards on the site or other life safety concerns
4. Opinion as to the adequacy of the proposed budget for recommended improvements.

5. Description of all major systems of the buildings and Units with a projection of the remaining useful life of each, including certification of critical building systems or components that have reached or exceeded their expected useful lives
6. Description of all building envelope and structural systems deficiencies
7. Projection of recurring probable expenditures for significant systems and components over 15 years.
8. Determination of the appropriate upfront and ongoing replacement reserve deposits.

Capture Rate – Ratio of the total Units proposed to the number of income qualified households in the Primary Market Area (PMA). This ratio is calculated by dividing the total number of proposed Units by the total number of age, size and income qualified renter households in the PMA.

Carryover Allocation – the provision under the Code which allows a Project, under certain conditions allowed by the Code, to receive a tax credit allocation in a given calendar year and to be Placed in Service within a period of two calendar years after the calendar year in which Applicant qualifies for a Carryover Allocation. The Carryover Allocation is Housing New Mexico's Binding Commitment for tax credits.

Casualty - A casualty loss can result from the damage, destruction, or loss of your property from any sudden, unexpected, or unusual event such as a flood, hurricane, tornado, fire, earthquake, or volcanic eruption. A casualty does not include normal wear and tear or progressive deterioration.

Code –Section 42 of the Internal Revenue Code of 1986, as in effect on the date of the QAP, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued with respect thereto by the U.S. Department of Treasury or the Internal Revenue Service of the U.S.

Complete Application – an Initial Application meeting all of the requirements in Section III.B.4, Complete Application.

Compliance Monitoring – the Agency's procedure, as required by the Code and detailed in Housing New Mexico's Tax Credit Monitoring and Compliance Plan, of auditing and inspecting all completed LIHTC Projects.

Compliance Period – with respect to any building that is included in the LIHTC Project, a minimum period of 15 years beginning on the first day of the first taxable year of the tax Credit Period with respect thereto in which a LIHTC Project shall continue to maintain the Low-Income Units as Low-Income Units pursuant to Applicant's Set-Aside Election in

the Application, pursuant to the Code. Compliance Period plus Extended Use Period equals Affordability Period.

Consolidated Plan – plan prepared in accordance with HUD regulations, 24 C.F.R. 91 (1994), which describes needs, resources, priorities and proposed activities to be undertaken with respect to certain HUD programs.

Construction Costs – for purposes of calculating builder profit, overhead and general requirements and per Unit rehabilitation construction Cost, the on-site and construction Costs in the construction contract, before gross receipts tax, profit, overhead and general requirements. At Initial Application and Carryover, Construction Cost should include a reasonable construction contingency.

Contact Person – a Person identified in the Initial Application with decision-making authority for the Applicant, Developer or the Project Owner, with whom Housing New Mexico will correspond concerning the Application and for the Project.

Contractor's Cost Certification – a certification prepared and executed by the general contractor, indicating all identities of interest and certifying that all Construction Costs included are related to the Project.

Control (including the terms Controlling, Controls, Controlled by, under common Control with, or some variation or combination of all three) - means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person or Affiliate thereof, whether through the ownership of voting securities, by contract or otherwise, including specifically ownership of more than fifty percent (50%) of the General Partner interest in a limited partnership, or designation as General Partner/managing member of a limited liability company.

Cost Certification – A certification prepared by a CPA on forms provided by Housing New Mexico, indicating the method of certification, all identities of interest and certification that all Project costs included are related to the Project.

Credit Period – with respect to any building that is included in the LIHTC Project, the period of 10 years beginning with 1) the taxable year in which the building is Placed In Service or 2) at the election of the Project Owner, the succeeding taxable year.

Developer – any individual, association, corporation, joint venture or partnership, which is to manage all aspects of the construction and/or rehabilitation of the proposed Project.

