STATE OF NEW MEXICO

9% LOW-INCOME HOUSING TAX CREDIT PROGRAM

QUALIFIED ALLOCATION PLAN

Effective as of December 1, 2025

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Approved by Board of Directors on October --, 2025
Approved by the Honorable Governor Michelle Lujan Grisham on October , 2025

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 2025.

A. Role of Housing New Mexico/MFA

New Mexico Mortgage Finance Authority (Housing New Mexico/MFA) 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/MFA 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/MFA monitors existing Projects for compliance with the Code; however, Housing New Mexico/MFA 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/MFA, 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/MFA 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 state, is especially critical in the rural areas and is inimical to the health, safety,

[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.

> 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 should conflict 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/MFA 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/MFA's inherent discretion, reasonable judgement and prudent business practices, Housing New Mexico/MFA may reject any Application (as defined in the Glossary) or Project that Housing New Mexico/MFA 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/MFA 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 submitted in response to this QAP shall be borne solely by the Applicants.

Housing New Mexico/MFA 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/MFA, including, but not limited to, the ability to respond to government declared disasters and emergencies. Housing New Mexico/MFA 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/MFA 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/MFA 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 submitted 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/MFA'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 15, 2025 and continuing through September ___, 2025), during which time a public hearing was held on August 28, 2025 Housing New Mexico/MFA 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/MFA'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/MFA 2026 Mandatory Design Standards for Multifamily Rental Housing* (Design Standards) for rehabilitation, Adaptive Reuse and newly constructed Units as they pertain to each Unit type.

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/MFA, 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 2026, Housing New Mexico/MFA 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/MFA complies with this requirement with a Land Use Restriction Agreement (LURA) filed when the Project is Placed In Service. Housing New Mexico/MFA'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/MFA 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 $3.7M annual tax credits will be available in 2026 before any forward allocations that may be approved in the round.

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

No 9% LIHTC Project shall receive a tax credit Reservation in excess of $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 may receive more than one tax credit Reservation in any given competitive LIHTC Application 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/MFA 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/MFA 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/MFA'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.

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 2026 Housing New Mexico/MFA Universal Rental Development Application) with the Application and annually following the award.

b. Tribal Projects.

Projects that are located within a Tribal Trust Lands boundary.

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/MFA 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/MFA 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 20, 2025
Application Round Opens	January 5, 2026
Last Day to Submit FAQs	January 12, 2026
Full Application	January 20, 2026 at Noon Mountain Standard Time
Deficiency Corrections (if requested by Housing New Mexico/MFA)	Late February/Early March
Preliminary Reservations/Rejections	Late March
Appeals Hearing (if needed)	Mid-April
Videos for Board Due	May 1, 2026
Final Awards	May 2026 Board Meeting
Reservation Fee Invoice Issued	Day After May 2026 Board Meeting
Reservation Issued for Signature	Upon Payment of Reservation Fee
Reservation Fee & Reservation Due	Early June 2026

B. Allocation Round

Housing New Mexico/MFA 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/MFA may 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 ~~the~~ 12:00 p.m. Mountain Standard Time on January 20, 2026 (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/MFA in accordance with the provisions of this QAP.

2. Where to Submit the Application

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

3. Form of Submission

The required 2025 Housing New Mexico/MFA Universal Rental Development Application will be provided electronically and may be downloaded from Housing New Mexico/MFA's website at https://housingnm.org/developers/lihtc/current-and-prior-tax-credit-rounds. Applicants must submit the 2026 Housing New Mexico/MFA 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 ___ regarding when this is required).
- Appraisal (see Section ___ 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/MFA 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 2025 Housing New Mexico/MFA 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 2026 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/MFA 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/MFA may determine is necessary to evaluate the "Applicant eligibility" threshold requirement in Section IV.E, all Applications must be self-contained. Housing New Mexico/MFA 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/MFA 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/MFA may take pursuant to Section III.F.7 "*Deficiency Correction Period*", Housing New Mexico/MFA 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/MFA 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/MFA'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/MFA's website at https://housingnm.org/developers/lihtc/lihtc-applications-faq-2026. No questions will be accepted after 5 p.m. Mountain Standard Time, January 12, 2026. 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, 2026, that can be answered by January 14, 2026, will be posted on January 15, 2026. 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/MFA'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/MFA'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/MFA 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/MFA 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/MFA 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/MFA 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/MFA 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)767-2210
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/MFA Board members, their proxies, Housing New Mexico/MFA 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/MFA'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/MFA 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/MFA. Exceptions may be granted at Housing New Mexico/MFA's sole discretion and fees may be adjusted annually, as determined by Housing New Mexico/MFA 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	January 31 annually
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/MFA 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/MFA will not issue the IRS Form 8609 before Housing New Mexico/MFA'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/MFA. 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/MFA-ordered Market Study: Amount varies depending on cost

If a subsequent Housing New Mexico/MFA-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/MFA-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

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 Final Allocation Application (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 fail 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/MFA 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/MFA'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/MFA'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/MFA 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/MFA's inherent discretion and is not subject to further review.

Housing New Mexico/MFA 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/MFA 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 an Housing New Mexico/MFA-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 has 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/MFA 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;
- 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/MFA 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/MFA 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/MFA, 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/MFA 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.L, 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/MFA 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/MFA may reject any Project that Housing New Mexico/MFA 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/MFA 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/MFA'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/MFA'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/MFA financing.

4. Initial Design Review

All Projects will be subject to Housing New Mexico/MFA's design review and construction inspections to determine compliance with the Design Standards, which are required for all Projects. Housing New Mexico/MFA 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/MFA 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/MFA will visit the proposed sites for the highest ranking Projects. Sites considered by Housing New Mexico/MFA 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/MFA in conjunction with a site visit shall not be a violation of the Quiet Period.

7. Deficiency Correction Period

Housing New Mexico/MFA 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/MFA 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/MFA determines in its reasonable judgment may not be correctable. In no case shall the deficiency correction period be used by Housing New Mexico/MFA 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/MFA is not submitted within the timeframe provided or is submitted but remains deficient, the Application may be rejected without any further review.

Commented [JR1]: Termination of Reservations or Rejection of Applications.

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/MFA. 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/MFA'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/MFA 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/MFA 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/MFA with respect to their Application may do so by way of the "Form of Submission" (Section III.B.3) 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. 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/MFA'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/MFA's Board of Directors, final Reservation Letters, in accordance with Section III.F.9, (or draft Letter of Determination in the case of tax-exempt bond financed Projects) 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 1, 2025, Applicants are required provide a brief (approximately three minute) MP4 video. The video must highlight the proposed Project being recommended for approval by Housing New Mexico/MFA's Board of Directors. Housing New Mexico/MFA's marketing department will work with each Applicant to prepare the video. Applicants are also required to attend the Housing New Mexico/MFA 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/MFA 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/MFA 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/MFA's policies, procedures, rules and regulations regarding conflicts of interest.

e. Notification of Approval

Successful Applicants will be notified of Housing New Mexico/MFA's allocation decision in the form of a Reservation Letter. Housing New Mexico/MFA anticipates Reservation Letters will be delivered in May 2026, shortly after approval of tax credit awards at the May 2026 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/MFA, 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/MFA, it is not expected that Housing New Mexico/MFA'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 Requirements Handbook attached to and incorporated by reference to this QAP. **Housing New Mexico/MFA 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/MFA 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/MFA no later than November 15th of the year of the Reservation.

C. Fees

All fees owed to Housing New Mexico/MFA 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/MFA 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[5] and have been issued within 180 days of the Application submission. All market studies must be issued to Housing New Mexico/MFA 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 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/MFA. The cost of this Housing New Mexico/MFA-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/MFA'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/MFA and all other state and federal affordable housing agencies.

[5] 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/

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)[6] in the form stipulated at Tab 1l of the Application certifying the Principal and its Affiliate(s) are not in default with respect to any Material Compliance Matter for any such Project or shall state what defaults exist and what corrective action Applicant is taking.
- Development team resumes inserted at Tab 12 to determine capacity to perform in the role proposed. Considerations may include related experience, financial capacity, performance history, references, management and staff, among others.

Housing New Mexico/MFA 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/MFA or other federal housing programs,
- bankruptcy, criminal indictments or convictions,
- poor performance on prior Housing New Mexico/MFA or federally-financed Projects, including:
    - late payments of any Housing New Mexico/MFA 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,

[6] 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.

- Material Compliance Matter with the terms of a LURA on a Project controlled by an Affiliate, or
- failure to meet Housing New Mexico/MFA development deadlines or documentation requirements

Housing New Mexico/MFA 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/MFA.

F. Financial Feasibility

Applications must demonstrate that the Project meets all requirements in the Housing New Mexico/MFA 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 20, 2025. This submission is a mandatory requirement for the 2026 competitive LIHTC Application round; Housing New Mexico/MFA 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/MFA website following submission.
2. Housing New Mexico/MFA allows all Applicants for the 2026 competitive LIHTC Application round to meet with Housing New Mexico/MFA 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/MFA QAP training prior to submitting the Application. If the development team includes a qualified, nonprofit organization, New Mexico Housing Authority (NMHA), Tribally Designated Housing Entity (TDHE) or Tribal Housing Authority (THA), a member of that organization must have attended as well to claim points under Project Selection Criterion A.

V. Scoring Criteria

Housing New Mexico/MFA 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 Participation	Tier 1: 5 points Tier 2: 3 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
P	Blighted Buildings and Brownfield Site Reuse	5 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 9 points

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

Tier 1: Local nonprofits (as that term is defined in this criterion below), NMHAs, TDHEs and THAs that demonstrate financial capacity by having net worth/net assets of at least $1,000,000 will qualify for **five points**. Nonprofits, NMHAs, TDHEs and THAs with net worth/net assets below $1,000,000 may partner with another Entity to increase the General Partners' combined net worth above this threshold.

Tier 2: Local nonprofits, NMHAs, TDHEs and THAs which have net worth/net assets of at least $250,000 will qualify for **three points**. In addition, qualified, nonprofit organizations that do not meet this criterion's definition of "local nonprofit" but demonstrate strong financial capacity by having net worth/net assets of at least $2,000,000 will qualify for **three points**.

For any Entity to claim points under this Project Selection Criterion:

- The qualified, nonprofit organization, NMHA, TDHE or THA must own at least 51% of the General Partner interest.
- The Application must commit to providing the qualified nonprofit organization, NMHA, TDHE or THA, a First Right of Refusal described in IRC Section 42(i)(7) as described below in this scoring criterion.
- The qualified, nonprofit organization, NMHA, TDHE or THA must receive a minimum of 10% of the Developer fee as identified in the Project Application. The Developer fee calculation is made before any reduction for consultant fees. When more than one Entity is receiving a portion of the Developer fee, documentation will be required evidencing the agreement among the entities as to the fee split arrangement.
- The Application must include evidence that a representative of the qualified, nonprofit organization, NMHA, TDHE or THA (board member, officer, director, commissioner or staff) has attended the most recent Housing New Mexico/MFA QAP training prior to submitting the Application.