Development Costs – the sum total of all costs incurred in the development of a Project, all of which shall be subject to approval and are approved by Housing New Mexico as reasonable and necessary. Such costs may include, but are not limited to:

1. The cost of acquiring real property and any building thereon, including payment for options, deposits or contracts to purchase properties.
2. The cost of site preparation and development.
3. Any expenses relating to the issuance of tax-exempt bonds or taxable bonds by the Agency, if any, related to the Project.
4. Fees in connection with the planning, execution and financing of the Project, such as those of architects, engineers, attorneys, accountants and the Agency.
5. The cost of studies, surveys, plans, permits, insurance, interest, financing, tax and assessment costs and other operating and carrying costs incurred during construction, rehabilitation or reconstruction of the Project.
6. The cost of the construction, rehabilitation and equipping of the Project.
7. The cost of land improvements, such as landscaping and off-site improvements related to the Project, whether such costs are paid in cash, property or services.
8. Expenses in connection with initial occupancy of the Project.
9. Allowances established by the Agency for working capital, contingency reserves and reserves for any anticipated operating deficits during the first two years after completion of the Project.
10. The cost of such other items, including relocation cost, indemnity and surety bonds, premium on insurance and fee and expenses of trustees, depositories and paying agents for bonds.

Difficult Development Area or DDA – any area designated by the secretary of HUD as having high construction, land and utility costs relative to Area Median Income in accordance with Section 42(d)(5) of the Code.

Eligible Application or **Eligible Project** – an Application or Project which has met all minimum Project threshold requirements.

Eligible Basis – the sum of the eligible cost elements that are subject to depreciation, such as expenditures for new construction, rehabilitation and building acquisition.

Entity - any General Partnership, limited partnership, corporation, joint venture, trust, limited liability company, limited liability partnership, limited liability limited partnership, business trust, cooperative or other business association.

Extended Use Period – with respect to any building that is included in a LIHTC Project, the period of affordability **following** the initial 15-year Compliance Period during which time the Project continues to be restricted to affordable low-income housing. The minimum Extended Use Period required by Code is fifteen years. Compliance Period plus Extended Use Period equals Affordability Period.

Feasibility Analysis – a financial analysis based on rules established by the IRS and Housing New Mexico to determine a Project's financial feasibility, which is completed to ascertain a tax credit amount, the adequacy of financing sources, and the income required to support operation of the Project.

Federal Grant – any federal grant except those specifically excluded in Section 1.42-16(b) of the Treasury regulations.

Federal Subsidy – any construction or permanent financing that is directly or indirectly financed from state or local bonds, including municipal bonds, which are tax-exempt for federal income tax purposes.

Federally-assisted Building – any building which is substantially assisted, financed or operated under Section 8 of the United States Housing Act of 1937, Section 221(d)(3), Section 221(d)(4) or 236 of the United States Housing Act, Section 515 of the Housing Act of 1949 or any other program administered by HUD or by the rural housing service of the Department of Agriculture.

Final Allocation – a determination by Housing New Mexico that a Project is complete and that a certain amount of tax credits is warranted. The Final Allocation must be requested by the Project Owner and culminates in delivery of IRS Form 8609 by Housing New Mexico.

Financing Commitment – a commitment for permanent or construction financing which 1) is not subject to further approval by any loan committee or board of directors or other Entity of the creditor making the commitment and 2) contains specific terms of funding and repayment.

General Partner – that partner or collective of partners identified as the General Partner of the partnership that is the Project Owner and that has general liability for the partnership. If the Project Owner is a limited liability company, the term General Partner shall mean the managing member or members with management responsibility for the limited liability company.

Government Entity or **Instrumentality** – any agency or other government created Entity of the state of New Mexico, the counties or municipalities of New Mexico or the tribal governments of New Mexican tribes and pueblos.

Gross Square Feet – the area that includes all enclosed space as measured from the exterior face of the building walls and means everything under the roof, including storage and patios. Covered parking and structured parking should not be included in Gross Square Feet.

Hard Construction Costs - calculated as the sum of costs for existing structures, site work, rehab and/or new construction, and hard cost contingency, as related to the housing components of the development only. This figure excludes land costs. The costs considered for calculating these points will not include any costs related to commercial or retail space. (All costs reflected on Schedule D in the Application.)

HERS (Home Energy Rating System) – a score that measures a home's energy efficiency using the HERS Index, where a lower score indicates higher energy efficiency. Developed by RESNET (Residential Energy Services Network), the HERS score is determined by a certified rater through energy modeling and on-site testing.