Net worth/net assets must be substantiated by accountant-reviewed or audited year-end financial statements for each General Partner whose financials are being relied upon to meet the minimum net worth/net assets. A for-profit partner Entity's reviewed financial statements may be used to achieve net worth/net assets thresholds.

Local nonprofit means a qualified, nonprofit organization that has a board of directors that is comprised of a majority of New Mexico residents at the time the Application is submitted and was incorporated in New Mexico before January 1 of the year in which the Application is submitted.

Right of First Refusal – Applicants requesting points under this scoring criterion must submit a letter of intent from a tax credit investor that clearly grants to a qualified not-for-profit organization a right of first refusal to purchase the project for a below-market purchase price (the "ROFR Purchase Price"), following the expiration of the tax credit compliance period, in accordance with Section 42(i)(7) of the Code (the "ROFR").

The letter of intent must specify the ROFR Purchase Price and identify any amounts due in excess of the minimum purchase price permissible underSection42(i)(7)(B) of the Code.

In addition, the letter of intent must provide that the operating or partnership agreement (the "Agreement") of the owner of the project (the "Owner") will:

a. grant the not-for-profit organization the ROFR at the ROFR Purchase Price and provide that all amounts to be included in the ROFR Purchase Price will be calculated in accordance with the Agreement;

b. provide that the general partner of the Owner (the "General Partner") may elect to do any of the following:

i. subject to the consent of one or more limited partners of the owner (each, a "Limited Partner"), which consent may not be unreasonably withheld, conditioned or delayed, sell the project to the ROFR grantee in connection with the ROFR grantee's exercise of the ROFR;

ii. at its discretion, without the consent of any Limited Partner, sell the project to the ROFR grantee in connection with the ROFR grantee's exercise of the ROFR following the General Partner's receipt of a bona fide third party offer to purchase the project; or

iii. offer the project for sale publicly at any time following the expiration of the tax credit compliance period and thereafter accept an offer from the highest bidder to purchase the project, as long as the sale price is not less than the minimum purchase price permissible under Section 42(i)(7)(B) of the Code, and provided that such acceptance is subject to the ROFR grantee's rights to exercise the ROFR and purchase the project at the ROFR Purchase Price;

c. authorize and direct the General Partner to execute all documents necessary to effect the sale of the project pursuant to the ROFR;

d. provide that, unless prohibited by binding legal precedent, the Limited Partners waive all legal rights to challenge (i) the sale of the project by the General Partner to the ROFR grantee even if the ROFR grantee is affiliated with the General Partner and (ii) the General Partner's acceptance of an offer from the highest bidder in response to the General Partner's public offer of the project for sale and/or the exercise of the ROFR by the ROFR grantee after any such acceptance;

e. provide that the term of the ROFR shall expire not less than 36 months after the General Partner's public offer of the project for sale;

f. provide that in the event that Section 42(i)(7) of the Code is amended to permit a qualified not for-profit organization to hold a purchase option after the expiration of the tax credit compliance period, and only to the extent permitted under such revised Section 42(i)(7), the ROFR grantee shall be entitled to purchase the project, or at its option, all of the interests in the Owner, in either case at the ROFR Purchase Price, in lieu of exercising the ROFR;

g. provide that the ROFR will not be adversely affected or limited by any other rights of the Limited Partners, or any owner of any interest in any Limited Partner, such as forced sale rights, and there are no conditions to the exercise of the ROFR except as explicitly identified in the Agreement or required by binding legal precedent applicable to Section 42(i)(7) of the Code; and

h. prohibit, without the prior written consent of Housing New Mexico/MFA, any amendment that would modify any term or condition related to the ROFR. A true and complete copy of the Agreement shall be provided to Housing New Mexico/MFA as of both the closing of the financing for the construction of the project and the submission of an application for a Form 8609, in each case for Housing New Mexico/MFA's review to confirm that the Agreement includes the terms set forth in the letter of intent or terms that Housing New Mexico/MFA determines are equivalent.

A true and complete copy of the operating or partnership agreement of the owner of the project shall be provided to Housing New Mexico/MFA 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 an Final Allocation Application for a Form 8609, in each case for Housing New Mexico/MFA's review to confirm that such agreement includes the terms set forth in the letter of intent or terms that Housing New Mexico/MFA determines are equivalent.

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 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, farmers 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	Bank Gym, health club, exercise studio Hair care Laundry, dry cleaner	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,

Hardware store Pharmacy Other retail	Restaurant, cafe, diner	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 distance of commuter bus (i.e., not Greyhound) or commuter rail stop in outside Urban Areas. Public transportation must be established and provided on a fixed route with scheduled service. Projects on tribal land with established "on call" transportation programs that provide the users a choice of local destinations, regardless of their residency in the Project, shall be considered "public transportation." A future promise to provide 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 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 XI 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/MFA 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/MFA 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 the Universal Rental Development Application.

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

This commitment made will 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/MFA 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 up to 20 Units set aside for Households with Special Housing Needs, with an additional one hour per week for every five total 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 nominal cost, which must be reasonable in Housing New Mexico/MFA'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 ten 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/MFA 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/MFA'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/MFA approved service. Must be approved by Housing New Mexico/MFA in writing one month before Application due date and will be posted on the FAQ section of the Housing New Mexico/MFA 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/MFA'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/MFA'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/MFA 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/MFA'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/MFA approved service. Must be approved by Housing New Mexico/MFA in writing one month before Application due date and will be posted on the FAQ section of the Housing New Mexico/MFA 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/MFA'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:

  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/MFA 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/MFA'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,	1 point

(USDA), 2) youth summer lunch program (USDA) (daily when school is not in session) or 3) after-school snack program twice a week.	
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/MFA approved service. Must be approved by Housing New Mexico/MFA in writing one month before Application due date and will be posted on the FAQ section of the Housing New Mexico/MFA 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/MFA and shall be satisfied during the life of the Project, until 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 may not include any required payments during the Affordability Period (see definition in Glossary) and may 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/MFA) 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 Affordability 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/MFA funding r (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**
- ~~must~~ 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/MFA 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 XI.

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. Blighted Buildings and Brownfield Site Reuse

Projects that include the demolition of Blighted building(s) or the remediation and reuse of a Brownfield site are eligible for points under this criterion. Blighted building(s), by the definition in the Glossary, must be demolished. The square footage of the demolished Blighted Building must account for at least 10% of the Gross Square Feet of the entire completed Project. For scattered site Projects, the total Gross Square Feet of the Blighted Buildings must equal or exceed 10% of the proposed total new construction Gross Square Feet.

Points in this criterion cannot be combined with points under Rehabilitation Projects.

Blighted Building(s): To receive points in this criterion, the Application must include a letter from the Local Government Building Division stating the proposed site meets the requirements of the QAP for blight. In the event that the Local Government will not issue a determination of blight, the Applicant must provide a letter from the Local Government stating the Local Government's policy, a third party report indicating that the site meets the QAP's definition of Blighted Building (see Glossary), and the Applicant must provide documentary support such as notices of violation of: (1) Local Government's codes or regulations or, (2) the recorded covenants, conditions and restrictions for the property or, (3) a condemnation notice from public record. The Application must also include photos of the blighted structure, neighborhood, or area. Housing New Mexico/MFA reserves the right to determine whether or not the site meets these requirements. The Applicant must also include a demolition budget.

Brownfield: To receive points in this criterion, the Application must include the Phase II Environmental Site Assessment, remediation budget and plan detailing the proposed work.

Q. 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	$28,772.00	$30,452.00	
Low-Income Square Foot	$26.95	$29.56	
Low-Income Unit OR			$28,772.00
Low-Income Square Foot			$26.95
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$26,673.00	$28,143.00	
Low-Income Square Foot	$2,357.00	$25.87	
Low-Income Unit OR			$26,673.00
Low-Income Square Foot			$2,357.00
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$24,572.00	$2,583.00	
Low-Income Square Foot	$2,022.00	$22.16	
Low-Income Unit OR			$24,572.00
Low-Income Square Foot			$20.22

Permanent Supportive Housing Projects:

New Construction Projects			
	5 Points	3 Points	1 Point
Low-Income Unit	$28,772.00	$30,452.00	N/A
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit	$26,673.00	$28,143.00	N/A
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit	$24,572.00	$25,833.00	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	$28,049.00	$29,656.00	
Low-Income Square Foot	$26.95	$29.56	
Low-Income Unit OR			$28,049.00
Low-Income Square Foot			$26.95
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$26,040.00	$27,447.00	
Low-Income Square Foot	$23.57	$25.87	
Low-Income Unit OR			$6,040.00
Low-Income Square Foot			$23.57
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$24,030.00	$25,236.00	
Low-Income Square Foot	$20.22	$22.16	
Low-Income Unit OR			$24,030.00
Low-Income Square Foot			$20.22

All Other Projects:

New Construction Projects			
	5 Points	3 Points	1 Point
Low-Income Unit AND	$28,049.00	$29,656.00	
Low-Income Square Foot	$25.78	$28.27	
Low-Income Unit OR			$28,049.00
Low-Income Square Foot			$25.78
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$26,040.00	$27,447.00	
Low-Income Square Foot	$22.54	$24.76	
Low-Income Unit OR			$26,040.00
Low-Income Square Foot			$22.54
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$24,030.00	$25,236.00	
Low-Income Square Foot	$19.34	$21.20	
Low-Income Unit OR			$24,030.00
Low-Income Square Foot			$19.34

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.

R. 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 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.

S. 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.

T. 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/MFA'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/MFA's list of 4% projects posted on its website on or before the Application Due Date) was made in the last five (5) calendar years and the Market Study supports need for the Project (**3 points**);

U. 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, for which no federal assistance is existing or anticipated 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 will be rent restricted at 30% of AMI (or include a copy of the federal rental assistance contract that covers at least the minimum percentage of the total Units if in the Special Housing Needs housing priority category). (**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.)

(iii) **Underwriting Criteria**

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

VI. 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/MFA 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/MFA 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 20, 2025 and the streamlined Application described below by the Application Deadline for the 2026 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 2026 round, as requests for supplemental tax credits will not compete against other Projects in the 2026 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/MFA 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 2026 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/MFA 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 2026 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/MFA'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/MFA 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/MFA

8. Debarment from HUD, Housing New Mexico/MFA or other federal programs, bankruptcy, criminal indictments or convictions, poor performance on prior Housing New Mexico/MFA 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/MFA of Change to the Project

It is Applicant's responsibility to notify Housing New Mexico/MFA 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/MFA's approval of such changes. Failure to notify Housing New Mexico/MFA 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/MFA's sole discretion and the change may result in a change in the tax credit amount or other action by Housing New Mexico/MFA. 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/MFA. 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 ~~in the case of 9% Projects or never issued in the case of 4% Projects~~.

Examples of changes of which Housing New Mexico/MFA 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/MFA in its reasonable judgment.

H. Notice Provisions

Housing New Mexico/MFA 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/MFA will not be responsible for any consequences that may result from the Applicant's inability to receive notice from Housing New Mexico/MFA 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/MFA**.

I. Applications are Public Records

All information contained in Applications to Housing New Mexico/MFA are public records subject to inspection under state and federal open records laws. In addition, Housing New Mexico/MFA 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/MFA.

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

J. Attorney Fees

Any and all attorney fees incurred by Housing New Mexico/MFA 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/MFA, 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/MFA 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/MFA'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/MFA 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/MFA 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/MFA and during the entire term of the Compliance and Extended Use Periods, Housing New Mexico/MFA 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/MFA'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/MFA 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/MFA's website, www.housingnm.org.

VII. Tax Credit Monitoring and Compliance Plan Summary

A. General Requirements

Federal law requires Housing New Mexico/MFA 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/MFA's website, www.housingnm.org. Compliance Monitoring is required for a minimum 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/MFA 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/MFA's approval. Project Owners will be required to submit to Housing New Mexico/MFA 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/MFA. Housing New Mexico/MFA reserves the right, in its sole discretion, to require such additional reports and/or records as Housing New Mexico/MFA 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/MFA 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/MFA 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/MFA will provide the owner written notification at least 15 days in advance of scheduled inspections.

Housing New Mexico/MFA 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/MFA 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/MFA, through Housing New Mexico/MFA'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/MFA

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/MFA 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/MFA 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/MFA. 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/MFA'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/MFA. 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/MFA certifications annually, verifying that Projects are in compliance with the Code, as well as any other data that Housing New Mexico/MFA may require per our monitoring and compliance guidelines.

The Project Owner of any exempted Project must certify to Housing New Mexico/MFA 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/MFA of any noncompliance or if Project Owner is unable to make one or more of the required certifications.

E. Compliance Review

Housing New Mexico/MFA may elect to subcontract the monitoring procedure to other agents. In doing so, Housing New Mexico/MFA would designate the subcontractor as the compliance-monitoring agent who would perform Housing New Mexico/MFA'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/MFA 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/MFA 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/MFA that there is good cause for granting the extension.

Housing New Mexico/MFA 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 2025, 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 2025, 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/MFA 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/MFA'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/MFA 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.

VIII. 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/MFA).

Allocation Review Committee (ARC) - a committee appointed by the Chairman of the Housing New Mexico/MFA 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/MFA 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/MFA's file sharing site https://mfa.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/MFA. They must be submitted to Housing New Mexico/MFA 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, except for tax-exempt bond financed Projects, for which the submission date is specified in Section VI.

Application Package - the forms, schedules, checklists, exhibits uploaded to Housing New Mexico/MFA's file sharing site: https://mfa.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/MFA as described in Section IV.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/MFA and an Applicant by which Housing New Mexico/MFA allocates and the Applicant accepts tax credits in accordance with Section 42(h)(1)(C) of the Code. Housing New Mexico/MFA'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/MFA's Board of Directors.

Brownfield – land where the development, redevelopment or reuse may be complicated by presence of hazardous substance, pollutant or contaminant including petroleum. Brownfield sites require a remediation plan based on a Phase II Environmental Site Assessment.

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/MFA, 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/MFA'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, Content and Format.

Compliance Monitoring – the Agency's procedure, as required by the Code and detailed in Housing New Mexico/MFA'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/MFA 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/MFA, 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/MFA 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/MFA 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/MFA 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/MFA.

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.)

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/MFA 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/MFA pursuant to Section 42(m)(1)(D) of the Code advising the Project Owner that Housing New Mexico/MFA 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 MFA 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 Notice – Housing New Mexico/MFA'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/MFA 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 New Mexico Housing/MFA (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/MFA'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.C.8**), 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/MFA 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/MFA 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/MFA, 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 III.E.15 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.

IX. 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. 2026 Housing New Mexico/MFA Universal Multifamily Underwriting Supplement
D. 2026 Housing New Mexico/MFA Design Standards
E. 2026 Housing New Mexico/MFA Design Standards – Supplement A – NHTF Requirements
F. 2026 9% LIHTC Universal Rental Development Application Form and Schedules
G. NCHMA Model Content Standards
H. 2026 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. 2026 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/MFA 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. Sample LIHTC LURA
    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

STATE OF NEW MEXICO

9% LOW-INCOME HOUSING TAX CREDIT PROGRAM

POST-AWARD PROCESSES AND REQUIREMENTS HANDBOOK

Effective as of December 1, 2025

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Approved by Board of Directors on October --, 2025
Approved by the Honorable Governor Michelle Lujan Grisham on October --, 2025

Table of Contents:

I. Introduction

This Post-Award Processes and Requirements Handbook ("Handbook") is an appendix to the 2026 9% Low Income Housing Tax Credit Qualified Allocation Plan.

Successful Applicants will be notified of Housing New Mexico/MFA's allocation decision in the form of a Reservation Letter. Housing New Mexico/MFA anticipates Reservation Letters will be delivered in May 2026, shortly after approval of tax credit awards at the May 2026 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/MFA, 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/MFA, it is not expected that Housing New Mexico/MFA'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.

II. Post Award Submittals

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 below for follow up activity in order to maintain its Reservation or Carryover Allocation. **Housing New Mexico/MFA 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/MFA if any of the deadlines below are not met. All submissions must follow "Form of Submission" requirements shown in Section III.B.3 of the 2026 QAP. The requirements shown in the 2026 9% QAP, the Design Standards and the Underwriting Supplement (as defined in the 2026 9% QAP) also apply to submittals described in this Handbook.

A. At Reservation

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

B. Quarterly Progress Reports

All 9% Projects must submit a quarterly progress report to Housing New Mexico/MFA on or before March 31st, June 30th, September 30th, and December 31st each year, beginning with March 31st after the allocation year, and continuing until the Final Allocation Application has been submitted. The information to be covered in the progress reports will be provided on Housing New Mexico/MFA's website. Any failure to provide a timely progress report, or failure to provide a complete and accurate report containing the required information, may result in a loss of tax credits.

C. By November 15th[1] following a LIHTC Reservation

The following documents are due by November 15th of the year a LIHTC Reservation Contract is issued:

1. Carryover Allocation Application

If the Project will not be Placed In Service during the calendar year in which the Reservation is made, the Applicant must request a Carryover Allocation by November 15th of the year the Project is awarded. This allows for 24 additional months to complete the Project. The complete Carryover Allocation package must contain all items on the Carryover Allocation requirements checklist (available for download from Housing New Mexico/MFA's website) including:

a. Updated Development Project Application Form and Schedules A-F, dated as of the submission date.
    ~~a.~~ Any changes from the Initial Application must be highlighted in yellow. Any change to the development team, construction drawings or changes in costs greater than 5 percent requires submission of a narrative discussing each change (from $XX to $YY) and the reason(s) for the change. Rents on Schedule B must be updated.
b. Columns A and B of the Assignment of Building Identification Numbers form.
c. Architect Certification: The Project architect must certify that the Project's final plans and specifications meet the Design Standards and contain all commitments made in the Initial Application regarding design and building. Any Material Design Changes to the initial commitments made in the Initial

[1] If November 15th falls on a weekend or holiday, the deadline shall be the first following business day.

Application must be described in detail and be approved by Housing New Mexico/MFA in writing.

d. HERS information: statement that the Project will achieve either a certified HERS score not greater than 55 (new construction) or 65 (rehabilitation).
e. Copy of the Certificate of Partnership/Certificate of Good Standing.
f. Copy of the Limited Partnership Agreement or Operating Agreement.
g. Zoning: Applicants whose Projects were not required to meet threshold requirement number two (zoning) at the Application Deadline must submit evidence that all required zoning approvals for the proposed Project have been obtained.
h. Contractor's Resume: if not included in the Initial Application.
i. Financing Commitments for construction and permanent financing and any other rental or other subsidy, as applicable. Financing Commitments must be submitted from all funding and subsidy sources including construction and first mortgage lender(s), all secondary financing sources (i.e., grants, loans, in-kind contributions) and a letter of intent from the equity provider.
j. HUD financed Projects (e.g., HUD 221(d)(4)): evidence that site appraisal and market analysis (SAMA) application (new construction) or feasibility application (rehabilitation) were submitted to HUD.
k. HUD 542(c) Risk Share financed Projects: HUD firm approval letter
l. Rehabilitation Projects and Adaptive Reuse Projects: Capital Needs Assessment (CNA) dated no earlier than November 15th of the year immediately prior to the Application Deadline. Professionals performing the CNA must meet the minimum qualification/certification requirements set forth in Housing New Mexico's Mandatory Design Standards for Multifamily Housing (Design Standards).
m. Rehabilitation Projects: "As-Is" appraisal completed by an MAI appraiser licensed in New Mexico that is dated no earlier than July 20th of the year immediately prior to the Application Deadline.
n. Eventual Tenant Ownership Projects: Letter from Local Government evidencing that the Project's design meets the subdivision and building code requirements, including fire department requirements of the Local Government in effect as of November 15th during the calendar year in which the Reservation of LIHTC is made.
o. If federal historic tax credits are included in the financing structure of the Project, evidence that the National Park Service has received a complete part 2 of the Historic Preservation Certification Application ("Description of Rehabilitation").

Concurrent with, or subsequent to the Carryover Application, if there is a change to a key member of the development team (Developer, Project Owner, General Partner, contractor, management company, consultant(s), architect, attorney and accountant, etc.), the project must supply Housing New Mexico/MFA with a written explanation of the reason behind the change, materials supporting the benefit to the Project in making the change (including resumes) in order to assess whether or not the Project is negatively impacted by the change.

2. Relocation Plan

A full and final version of a Uniform Relocation Act displacement/relocation plan is due at the time of submission of a Carryover Application. Requirements, forms, and reference materials are available to download from Housing New Mexico/MFA's website: https://housingnm.org/developers/federal-regulations/uniform-relocation-act

D. March 1st of the year following Carryover

If applicable, the Housing New Mexico/MFA 542(c) Risk Sharing commitment must be fully executed.

E. No later than June 30th of the year following Carryover

Design Review and Construction Inspections

All Projects will be subject to Housing New Mexico/MFA's design review and construction inspections to determine compliance with the Design Standards. On or before June 30th[2] of the year following the Carryover Application, the Applicant must submit complete final construction drawings, specifications and construction documents for Housing New Mexico/MFA review for compliance with the Design Standards. Housing New Mexico/MFA 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.