Historic Property – a building or buildings certified on the National Register of Historic Places (i.e., meet the criteria for Part 1 Approval for Historic Tax Credits

Households or individuals experiencing homelessness - A household or individual is considered homeless if they:

1. lack a fixed, regular, and adequate nighttime residence, which includes a primary nighttime residence of places not designed for or ordinarily used as a regular sleeping accommodation (including cars, parks, abandoned buildings, etc.) or publicly or privately operated shelters or transitional housing, including a hotel or motel paid for by government or charitable organizations; or
2. are being discharged from an institution where they've been a resident for 90 days or less and the Person resided in a shelter (but not transitional housing) or place not meant for human habitation immediately prior to entering that institution; or
3. are being evicted from their primary nighttime residence within 14 days and no subsequent residence has been identified and the individual/household lacks the resources and support networks (i.e., family, friends, faith-based or other social networks) needed to obtain housing; or
4. have ALL of these characteristics:
    - unaccompanied youth (less than 25 years of age) or family with children and youth;
    - defined as homeless under other federal statutes who do not otherwise qualify under this definition;
    - has not had a lease, ownership interest, or occupancy agreement in permanent housing for 60 days prior to applying for occupancy;
    - has moved two or more times in the 60 days immediately prior to applying for occupancy; AND
    - has one or more of the following: a) chronic disabilities, b) chronic physical or mental health conditions, c) substance addiction, d) histories of domestic violence or childhood abuse, e) child with a disability, f) or two or more barriers

to employment, which include i) lack of a high school diploma or GED, ii) illiteracy, iii) low English proficiency, iv) history of incarceration or detention for criminal activity, or v) history of unstable employment.

5. are fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening situations related to violence; have no other residence; and lack the resources and support networks needed to obtain housing.

Households with Children – households that include one or more Persons under the age of 18 years.

Households with Special Housing Needs – households in which an individual or household member is in need of supportive services, tenancy supports and housing and meets at least one of the following definitions:

1. Has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such impairment. In general, a physical or mental impairment includes hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex, and developmental disability that substantially limits one or more major life activities. Major life activities include walking, talking, hearing, seeing, breathing, learning, performing manual tasks, and caring for oneself.
2. Households or individuals experiencing homelessness (see definition above).

HUD – U.S. Department of Housing and Urban Development.

Identity of Interest – occurs when any officer, director, board member or authorized agent of any development team member (consultant, general contractor, attorney, management agent, seller of the land, etc.): 1) is also an officer, director, board member or authorized agent of any other development team member; 2) has any financial interest in any other development team member's firm or corporation; 3) is a business partner of an officer, director, board member or authorized agent of any other development team member; 4) has a family relationship through blood, marriage or adoption with an officer, director, board member or authorized agent of any other development team member or 5) advances any funds or items of value to the sponsor/borrower.

Initial Application – the Application first provided to Housing New Mexico on or before an Application Deadline to request an allocation of tax credits.

Land Use Restriction Agreement or **LURA** – the agreement submitted to the Agency restricting the property to affordable housing use during the Compliance Period and Extended Use Period.

Letter of Determination – the letter issued by Housing New Mexico pursuant to Section 42(m)(1)(D) of the Code advising the Project Owner that Housing New Mexico has made the determination that a tax-exempt bond financed Project, as described in the Application submitted at a particular point in time, satisfies the requirements for an allocation of tax credits under the QAP conditioned upon Project compliance with the Code. A draft Letter of Determination is valid for six months from the date it is issued. Any changes to the submitted materials or information will also render a determination to be invalid. In such cases, updated materials must be reviewed by Housing New Mexico before a new determination letter can be issued.

LIHTC Project – the proposed or existing rental housing development(s) for which tax credits have been applied for or received.

Local Government – any county, municipality, tribe or other general-purpose political subdivision in the state of New Mexico.

Local Qualified Nonprofit Organization – an entity listed in the New Mexico Secretary of State Business Portal as a Domestic Nonprofit Corporation and whose board of directors is comprised of a majority of New Mexico residents as of the Application Deadline. The provisions of the definition of Qualified Nonprofit Organization shall also apply.

Local Notice – Housing New Mexico's letter to the chief executive office (or the equivalent) of the local jurisdiction within which the Project is located, which provides a 30-day period to comment on the Project pursuant to Code Section 42(m)(1)(A)(ii).