For Rehabilitation and Adaptive Reuse Projects, Housing New Mexico/MFA will review the CNA for completeness, consistency with the Application and compliance with the Design Standards.

[2] If June 30th falls on a weekend or holiday, the deadline shall be the first following business day.

1. **Prior to commencing construction:**

a. **Applicant must have Housing New Mexico/MFA's written approval of complete construction documents;**

b. Applicants must request and receive Housing New Mexico/MFA-provided signs/banners in English and Spanish featuring Housing New Mexico/MFA's fraud hotline at the Project work site(s), which shall remain in place throughout the duration of construction.

c. Applicants must close on all Project financing (except the permanent mortgage).

2. **Material Design Changes**
Differences between the plans and specifications submitted with the Application and those contained in the final construction documents must be approved by Housing New Mexico/MFA. The Applicant must submit a detailed narrative of Material Design Changes made to final plans and specifications along with the Change Fee described in Section III.C.8 of the 2026 QAP.

3. **Post Construction**
Housing New Mexico/MFA must approve the final construction inspection in writing prior to issuance of IRS Form 8609.

F. August 31st[3] of the year following Carryover

1. **10% Test**
Certification by a CPA is required to certify compliance with the 10% test as defined in Code Section 42(h)(1)(E). The Applicant must submit evidence that the basis in the Project exceeds 10% of the reasonable expected total basis in the Project. Such evidence shall include an independent auditor's report expressing an opinion on the attached cost certification, using Housing New Mexico/MFA's designated forms and any other documentation required by Housing New Mexico/MFA. If the Housing New Mexico/MFA form of independent auditor's report is not used, the Project Owner must provide an opinion signed by the certified public accountant certifying that the alternative

[3] If August 31st falls on a weekend or holiday, the deadline shall be the first following business day.

format meets the requirements of Section 42 of the Code, as amended and all other applicable laws, rules, and regulations.

2. Construction Start

a. The Applicant must deliver evidence acceptable to Housing New Mexico/MFA that construction of the Project has begun. This will include, at a minimum, building permits and site photographs. If available, Applicant shall also submit a copy of the general contractor's application and certificate for payment.

b. The Applicant must deliver an executed partnership agreement.

c. Qualified Nonprofit Organization Eligible Projects included in the federal set-aside (as defined in the Code Section 42(h)(5)(C)) must deliver the Partnership Agreement with all attachments and exhibits thereto. (Required for all Projects awarded points under Section V.A of the 2026 QAP.)

d. The Applicant must deliver evidence that the Project Owner has taken ownership of the land and, if applicable, depreciable real property, that is expected to be part of the Project. For tribal Projects, this would include fully executed master and sub-lease agreements with evidence of filing with the Bureau of Indian Affairs.

e. Applicant must deliver evidence of written approval to begin construction from Housing New Mexico/MFA's Architectural Services Representative.

G. At or around the 50% construction completion mark

The Applicant must organize a meeting with Housing New Mexico/MFA staff (both Asset Management and Housing Development departments). The Developer, owner, nonprofit representative, management company staff, and any service providers involved in the Project must be in attendance. This meeting will be required ahead of lease-up. The following materials must be submitted prior to this meeting:

- Related Party Affidavit for the Management Agent
- Compliance Affidavit for the Property Management Agent
- Property Management Agent resume
- Schedule I for the Property Management Agent
- Memorandums of Understanding (MOUs) or service contracts memorializing the service commitments in the Initial Application, if not previously provided.
- Updated Service Provider resumes

H. October 15th of the second year following the initial Allocation

Applicants must submit Housing New Mexico/MFA's Land Use Restriction Agreement Request form. Housing New Mexico/MFA will use the information provided to prepare the LURA.

I. 30 days after the Project is Placed in Service or November 15th of the second year following the initial Allocation, whichever comes first:

Project Owner must forward written notice and copies of all Certificates of Occupancy (for new construction) or Certificates of Substantial Completion (for rehabilitation) to the tax credit program manager within 30 days of issuance.

J. November 15th of the second year following the initial allocation

Placed In Service Application. On or before November 15th of the second year following the initial allocation, a Placed In Service Application must be submitted. **Failure to meet this requirement will result in the loss of tax credits**.

The Placed In Service Application includes:

- Updated Housing New Mexico/MFA Universal Rental Development Application;
- Certificate of Occupancy for each building in the Project (New Construction Projects);
- Certificate of Completion, and if acquisition tax credits are in the capital stack, evidence of the date the Project was Placed In Service for acquisition purposes (Rehabilitation Projects), if not previously submitted;
- Color photos of each of the complete building(s) identified by address and Building Identification Number (BIN);
- A completed Project Ownership Profile (on Housing New Mexico's form);
- A completed Form 8609 Certification (on Housing New Mexico's form);
- A recorded Consent and Agreement to Recording of Land Use Restriction Agreement (LURA) from every lien holder (original signature).

K. Prior to December 31st of the year the Project is Placed In Service

LURA. Prior to December 31st of the year in which the buildings are Placed In Service, the Project Owner must submit an executed and recorded LURA, satisfactory to Housing New Mexico/MFA in form and content

Subordination Agreements from all lenders giving lien priority to the tax credit restrictions in the LURA must be received by Housing New Mexico before IRS Form 8609 will be issued.

L. February 15th of the year following the Placed In Service Date

If the Project Owner anticipates returning any portion of the allocated tax credits, updated Schedules A-F are due no later than February 15th of the year following the Placed In Service date to ensure that the returned credits can be awarded to another Project or Housing New Mexico/MFA's loans can be adjusted prior to the Final Allocation Application submission. If the Project Owner fails to notify Housing New Mexico/MFA and submit the updated Schedules A-F by February 15th of the year following the Placed In Service date and the tax credits are not able to be allocated to another Project, the Principals involved in the Project will be ineligible to participate in the 9% LIHTC round the year after the Final Allocation package is submitted.

M. 120 calendar days following the close of the Project's first taxable year of the Credit Period

Prior to the issuance of IRS Form 8609 certifications for the Project, and no later than 120 calendar days following the close of the Project's first taxable year of the Credit Period, the Project Owner must submit a complete Final Allocation Application containing all items in the Final Allocation checklist, which include, among other items, the following:

1. Payment to New Mexico Mortgage Finance Authority (with tax credit project number and "HTC Compliance Fee") noted on payment, in the amount of the total number of LIHTC Units multiplied by $50, for the first year's compliance monitoring fee (Owner may also elect to pay Compliance Fees for the entire 15-year Compliance Period).
2. Complete an updated MFA Universal Rental Development Application for Final Allocation with schedules (A-1, B, C, D and F) indicating in yellow highlight all changes that have occurred or are being proposed subsequent to the time of the last application. Any change greater than 5 percent requires submission of a "narrative" discussing each change (from $XX to $YY) and the reason(s) for the change. All changes are subject to approval by Housing New Mexico/MFA.
3. A completed and fully executed Schedule "M" Addendum for Final Allocation.

4. Written certification from the equity investor of a) total gross funds raised (or to be raised) from sale of the tax credits, b) itemization of all costs associated with the syndication, c) total equity payment to the partnership, d) pay-in schedule and relevant benchmarks, e) amount of tax credit expected, and f) gross price paid per dollar of tax credit.

5. Cost Certification. Cost Certifications are required to be prepared as described in Section III of this Handbook. The CPA-prepared Cost Certification must be delivered by the Project Owner prior to the issuance of IRS Form 8609 certifications; the general contractor-prepared Cost Certification (if applicable) may be held in escrow by the project or general contractor, but would be required for audit purposes, as outlined in Section II.S. The cost certification consists of the following:

   a. Project Owner's certification, on Final Cost Certification, Housing New Mexico/MFA Form A (and, if Tax Exempt Bond Financed, Form A2), of actual total Project costs and eligible basis incurred, signed and attested;

   b. Accountant's Independent Auditor's Report, Housing New Mexico/MFA Form B with correct federal tax identification number, prepared by an independent certified public accountant; and

   c. Completed Costs Incurred by Building, MFA Form C, showing costs incurred separately for each building.

6. Copy of the signed cost certifications submitted to FHA, lenders, or RD (FmHA), as applicable.

7. Completed Project Owner's attorney's opinion. A Project Owner's independent tax attorney opinion submitted on the firm's letterhead with required text as set forth in the Final Allocation Application package.

8. Completed "As Built" Architect's certification from the Project architect with required text as set forth in the Final Allocation Application package, certified by the Project Owner, that the Project has been built in conformance with the Design Standards, all applicable codes and commitments made in the Initial Application regarding design and building, unless otherwise approved in writing by Housing New Mexico/MFA.

9. As-Built Site Plan, Building Floor Plans, and Unit Plans

10. Fully executed final contractor's application and certificate for payment, AIA doc. G702 or equivalent, indicating all hard Construction Costs for the Project.
11. Updated cash flow analysis (15-year pro forma).
12. Complete (with all exhibits attached) copy of the executed partnership or operating agreement.
13. Compliance Training Certificates for both owner and management company with each labelled accordingly for training completed no earlier than two years prior to the date the Applicant submits the Final Allocation Application to Housing New Mexico/MFA.
14. Certification identifying all sources of funds, including, but not limited to, federal, state, local funds, GP contributions and third-party loans with details on each source including type (whether it is a loan, grant, rent subsidy, etc.), terms and amount.
15. Copy of the Recorded Land Use Restriction Agreement (LURA).
16. Fully executed promissory note between Project Owner and Developer for deferred developer fee, if any.
17. HERS Report/Certification prepared and executed by a qualified third-party HERS rater.
18. Copy of the current rental assistance contract, if applicable.
19. Copy of New Mexico Smoke Free at Home certification, as applicable.
20. Evidence that the Project is located within a 2026 QCT/DDA, if applicable.
21. For 4 percent LIHTC bond projects, final executed financing documents from all sources

III. Cost Certification

A. Applicability of Cost Certification

Prior to the issuance of a LIHTC certification (IRS Form 8609), Housing New Mexico/MFA will require two Cost Certifications to be prepared, one by an independent CPA and executed by both the CPA and Project Owner, and a second Cost Certification prepared and executed by the general contractor The Cost Certification prepared and executed by the general contractor should reflect real costs to the general contractor, but

those costs may not be reflected in the CPA-prepared Cost Certification if the project entered into a Maximum Guaranteed Price or Stipulated Sum Contract for example. In those cases, the owner-incurred costs should be reflected in the CPA-prepared document, regardless of the general contractor costs. The general contractor Cost Certification may not meet Housing New Mexico/MFA cost requirements if a Maximum Guaranteed Price or Stipulated Sum Contract was utilized. Therefore, if the project entered into a Stipulated Sum Contract or a Maximum Guaranteed Price, a Cost Certification does not need to be prepared by the general contractor.

B. Cost Certification Requirements

The Form 8609 Cost Certification must meet the following requirements:

1. The CPA preparing the Cost Certification must certify that all costs are related to the Project's development and do not include costs for organization, syndication, professional or consultant fees related to syndication. The CPA shall "test" a minimum of 20% of all costs listed therein. Both the CPA and Project Owner must execute the Cost Certification. In addition, a Cost Certification is required to be prepared and executed by the general contractor if the project is not utilizing a stipulated sum contract. Each Cost Certification must specifically identify those costs listed in any general or "Other" category. The general contractor Cost Certification (if applicable) may be held in escrow by the project or general contractor but must be produced in the event of an audit as outlined in Section IV of this Handbook.

2. All fees, including the developer fee, paid to the Project Owner or Developer or to an Entity with an Identity of Interest with the Project Owner or Developer, must be clearly identified. If all or a portion of the developer fee is deferred, copies of the promissory note or other substantiation of the validity of the fee must be reviewed.

3. If the land is purchased from a related party, the Project Owner must submit an appraisal to substantiate fair market value, which appraisal must include a determination of value based upon any land use restrictions per HUD or other Entity, including Housing New Mexico/MFA.

4. Legal fees related to land acquisition must be clearly identified.

5. Interest expense related to land must be clearly identified.

6. The sources of all funding including loans, tax credit proceeds, Project Owner/Developer equity and all other sources must be certified.

C. Authority to Determine Maximum Qualified Basis

Housing New Mexico/MFA may challenge the costs provided in the Cost Certification, impose the limitations set forth in this QAP and in its sole discretion, determine the maximum Qualified Basis against which credit is allocated.

IV. Audit Requirements

Beginning with issuance of the Reservation Contract and Reservation Letter by Housing New Mexico/MFA and during the entire term of the Compliance and Extended Use Periods, Housing New Mexico/MFA 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/MFA's discretion. An audit or other related procedure may include, but is not limited to, an on-site inspection of all buildings, and 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. In addition, Housing New Mexico/MFA may audit 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.

Additionally, all Projects must maintain records of the process used to select general contractors (including any RFPs and Proposals). Written communication with selected general contractor regarding required Cost Certification upon Project completion should be retained.

V. Recycled Allocations

A Property Owner may return a valid allocation of tax credits between October 1st and December 15th to receive an allocation of tax credits from the current year's tax credit ceiling in the same amount of the returned allocation if:

- The Project Owner pays the $500 fee due for requests for changes to a Project;
- No changes to the Project (i.e., design, financing, etc.) have occurred without Housing New Mexico/MFA's approval;

- None of the returned Project's Principals are participating in the following year's 9% LIHTC round (e.g., Principals returning tax credits in 2025 will not participate in the 2026 round);
- The Project demonstrates that all financing necessary to place the Project in service is secured;
- The Project will place in service by December 31, 2026 and receive no further opportunity to recycle the tax credits (e.g., if 2023 LIHTC are returned in December 2025 in exchange for 2025 tax credits, the Project will place in service by December 31, 2026).
- Housing New Mexico/MFA must be notified of any request to recycle an allocation of tax credits by November 15th, when the Placed In Service submission would have been due.

STATE OF NEW MEXICO

4% LOW-INCOME HOUSING TAX CREDIT PROGRAM

QUALIFIED ALLOCATION PLAN

Effective as of December 1, 2025

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Approved by Board of Directors on October __, 2025
Approved by the Honorable Governor Michelle Lujan Grisham on October __ , 2025

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 4% Low-Income Housing Tax Credits pursuant to the Code (hereinafter LIHTC, credits or tax credits) and multifamily private activity tax-exempt bonds made for QAP year 2026.

The Code allows tax-exempt bond-financed Projects to receive an allocation of 4% tax credits provided they meet the requirements for an allocation in the QAP. Housing New Mexico/MFA will determine whether a Project satisfies the requirements of the 4% LIHTC QAP and its appendices. The tax credits allocated to tax-exempt bond-financed Projects are not subject to the Annual Credit Ceiling and, consequently, are not required to compete in the competitive allocation process described in the 9% LIHTC QAP. However, Projects will be required to meet certain thresholds and deadlines that are described in this 4% LHTC QAP along with Housing New Mexico's 4% Post-Award Processes and Requirements Handbook ("Post-Award Handbook"), 2026 Mandatory Design Standards for Multifamily Housing ("Design Standards"), and Universal Multifamily Underwriting Supplement ("Underwriting Supplement"), all of which are hereby incorporated by reference into this QAP.

A. Role of Housing New Mexico/MFA

New Mexico Mortgage Finance Authority (Housing New Mexico/MFA) 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/MFA 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/MFA monitors existing Projects for compliance with the Code; however, Housing New Mexico/MFA 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/MFA, nor its agents or employees, will be liable for any matters arising out of or in relation to, the allocation

[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.

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/MFA 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 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 should conflict 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/MFA 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/MFA's inherent discretion, reasonable judgement and prudent business practices, Housing New Mexico/MFA may reject any Application (as defined in the Glossary) or Project that Housing New Mexico/MFA 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/MFA 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 submitted in response to this QAP shall be borne solely by the Applicants.

Housing New Mexico/MFA 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/MFA, including, but not limited to, the ability to respond to government declared disasters and emergencies. Housing New Mexico/MFA 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/MFA 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/MFA 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 submitted 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/MFA's 4% 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 ___, 2025 and continuing through September ___, 2025), during which time a public hearing was held on _____. Housing New Mexico/MFA 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/MFA'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/MFA 2026 Mandatory Design Standards for Multifamily Rental Housing* (Design Standards) for rehabilitation, Adaptive Reuse and newly constructed Units as they pertain to each Unit type.

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/MFA, 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 2026, Housing New Mexico/MFA 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/MFA complies with this requirement with a Land Use Restriction Agreement (LURA) filed when the Project is Placed In Service. Housing New Mexico/MFA'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/MFA 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 Private Activity Bond Volume Cap Available Statewide

The state of New Mexico receives a population-based allocation of private activity bond volume cap each year, which is usually the small state minimum. At its December meeting, the New Mexico State Board of Finance allocates a portion of that annual private activity bond volume cap to finance multifamily housing for the following calendar year. In December 2024, the State Board of Finance allocated $200,000,000 for multifamily housing in 2025.

B. Limitation on Private Activity Bond Volume Cap to a Single Project or Principal

The private activity bond volume cap allocation by the State Board of Finance must not exceed the greater of:

- 30% of the Project's aggregate basis used to calculate the 25% test, or
- The amount of the Project's permanent mortgage loan in first lien position.

Costs of issuance may not exceed 5% of the bond issue for Projects with total financing sources of $2,000,000 or more and 7% for Projects with total financing sources of less than $2,000,000.

From January through August, 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 may have more than one 4% LIHTC Project in the Application phase (for the period beginning with the submission of a 4% LIHTC Initial Application and ending when the Project starts construction) and two Projects in the construction phase (for the period beginning when the Project starts construction until the Forms 8609 have been issued). The two-Project limit in the construction phase does not include Projects that received bond volume cap prior to 2026.

C. 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.

If the federal government expands the basis boost, Housing New Mexico/MFA 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	30 Days Prior to Application Submission
Initial Application	Rolling Basis – subject to readiness criteria
Housing New Mexico LIHTC Application Processing	Approximately 30 – 60 days from receipt of Complete Application depending on complexity and application pipeline
Deficiency Corrections (if requested by Housing New Mexico/MFA)	Five business days to respond
Draft 42(m) Letter	Upon determination that the Project meets all standards in the QAP and appendices
Draft 42(m) Letter Expires	3 months from issuance
State Board of Finance Presentation	Within 3 months of Draft 42(m) Letter
LIHTC Processing Fees Due	Upon SBOF allocation of volume cap approval
Final 42(m) Letter Issued	Upon payment of LIHTC Processing Fees
Financial Closing and Construction Start	The earlier of: 6 months from SBOF allocation of volume cap approval (subject to penalties if deadline not met) and date the volume cap expires in accordance with NMAC #: 2.61.4
Certificate(s) of Occupancy / Certificate of Completion	Within 30 days of Placement In Service
Final Allocation Application	Within 120 days of the end of the first year of the Compliance Period

B. Application Acceptance

Applications for Private Activity Bond Volume Cap must include a 42(m) Letter from Housing New Mexico/MFA (which may be a draft). Therefore, Applicants must submit a Complete Initial Application to Housing New Mexico before the State Board of Finance will accept an application for volume cap.

1. Deadline

Applications are accepted on a rolling basis 30 days after Housing New Mexico/MFA receives the Intent to Submit and Project Synopsis described in Section IV.G. (Pre-Application Requirements). Housing New Mexico/MFA will not review Initial Applications that, in its sole discretion, do not demonstrate:

- that the Project will present its request for private activity bond volume cap at a State Board of Finance meeting within 3 months after Housing New Mexico/MFA has completed its review of the Initial Application, and
- that will close on all construction period financing and begin construction on the date that is the earlier of:
    - 6 months after date the State Board of Finance approves the bond allocation at its regularly scheduled meeting, or
    - the date the bonds expire pursuant to State Board of Finance Rules described in NMAC #: 2.61.4 Private Activity Bond Allocations. Applicants should not assume that the State Board of Finance will grant an extension to close on the bonds.

2. Where to Submit the Application

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

3. Form of Submission

The required 2026 Housing New Mexico/MFA Universal Rental Development Application will be provided electronically and may be downloaded from Housing New Mexico/MFA's website at https://housingnm.org/developers/lihtc/current-and-prior-tax-credit-rounds. Applicants must submit the 2026 Housing New Mexico/MFA 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 ___ regarding when this is required).
- Appraisal (see Section ___ 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

Federal Register Notice: 87 FR 64515: *An application is deemed to be submitted on the date it is filed if the application is determined to be complete by the credit-allocating or bond issuing agency. A "complete application" means no more than de minimis clarification of the application is required for the agency to make a decision about the allocation of tax credits or issuance of bonds requested in the application*.

De minimis means the Initial Application meets all the standards described in this Complete Application section when initially submitted and that the Initial Application does not require any deficiency corrections.

Complete Applications will meet the following standards when they are initially submitted and without benefit of any subsequent submissions:

a. Housing New Mexico/MFA 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 2026 Housing New Mexico/MFA 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 2026 QAP that apply to the Project.
c. Applicants must redact protected personal information such as Social Security numbers and board member home addresses except for the name of the local jurisdiction.
d. Complete Initial Applications must include Application fees as outlined in Section III.C below.
e. Current year Housing New Mexico/MFA 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/MFA may determine is necessary to evaluate the "Applicant eligibility" threshold requirement in Section IV.E, all Applications must be self-contained. Housing New Mexico/MFA will not rely on any previously submitted information, written or verbal, to evaluate the Application.
i. A Gannt chart or narrative describing in detail, the scheduled dates and tasks that must be completed to close on all construction phase Project financing and begin construction.