Low Income Housing Tax Credit (LIHTC) Program or **Tax Credit Program** – the rental housing program administered by Housing New Mexico pursuant to the Code and by the state of New Mexico Executive Order 97-01.

Low-Income Tenants – households that occupy Set-Aside Units.

Low-Income Units or **Set-Aside Units** – Units which are rent restricted and set-aside for tenants whose income does not exceed 50%, 60% or some lower percentage, whichever is elected, of Area Median Income.

Management Units - Employee/Exempt Unit

The general-public-use requirement of § 1.42-9 does not apply in the case of Units for resident managers, maintenance personnel or courtesy officers (Exempt Units) in a qualified low- income building because the Units are not residential rental Units but facilities reasonably required for the Project. Because the presence of an employee Unit must be necessary for Project operations, the IRS may examine whether an employee who resides in an employee/exempt Unit serves primarily the property where they live by

working full time at the property. The necessity of the employee Unit may be called into question if the employee's responsibilities are split among more than one property or even if the employee holds a second job.

Based upon the above facts and representations, the IRS has ruled as follows: The adjusted basis of the Unit occupied by resident managers, maintenance personnel or courtesy officers is included in the eligible basis of the building under Section 42(d)(1), but the Unit is excluded from the Applicable Fraction of the building under Section 42(c)(1)(B). Further, the inclusion of the adjusted basis of the Unit occupied by resident managers, maintenance personnel or courtesy officers in eligible basis will not be affected by a later conversion of that Unit into a residential rental Unit.

Additionally, the Internal Revenue Service (IRS) released a program manager technical assistance (PMTA) memo dated June 2, 2014 (PMTA 2014-22), which clarified the IRS position regarding charging for exempt Units. In the memo, the IRS states, "Charging resident managers or maintenance personnel rents, utilities, or both for Units in a qualified low-income building does not make the Units residential rental Units and not facilities reasonably required for the Project under §1.103-8(b)(4)(iii)."

Market Rate Units – residential rental Units that are not Low-Income Units.

Material Compliance Matter– any compliance issue identified by Housing New Mexico (for any of its programs) during a monitoring visit that remains open six months after the monitoring letter was sent.

Material Design Changes – any change in the Project, its scope or its quality which would affect its underwriting or compliance with Housing New Mexico's mandatory Design Standards. For example, a change in building area, Unit areas, Unit counts, amenities, parking quantities, landscaping scope, energy performance, water usage, quality of construction or specification would each constitute a material change.

Moderate Rehabilitation – repairs, replacements and improvements that do not fall into Substantial Rehabilitation as defined herein or where the work is limited to level two (2) alterations (as described by Enterprise Green Communities Criteria.) Level two alterations include the reconfiguration of space, the addition or elimination of any door or window, the reconfiguration or extension of any system, does not include the replacement of two or more major systems or the installation of any additional equipment. A Project where the work area does not exceed 50% of the aggregate area of the building (the work scope is less than an ICC level three alteration.)

Net Square Footage - the total number of square feet within the inside finished wall surface of the outer walls of a structure. This measurement generally excludes non-rentable areas such as common areas, hallways, and mechanical rooms.

New Mexico Housing Authority (NMHA) – any public housing authority legally established in the state of New Mexico.

Person - any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits; and, unless the context otherwise requires, the singular shall include the plural, and the masculine gender shall include the feminine and the neuter and vice versa, as the context within this QAP may call for.

Placed In Service – the date on which the first Unit of a new construction Project is certified or otherwise officially declared as available for occupancy as evidenced by the Certificate of Occupancy. For rehabilitation Projects, it is the date of the Certificate of Substantial Completion. For acquisitions of existing Projects, it is the date of purchase by a new Project Owner.

Principal – an Applicant, any General Partner of an Applicant, and any officer, director, board member or any shareholder, General Partner, managing member or Affiliate of an Applicant. It also includes any Entity receiving any part of a Developer fee for a Project. For Project compliance purposes (**Section IV.E**), Principal would include shareholders with interests of 25% or more, all officers of a corporation (including employees, but excluding volunteer board members with no financial interest), all General Partners or members.

Project – the development proposed by the Applicant as specifically described in the Application.

Project Owner – the legal Entity that ultimately owns the Project and to which tax credits will be allocated.

Project Selection Criteria – the criteria used to score a Project for tax credit allocation purposes.

Qualified Allocation Plan or **QAP** – this Qualified Allocation Plan, which was adopted by Board action on October 16, 2024 and made effective as of December 1, 2024, which was approved by the Governor of the state of New Mexico pursuant to Section 42(m)(1)(B) of the Code and sets forth the Project Selection Criteria and the preferences for Projects which will receive tax credits.

Qualified Basis – the portion or percentage of the Eligible Basis that qualifies for the tax credit. It is calculated by multiplying the Eligible Basis by the Applicable Fraction.

Qualified Census Tract or QCT – any census tract which is designated by the Secretary of HUD as having 50% or more of the households at an income level which is less than 60% of the Area Median Income in accordance with Section 42(d)(5) of the Code.

Qualified Leasehold Interest – a leasehold interest running at least as long as the Extended Use Period.

Qualified Nonprofit Organization – an organization described in Sections 501(c)(3) or 501(c)(4) of the Code and exempt from tax under Section 501(a). The production of decent, safe and affordable housing must be one of the defined goals, objectives or purposes of the nonprofit organization. The nonprofit organization must materially participate in the Project, meaning that the organization must be involved on a regular, continuous and substantial basis in both the development and operation of the Project during the term of the Compliance Period. The nonprofit must also own an interest in the Project throughout the Compliance Period and may not be affiliated with or Controlled by a for-profit organization.

Rent Comparability Study – a report prepared by a qualified third-party that estimates "market" rents for properties undergoing rehabilitation based on the guidance provided in Chapter 9 of HUD's Section 8 Renewal Guide.

Rent Restricted Unit – with respect to a LIHTC Project, a Unit for which the gross rent does not exceed 30% of the imputed Area Median Income limitation applicable to such Unit as chosen by the Applicant in the Application and in accordance with the Code. Gross rent must be determined from the rent charts included in the Application Package and must correspond to the percentage of Area Median Income selected by the Applicant in the Application. It includes the cost of utilities and must be reduced by the amount of tenant-paid utilities. Gross rent includes all income for the Unit, including tenant and any subsidy payments. See also "Unit."

Reservation or Reservation Contract – the contract executed by Housing New Mexico and the Applicant with respect to an allocation of tax credits, which states the conditions to be met by Applicant prior to issuance of a Carryover Allocation.

Reservation Letter– a document issued by Housing New Mexico which describes the amount of credits provisionally awarded to a Project and the conditions which the Project Owner must meet in order to obtain a Binding Commitment for tax credits.

Rural Development or RD or USDA (previously called "Farmer's Home Administration" or "FMHA" of the U.S. Department of Agriculture) means Rural Development or other Agency or Instrumentality created or chartered by the U.S. to which the powers of RD have been transferred.

Section 811 Project-based Rental Assistance Demonstration Program (Section 811 PRA) – The purpose of the Section 811 PRA is to expand the supply of supportive housing that promotes and facilitates community integration for people with significant and long-term disabilities. Section 811 PRA provides a project-based rent assistance subsidy that covers the difference between the tenant payment and the approved contract rent. Tenants pay 30 percent of their adjusted gross income for rent and utilities. Tenant referrals and service providers are coordinated by the Department of Human Services (DHS) and Local Lead Agencies (LLAs). For more information go to: https://housingnm.org/property-owners-agents-and-managers/section-811-project-rental-assistance

Senior Housing – Projects that qualify for an exemption from familial status discrimination under the Fair Housing Act. To qualify for this exemption, Projects must be: (i) provided under any state or federal program that HUD has determined to be specifically designed and operated to assist elderly Persons (as defined in the state or federal program); or (ii) intended for, and solely occupied by Persons 62 years of age or older; or (iii) intended and operated for occupancy by Persons 55 years of age or older in compliance with the Housing for Older Persons Act (HOPA), 24 CFR Part 100 Final Rule.

Set-Aside Election – the federally imposed minimum proportion of total Project Units set-aside as Low-Income Units at one or more Area Gross Median Income level(s). This election is made by the Applicant and meets the minimum requirements of Code Section 42: larger proportions of Units are generally set-aside by the Applicant and restricted in the LURA.