In determining whether the Application is complete, Housing New Mexico/MFA 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.

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/MFA may take pursuant to Section III.F.7 "*Deficiency Correction Period*", Housing New Mexico/MFA 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/MFA 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/MFA'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. Prohibited Activities

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 State Board of Finance (SBOF) regarding any Application except when specifically permitted to present testimony at a tax credit or bond related proceeding. **An Application shall be rejected, and a complete new Application with a new Application fee will be required, if the Applicant or any Person or Entity acting on behalf of Applicant violates the prohibitions of this section**. A list of SBOF members, Housing New Mexico/MFA Board members, their proxies, Housing New Mexico/MFA 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/MFA's website for a current list of Board members and check the State Board of Finance website for a list of SBOF members.

Any communication made or action taken in violation of this 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.

C. Housing New Mexico/MFA 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 42(m) Letter or other actions available to Housing New Mexico/MFA. Exceptions may be granted at Housing New Mexico/MFA's sole discretion and fees may be adjusted annually, as determined by Housing New Mexico/MFA 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
LIHTC Processing Fee	8.5% of Annual LIHTC	Upon approval of volume cap
Additional Review	$1,500 each	Invoiced Deadline
Deadline Extension	$1,000 per week	Upon receipt of invoice

Monitoring and Compliance Fees	$50/LI Unit/Year	January 31 annually
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/MFA 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/MFA will not issue the IRS Form 8609 before Housing New Mexico/MFA'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/MFA. 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/MFA-ordered Market Study: Amount varies depending on cost

If a subsequent Housing New Mexico/MFA-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 once the State Board of Finance approves the allocation of volume cap for the Project. Applicants may request to enter into an agreement to pay the processing fee at the construction financing closing, if payment of the processing fee will present a financial hardship.
- 8.5% of Housing New Mexico/MFA-determined tax credit allocation amount rounded down to the nearest dollar.
- If the actual tax credit amount is greater at Final Allocation than when the Letter of Determination was delivered, the Applicant must pay an additional processing fee of 8.5% of the increase in the tax credit amount.

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 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 Subsequent Project Requirements and/or with submission of late or missing documents required under Subsequent Project Requirements, and/or to extend the deadline to close on Project financing and begin construction in Section III.B.1

- $1,000 per week due upon invoice

6. Monitoring and Compliance Fees

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 Final Allocation Application (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

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

7. Reinspection Fees (Compliance Monitoring)

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

Additional inspection fees will be charged as follows and are due within 30 days of billing.

8. Compliance Monitoring – Non-Compliance Fees

Projects will be charged additional inspection 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.

Additional inspection fees are due within 30 days of billing.

9. 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.

10. Reissuance of Form 8609

Housing New Mexico/MFA 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.

11. 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/MFA'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/MFA's discretion, also be subject to a $10,000 fine to move forward with the ownership change process.

D. Process to Allocate Tax Credits

Applicants may request a 42(m) Letter by submitting an Application at least 60 days , but no longer than 90 days, prior to submission to the State Board of Finance for bond volume cap. Requests must include an Application fee and Direct Cost Deposit as listed in Section III.C.2, a market study, a completed 2026 Universal Rental Development Application and Schedules with all attachments and any other material specified by Housing New Mexico/MFA. The market study must meet all requirements identified in Section IV.D in Housing New Mexico/MFA's determination and be dated no more than 180 calendar days prior to the date on which a Complete Application is received by Housing New Mexico/MFA. Once the State Board of Finance has approved an allocation of volume cap, and prior to the release of the Letter of Determination by Housing New Mexico/MFA staff, a processing fee in the amount of 8.5% of the approved annual credit amount will be due, unless an agreement is signed to pay the processing fee at closing. Housing New Mexico/MFA's initial response to the Application for 4% tax credits will be provided no later than 60 business days after receipt of the Complete Application by Housing New Mexico/MFA.

In addition to the Project Narrative required for 9% Projects found in the 9% QAP, the required Project Narrative must also include the description of the characteristics of the Project in terms of the tax-exempt bond issuance. A failure to provide any of the information required herein will result in a determination, in Housing New Mexico/MFA's sole discretion, that the Project Application is incomplete. You may provide additional documentation that supports this narrative. Each supporting document should include a brief description of what is contained in the document and the purpose for which it is being submitted. This expanded document shall also address the following:

a. The current use and condition of the proposed site;

b. The amount of requested Volume Cap. Provide explanation of and support for the amount requested;

c. Evidence of qualification under the relevant bond financing sections of the Code;

d. Describe in detail the bond financing structure;

1. Identify if there will be more than one series of bonds;

2. Will the bonds be used in construction only or be used in permanent financing;

3. Bond terms including any source used to pay back the bonds;

4. All entities involved in the financing, e.g., rating agencies, bond insurer, letter of credit bank, credit enhancement Entity;

e. Evidence and support of adequate market for the Units and explanation of why the housing needs of households eligible to live in the proposed Project are not being met by existing multifamily housing;

f. Conditions to be satisfied prior to bond issue, e.g., all governmental approvals, real estate conditions;

g. Statement indicating why the public purpose of the bonds could not be as economically or effectively served without an allocation of bond cap;

h. Other information regarding the economic benefits of the Project to the Project's community and the State of New Mexico;

i. Provide a detailed timeline, incorporating all pertinent milestones including but not limited to all governmental approvals and the bond closing.

Tax-exempt bond financed Projects may receive tax credits on the full amount of their Eligible Basis only if at least 25% of the Project's "aggregate basis" is financed with tax-exempt bonds. Additionally, numerous bond-financing rules apply and many tax credit requirements are different for tax-exempt bond financed Projects. Housing New Mexico/MFA recommends that Project Owners undertaking these Projects obtain advice from qualified tax professionals to ensure that such requirements are met.

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 an Housing New Mexico/MFA-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 has passed since the Project was

Placed In Service. (Tax-exempt bond financed Projects are excluded from this requirement, as they are not scored.)

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/MFA 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.

3. Relocation Plan

Applications with rehabilitation must submit a relocation plan in accordance with the Uniform Relocation Act. Requirements may be found on Housing New Mexico's website at: https://housingnm.org/developers/federal-regulations/uniform-relocation-act.

F. Staff Analysis and Application Processing

1. Threshold Review

Following the Application Deadline, Housing New Mexico/MFA 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 threshold 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 five business days allowed, the Application will be rejected.

2. Feasibility Analysis and Financial Considerations

All Projects, in addition to the threshold review process, will undergo financial analysis by Housing New Mexico/MFA 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/MFA'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 the Underwriting Supplement which includes, among other topics, cost limits, debt coverage ratio floors, operating expense ranges, as well as requirements for other Housing New Mexico/MFA financing.

3. Initial Design Review

All Projects will be subject to Housing New Mexico/MFA's design review and construction inspections to determine compliance with the Design Standards. Housing New Mexico/MFA 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/MFA will review the CNA, if applicable, for completeness, consistency with the Application and compliance with the Design Standards.

4. Local Notice

Within 10 days after receiving the Application, 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.

5. 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/MFA may visit the proposed site. Sites considered by Housing New Mexico/MFA 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 financial feasibility analysis.

6. Deficiency Correction Period

Housing New Mexico/MFA may provide a five-business day deficiency correction period after the threshold review. This period is intended only to: 1) correct threshold items, 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.

In the event that Housing New Mexico/MFA identifies five or more deficiencies, inconsistencies and/or conflicting data/information in the Initial Application, or

subsequent submissions, the submittal will be rejected and returned to the Applicant for correction of all deficiencies, inconsistencies and/or conflicting data/information. Housing New Mexico will only include the first five deficiencies, inconsistencies and/or conflicting data/information in the notification. The Applicant is responsible for finding any others in the submission package. Rejected submission packages must be resubmitted in their entirety, as if no submittal had been made prior thereto. All resubmittals will be placed at the end of the queue of Projects that are under review at the time the Application is resubmitted. The Applicant may respond to only one deficiency correction notice without incurring an Additional Review Fee described in Section III.C.4.

If the deficiency correction period is used, Housing New Mexico/MFA 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/MFA determines in its reasonable judgment may not be correctable. In no case shall the deficiency correction period be used by Housing New Mexico/MFA to allow an Applicant 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/MFA is not submitted within the timeframe provided or is submitted but remains deficient, the Application may be rejected without any further review.

7. 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/MFA. 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/MFA's reasonable judgment to evaluate the Project's Application.

a. 42(m) Letter

Once a Project has been deemed compliant with the QAP and its appendices, Housing New Mexico will issue a draft 42(m) Letter to the Applicant to insert into an application for private activity bond volume cap from the State Board of Finance.

8. Post Award Submittals

Affirmative actions after 42(m) Letter. From the date of the 42(m) Letter, the Applicant must continue to timely remit all Tax Credit Program related fees and meet each of the deadlines specified in the Post Award Requirements Handbook attached to and incorporated by reference to this QAP. -**Housing New Mexico/MFA has no obligation to provide any further notice to Applicants of these requirements and Housing New Mexico/MFA may refuse to process a Final Allocation until missing items are provided. 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. If the Developer has purchased the land or depreciable real property within one year prior to the Initial Application with bridge financing, evidence of the purchase price paid must be included in the Initial Application.

B. Zoning

Zoning allowing the Project to be built must be in place at Initial Application. 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.

C. Fees

All fees owed to Housing New Mexico/MFA 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/MFA by the date due.

D. Market Study

A Market Study must be submitted with the Initial 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[4] and have been issued

[4] 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/

within 180 days of the Application submission. All market studies must be issued to Housing New Mexico/MFA as the designated user. The market study must indicate a need for the Project and demonstrate that the overall vacancy rate in the Primary Market Area defined in the market study is less than 10%.

If the Market Study as submitted is not sufficient, there may be an additional Market Study ordered by Housing New Mexico/MFA. The cost of this Housing New Mexico/MFA-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/MFA'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/MFA 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)[5] in the form stipulated at Tab 1l of the Application certifying the Principal and its Affiliate(s) are not in default with respect to any Material Compliance Matter for any such Project or shall state what defaults exist and what corrective action Applicant is taking.
- Development team resumes inserted at Tab 12 to determine capacity to perform in the role proposed. Considerations may include related

[5] 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/MFA 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/MFA or other federal housing programs,
- bankruptcy, criminal indictments or convictions,
- poor performance on prior Housing New Mexico/MFA or federally-financed Projects, including:
    - (late payments of any Housing New Mexico/MFA 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/MFA development deadlines or documentation requirements

Housing New Mexico/MFA 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/MFA.

F. Financial Feasibility

Applications must demonstrate that the Project meets all requirements Underwriting Supplement.

G. Pre-Application Requirements

1. Applicants must submit an Intent to Submit a Tax Credit Application and Development Synopsis at least 30 calendar days prior to submitting an Application.

2. All tax-exempt bond financed Projects are encouraged to meet Housing New Mexico/MFA staff at least 30 days prior to submission to review and discuss the proposed Project.

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

4. Developers applying for 4% LIHTC must complete a quiz based on the QAP training materials posted on Housing New Mexico/MFA's website and achieve a score of 80% or higher. This quiz must have been completed within the six months prior to submittal of the Application.

V. Selection Criteria

While tax-exempt bond financed Projects will not be required to meet a minimum score to obtain a Letter of Determination, they must meet and agree to all of the following mandatory selection criteria in order to be eligible for 4% non-competitive tax credits:

A. Locational Efficiency

The Project must be located within a 15-minute drive (as demonstrated through Google Maps) to a facility in which fresh produce is available (or demonstrate that a full-scale supermarket within a 15-minute drive is part of an approved master plan to be developed.

B. 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.

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 XI Glossary for definitions). Rehabilitation that is less than a Moderate Rehabilitation is not eligible for 4% LIHTC.

Housing New Mexico/MFA may request additional information or documentation regarding the scope of work.

C. Meet All Criteria for One of the Following Targeted Populations

1. Households with Special Housing Needs Housing Priority

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

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/MFA 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 total 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-

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.

i. 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.

ii. Services must be provided to residents at little or nominal cost, which must be reasonable in Housing New Mexico/MFA'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.

iii. 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.).

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/MFA 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/MFA's advance approval).

2. Projects Reserved for Seniors Housing Priority

"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. 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/MFA 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/MFA's advance approval).

3. Households with Children Housing Priority

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. 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/MFA 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/MFA's advance approval).

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

Projects must commit to market the Units to households listed on public or Indian housing agency waiting lists. 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.

E. 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 must indicate a commitment to provide one of the following certifications and submit proof of certification with the Project's 8609 Application:

1. 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);
2. 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).

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

F. Veterans Preference

Project's resident selection criteria must contain a preference for active duty, Honorably Discharged, or retired US military Veterans.

This selection criterion requires pre-approval from HUD for Projects with project-based Section 8 contracts; Applicants must provide the materials used to request the approval from HUD before closing.

VI. Underwriting Criteria

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

VII. General

A. 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.

B. Property Standards

All Projects must conform to the 2026 Mandatory Design Standards for Multifamily Housing, which are hereby incorporated into this QAP at Appendix D.

C. Termination of Determination of Qualification 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/MFA'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/MFA 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/MFA

8. Debarment from HUD, Housing New Mexico/MFA or other federal programs, bankruptcy, criminal indictments or convictions, poor performance on prior Housing

New Mexico/MFA 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

D. Notifications to Housing New Mexico/MFA of Change to the Project

It is Applicant's responsibility to notify Housing New Mexico/MFA 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/MFA's approval of such changes. Failure to notify Housing New Mexico/MFA 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/MFA's sole discretion and the change may result in a change in the tax credit amount or other action by Housing New Mexico/MFA. 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/MFA. 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/MFA 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 subsequent to Initial Application submission;

3. Applicant obtains additional subsidies or financing, or loses subsidies or financing, and/or the amount of any such financing or subsidy changes by greater than or equal to 10% from the amount shown in Initial Application submission;

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 Initial Application submission;

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/MFA in its reasonable judgment.

E. Notice Provisions

Housing New Mexico/MFA 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/MFA will not be responsible for any consequences that may result from the Applicant's inability to receive notice from Housing New Mexico/MFA 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/MFA.**

F. Applications are Public Records

All information contained in Applications to Housing New Mexico/MFA are public records subject to inspection under state and federal open records laws. In addition, Housing New Mexico/MFA 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/MFA.

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

G. Attorney Fees

Any and all attorney fees incurred by Housing New Mexico/MFA 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/MFA, 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.

H. Audit Requirements

Beginning with issuance of the Reservation Contract and Reservation Letter by Housing New Mexico/MFA and during the entire term of the Compliance and Extended Use Periods, Housing New Mexico/MFA 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/MFA'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.

I. Compliance Plan

Federal law requires Housing New Mexico/MFA 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/MFA's website, www.housingnm.org.

VIII. Tax Credit Monitoring and Compliance Plan Summary

A. General Requirements

Federal law requires Housing New Mexico/MFA 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/MFA's website, www.housingnm.org. Compliance Monitoring is required for a minimum 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/MFA 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/MFA's approval. Project Owners will be required to submit to Housing New Mexico/MFA 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/MFA. Housing New Mexico/MFA reserves the right, in its sole discretion, to require such additional reports and/or records as Housing New Mexico/MFA 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/MFA 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/MFA 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/MFA will provide the owner written notification at least 15 days in advance of scheduled inspections.

Housing New Mexico/MFA 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/MFA 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/MFA, through Housing New Mexico/MFA'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/MFA

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/MFA 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/MFA 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/MFA. 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/MFA'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/MFA. 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/MFA certifications annually, verifying that Projects are in compliance with the Code, as well as any other data that Housing New Mexico/MFA may require per our monitoring and compliance guidelines.

The Project Owner of any exempted Project must certify to Housing New Mexico/MFA 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/MFA of any noncompliance or if Project Owner is unable to make one or more of the required certifications.

E. Compliance Review

Housing New Mexico/MFA may elect to subcontract the monitoring procedure to other agents. In doing so, Housing New Mexico/MFA would designate the subcontractor as the compliance-monitoring agent who would perform Housing New Mexico/MFA'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/MFA 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/MFA 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/MFA that there is good cause for granting the extension.

Housing New Mexico/MFA 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 2025, 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 2025, 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/MFA 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/MFA'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/MFA 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/MFA).

Allocation Review Committee (ARC) - a committee appointed by the Chairman of the Housing New Mexico/MFA 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/MFA 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/MFA's file sharing site https://mfa.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/MFA. They must be submitted to Housing New Mexico/MFA in accordance with the QAP in order to apply for the Tax Credit Program.

Application Deadline –The submission date specified in Section III.B.1.

Application Package - the forms, schedules, checklists, exhibits uploaded to Housing New Mexico/MFA's file sharing site: https://mfa.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/MFA as described in Section IV.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/MFA and an Applicant by which Housing New Mexico/MFA allocates and the Applicant accepts tax credits in accordance with Section 42(h)(1)(C) of the Code. Housing New Mexico/MFA'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/MFA's Board of Directors.

Brownfield – land where the development, redevelopment or reuse may be complicated by presence of hazardous substance, pollutant or contaminant including petroleum. Brownfield sites require a remediation plan based on a Phase II Environmental Site Assessment.

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/MFA, 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/MFA'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.

Compliance Monitoring – the Agency's procedure, as required by the Code and detailed in Housing New Mexico/MFA'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/MFA 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/MFA, 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/MFA 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.

Eligible Partners or **Eligible Households** – one or more natural Persons or a household, irrespective of race, creed, national origin or sex, determined by the Agency to be of low- or very low-income. In determining the income standards of eligible Persons for its various programs, the Agency shall take into account the following factors:

1. Requirements mandated by federal law
2. Variations in circumstances in the different areas of the state
3. Whether the determination is for rental housing
4. The need for household size adjustments

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/MFA 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/MFA 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/MFA.

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.)

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/MFA 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/MFA pursuant to Section 42(m)(1)(D) of the Code advising the Project Owner that Housing New Mexico/MFA 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 MFA 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 Notice – Housing New Mexico/MFA'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/MFA 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 New Mexico Housing/MFA (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/MFA'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.

Permit Ready Drawings - the bare minimum drawings required to obtain a construction permit from local authorities. This may include but is not limited to: Site Plan, Architectural Plans, Structural Plans, Mechanical (HVAC), Plumbing, Electrical, Product Approval documentations, Energy Calculations and Structural Calculations.

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.C.8**), 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/MFA 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/MFA 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/MFA, 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 III.E.15 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. Post-Award Processes and Requirements Handbook
C. 2026 Housing New Mexico/MFA Universal Multifamily Underwriting Supplement
D. 2026 Housing New Mexico/MFA Design Standards
E. 2026 Housing New Mexico/MFA Design Standards – Supplement A – NHTF Requirements
F. 2026 4% LIHTC Universal Rental Development Application Form and Schedules
G. NCHMA Model Content Standards
H. RESERVED
I. 2026 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/MFA 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. Sample LIHTC LURA
    m. Sample Equity Certification Letter
J. Low-Income Housing Tax Credit Compliance Plan and Appendices, December 2021 as may be amended
K. Annual Owners Certification of Continuing Program Compliance, as may be amended

STATE OF NEW MEXICO

9% LOW-INCOME HOUSING TAX CREDIT PROGRAM

POST-AWARD PROCESSES AND REQUIREMENTS HANDBOOK

Effective as of December 1, 2025

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Approved by Board of Directors on October --, 2025
Approved by the Honorable Governor Michelle Lujan Grisham on October --, 2025

Table of Contents:

I. Introduction

This Post-Award Processes and Requirements Handbook ("Handbook") is an appendix to the 2026 9% Low Income Housing Tax Credit Qualified Allocation Plan.

Successful Applicants will be notified of Housing New Mexico/MFA's allocation decision in the form of a Reservation Letter. Housing New Mexico/MFA anticipates Reservation Letters will be delivered in May 2026, shortly after approval of tax credit awards at the May 2026 Board meeting.

42(m) Letters 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/MFA, it being the explicit intention of the QAP to prevent one party from obtaining such a 42(m) Letter 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/MFA, it is not expected that Housing New Mexico/MFA'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.

II. Post Award Submittals

From the date of the issuance of a draft 42(m) Letter, the Applicant must continue to timely remit all tax credit program related fees and meet each of the deadlines specified below for follow up activity in order to maintain its compliance with the 2026 4% QAP. **Housing New Mexico/MFA 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 42(m) Letter to be rescinded.** All submissions must be uploaded to Housing New Mexico/MFA's Secure File Transfer-HD file sharing site following the "Form of Submission" requirements shown in Section III.B.3 of the 2026 4% QAP. The requirements shown in the 2026 4% QAP, the Design Standards and the Underwriting Supplement (as defined in the 2026 4% QAP) also apply to submittals described in this Handbook.