Set-Aside Units those Units eligible for Low-Income housing tax credits.

Special Needs – see definition above under Households with Special Housing Needs.

State-Assisted Building – any building which is substantially assisted, financed or operated under any state law similar in purposes to Section 8 of the United States Housing Act of 1937, Section 221(d)(3), Section 221(d)(4) or 236 of the United States Housing Act, Section 515 of the Housing Act of 1949 or any other program administered by HUD or by the USDA Rural Housing Service.

Substantial Rehabilitation – commonly referred to as a "gut" rehabilitation and includes the replacement and/or improvements to at least two (2) major systems of the building, including its envelope. Major building systems include roof structures, wall or floor structures, foundations, plumbing, heating, ventilating and air conditioning (HVAC) and electrical systems. The building envelope is defined as the air barrier and thermal barrier separating exterior from interior space. A Substantial Rehabilitation also includes a

Project where the work area exceeds 50% of the aggregate building area (an ICC level 3 alteration Scope of Work.)

Tax Credit Ceiling Rents – the maximum rent that may be charged for a Rent Restricted Unit.

Tenant Conversion Plan – a written plan acceptable to Housing New Mexico, describing the method to be used to enable tenants to acquire ownership of their Units at such time as conversion to owner occupancy is allowed under the Code. The Project Owner must provide and describe the type of homeownership, financial and maintenance counseling to be offered. The Project Owner must describe in detail how the Unit will be converted from a rental Unit to homeownership. Please refer to Section V.N for more information on Eventual Tenant Ownership.

Total Development Cost – the total of all costs incurred or to be incurred by the Project in acquiring, constructing, rehabilitating and financing the Project. For the purposes of calculating Developer fees, Total Development Cost will be adjusted to exclude Developer fees (which includes consultant fees), commercial space Construction Costs and all reserves. For purposes of calculating cost limits, the purchase price attributed to the land, any costs related to commercial space, reserves (not eligible for tax credits), and costs of bond issuance on line 65 of Schedule A will be excluded.

Unit – a residential rental housing Unit in a Project including manager and employee Units.

Universal Design – any component of a house or apartment that increases the usability for people of all ages, size and abilities and enhances the ability of all residents to live independently for as long as possible.

Urban Area – A location within the boundaries of Bernalillo County, the City of Rio Rancho, the City of Las Cruces, or the City of Santa Fe.

X. List of Appendices

The following appendices are incorporated by reference into this Qualified Allocation Plan:

A. List of Board Members
B. 9% LIHTC Post-Award Processes and Requirements Handbook
C. 2027 Housing New Mexico Universal Multifamily Underwriting Supplement
D. 2027 Housing New Mexico Design Standards
E. 2027 Housing New Mexico Design Standards – Supplement A – NHTF Requirements

F. 2027 9% LIHTC Universal Rental Development Application Form and Schedules
G. NCHMA Model Content Standards
H. 2027 Carryover Allocation & 10% Test Instructions & Checklist
    a. Assignment of Building Identification Numbers
    b. Architect's Certification
    c. Option to Lock Applicable Credit Percentage (Section 42(b) of the Code)
    d. Ten Percent Letter (Independent Accountant's Report)
    e. Form of Owner's Attorney's Opinion
    f. Exhibit A to Independent Auditor's Report
I. 2027 Placed In Service and Final Allocation Instructions & Checklist
    a. Schedule M Addendum to Application
    b. Form A Instructions
    c. Form A – Final Certification of Uses
    d. Form B – Independent Accountant's Report
    e. Form C1 – Owner's Cost Certification
    f. Form C2 – General Contractor's Cost Certification
    g. Housing New Mexico form of Attorney Opinion
    h. Form 8609 Certification
    i. As-Built Architect Certification
    j. Lender's Consent and Agreement to Recording of and Subordination to Land Use Restriction Agreement
    k. Project Ownership Profile
    l. LURA Request Form
    m. Sample Equity Certification Letter
J. Low-Income Housing Tax Credit Compliance Plan, December 2021 as may be amended
K. Annual Owners Certification, December 2022 as may be amended