A. At 42(m) Letter

The processing fee and any other conditions noted in the 42(m) Letter must be satisfied by the deadlines stipulated in the 42(m) Letter. The draft 42(m) Letter will expire three months after it is issued. The final 42(m) Letter will remain valid, so long as the allocation

of private activity bond volume cap remains valid. Beginning six months after the date the final 42(m) Letter is issued, a $1,000 per week extension fee will be assessed until the Project closes on all construction period financing and begins construction.

B. Quarterly Progress Reports

All 9% Projects must submit a quarterly progress report to Housing New Mexico/MFA on or before March 31st, June 30th, September 30th, and December 31st each year, beginning with March 31st after the allocation year, and continuing until the Final Allocation Application has been submitted. The information to be covered in the progress reports will be provided on Housing New Mexico/MFA's website. Any failure to provide a timely progress report, or failure to provide a complete and accurate report containing the required information, may result in a loss of tax credits.

C. Design Review and Construction Inspections

All Projects will be subject to Housing New Mexico/MFA's design review and construction inspections to determine compliance with the Design Standards. Before beginning construction, the Applicant must submit complete final construction drawings, specifications and construction documents for Housing New Mexico/MFA review for compliance with the Design Standards. Housing New Mexico/MFA 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.

For Rehabilitation and Adaptive Reuse Projects, Housing New Mexico/MFA will review the CNA for completeness, consistency with the Application and compliance with the Design Standards.

1. Prior to commencing construction:

a. **Applicant must have Housing New Mexico/MFA's written approval of complete construction documents;**

b. Applicants must request and receive Housing New Mexico/MFA-provided signs/banners in English and Spanish featuring Housing New Mexico/MFA's fraud hotline at the Project work site(s), which shall remain in place throughout the duration of construction.

c. Applicants must close on all Project financing (except the permanent mortgage).

2. **Material Design Changes**
   Differences between the plans and specifications submitted with the Application and those contained in the final construction documents must be approved by Housing New Mexico/MFA. The Applicant must submit a detailed narrative of Material Design Changes made to final plans and specifications along with the Change Fee described in Section III.C.8 of the 2026 QAP.

3. **Post Construction**
   Housing New Mexico/MFA must approve the final construction inspection in writing prior to issuance of IRS Form 8609.

D. Construction Start:

1. The Applicant must deliver evidence acceptable to Housing New Mexico/MFA that construction of the Project has begun. This will include, at a minimum, building permits and site photographs. If available, Applicant shall also submit a copy of the general contractor's application and certificate for payment.

2. The Applicant must deliver an executed partnership agreement.

3. If federal historic tax credits are included in the financing structure of the Project, evidence of National Park Service approval of the Project's historic certification – part 2 must be submitted.

4. The Applicant must deliver evidence that the Project Owner has taken ownership of the land and, if applicable, depreciable real property, that is expected to be part of the Project. For tribal Projects, this would include fully executed master and sub-lease agreements with evidence of filing with the Bureau of Indian Affairs.

5. Applicant must deliver evidence of written approval to begin construction from Housing New Mexico/MFA's Architectural Services Representative.

E. At or around the 50% construction completion mark

The Applicant must organize a meeting with Housing New Mexico/MFA staff (both Asset Management and Housing Development departments). The Developer, owner, nonprofit representative, management company staff, and any service providers involved in the Project must be in attendance. This meeting will be required ahead of lease-up. The following materials must be submitted prior to this meeting:

- Related Party Affidavit for the Management Agent
- Compliance Affidavit for the Property Management Agent
- Property Management Agent resume
- Schedule I for the Property Management Agent
- Memorandums of Understanding (MOUs) or service contracts memorializing the service commitments in the Initial Application, if not previously provided.
- Updated Service Provider resumes

F. October 15th of the second year following the initial Allocation

Applicants must submit Housing New Mexico/MFA's Land Use Restriction Agreement Request form. Housing New Mexico/MFA will use the information provided to prepare the LURA.

G. 30 days after the Project is Placed In Service

Placed In Service Application. Thirty days following construction, a Placed In Service Application must be submitted.

The Placed In Service Application includes:

- Updated Housing New Mexico/MFA Universal Rental Development Application;
- Copies of all Certificates of Occupancy (for new construction) or Certificates of Substantial Completion (for rehabilitation)
- If acquisition tax credits are in the capital stack, evidence of the date the Project was Placed In Service for acquisition purposes (Rehabilitation Projects), if not previously submitted;
- Color photos of each of the complete building(s) identified by address and Building Identification Number (BIN);
- A completed Project Ownership Profile (on Housing New Mexico's form);
- A completed Form 8609 Certification (on Housing New Mexico's form);
- A recorded Consent and Agreement to Recording of Land Use Restriction Agreement (LURA) from every lien holder (original signature).

H. Prior to December 31st of the year the Project is Placed In Service

LURA. Prior to December 31st of the year in which the buildings are Placed In Service, the Project Owner must submit an executed and recorded LURA, satisfactory to Housing New Mexico/MFA in form and content

Subordination Agreements from all lenders giving lien priority to the tax credit restrictions in the LURA must be received by Housing New Mexico before IRS Form 8609 will be issued.

I. February 15th of the year following the Placed In Service Date

If the Project Owner anticipates returning any portion of the allocated tax credits, updated Schedules A-F are due no later than February 15th of the year following the Placed In Service date to ensure that the returned credits can be awarded to another Project or Housing New Mexico/MFA's loans can be adjusted prior to the Final Allocation Application submission. If the Project Owner fails to notify Housing New Mexico/MFA and submit the updated Schedules A-F by February 15th of the year following the Placed In Service date and the tax credits are not able to be allocated to another Project, the Principals involved in the Project will be ineligible to participate in the 9% LIHTC round the year after the Final Allocation package is submitted.

J. 120 calendar days following the close of the Project's first taxable year of the Credit Period

Prior to the issuance of IRS Form 8609 certifications for the Project, and no later than 120 calendar days following the close of the Project's first taxable year of the Credit Period, the Project Owner must submit a complete Final Allocation Application, containing all items in the Final Allocation checklist, which include, among other items, the following:

1. Payment to New Mexico Mortgage Finance Authority (with tax credit project number and "HTC Compliance Fee") noted on payment, in the amount of the total number of LIHTC Units multiplied by $50, for the first year's compliance monitoring fee (Owner may also elect to pay Compliance Fees for the entire 15-year Compliance Period).
2. Complete an updated MFA Universal Rental Development Application for Final Allocation with schedules (A-1, B, C, D and F) indicating in yellow highlight all changes that have occurred or are being proposed subsequent to the time of the last application. Any change greater than 5 percent requires submission of a "narrative" discussing each change (from $XX to $YY) and the reason(s) for the change. All changes are subject to approval by Housing New Mexico/MFA.
3. A completed and fully executed Schedule "M" Addendum for Final Allocation.

4. Written certification from the equity investor of a) total gross funds raised (or to be raised) from sale of the tax credits, b) itemization of all costs associated with the syndication, c) total equity payment to the partnership, d) pay-in schedule and relevant benchmarks, e) amount of tax credit expected, and f) gross price paid per dollar of tax credit.

5. Cost Certification. Cost Certifications are required to be prepared as described in Section III of this Handbook. The CPA-prepared Cost Certification must be delivered by the Project Owner prior to the issuance of IRS Form 8609 certifications; the general contractor-prepared Cost Certification (if applicable) may be held in escrow by the project or general contractor, but would be required for audit purposes, as outlined in Section II.S. The cost certification consists of the following:

   a. Project Owner's certification, on Final Cost Certification, Housing New Mexico/MFA Form A (and, if Tax Exempt Bond Financed, Form A2), of actual total Project costs and eligible basis incurred, signed and attested;

   b. Accountant's Independent Auditor's Report, Housing New Mexico/MFA Form B with correct federal tax identification number, prepared by an independent certified public accountant; and

   c. Completed Costs Incurred by Building, MFA Form C, showing costs incurred separately for each building.

6. Copy of the signed cost certifications submitted to FHA, lenders, or RD (FmHA), as applicable.

7. Completed Project Owner's attorney's opinion. A Project Owner's independent tax attorney opinion submitted on the firm's letterhead with required text as set forth in the Final Allocation Application package.

8. Completed "As Built" Architect's certification from the Project architect with required text as set forth in the Final Allocation Application package, certified by the Project Owner, that the Project has been built in conformance with the Design Standards, all applicable codes and commitments made in the Initial Application regarding design and building, unless otherwise approved in writing by Housing New Mexico/MFA.

9. As-Built Site Plan, Building Floor Plans, and Unit Plans

10. Fully executed final contractor's application and certificate for payment, AIA doc. G702 or equivalent, indicating all hard Construction Costs for the Project.
11. Updated cash flow analysis (15-year pro forma).
12. Complete (with all exhibits attached) copy of the executed partnership or operating agreement.
13. Compliance Training Certificates for both owner and management company with each labelled accordingly for training completed no earlier than two years prior to the date the Applicant submits the Final Allocation Application to Housing New Mexico/MFA.
14. Certification identifying all sources of funds, including, but not limited to, federal, state, local funds, GP contributions and third-party loans with details on each source including type (whether it is a loan, grant, rent subsidy, etc.), terms and amount.
15. Copy of the Recorded Land Use Restriction Agreement (LURA).
16. Fully executed promissory note between Project Owner and Developer for deferred developer fee, if any.
17. HERS Report/Certification prepared and executed by a qualified third-party HERS rater.
18. Copy of the current rental assistance contract, if applicable.
19. Copy of New Mexico Smoke Free at Home certification, as applicable.
20. Evidence that the Project is located within a 2026 QCT/DDA, if applicable.
21. Final executed financing documents from all sources.

III. Cost Certification

A. Applicability of Cost Certification

Prior to the issuance of a LIHTC certification (IRS Form 8609), Housing New Mexico/MFA will require two Cost Certifications to be prepared, one by an independent CPA and executed by both the CPA and Project Owner, and a second Cost Certification prepared and executed by the general contractor The Cost Certification prepared and executed by the general contractor should reflect real costs to the general contractor, but those costs may not be reflected in the CPA-prepared Cost Certification if the project

entered into a Maximum Guaranteed Price or Stipulated Sum Contract for example. In those cases, the owner-incurred costs should be reflected in the CPA-prepared document, regardless of the general contractor costs. The general contractor Cost Certification may not meet Housing New Mexico/MFA cost requirements if a Maximum Guaranteed Price or Stipulated Sum Contract was utilized. Therefore, if the project entered into a Stipulated Sum Contract or a Maximum Guaranteed Price, a Cost Certification does not need to be prepared by the general contractor.

B. Cost Certification Requirements

The Form 8609 Cost Certification must meet the following requirements:

1. The CPA preparing the Cost Certification must certify that all costs are related to the Project's development and do not include costs for organization, syndication, professional or consultant fees related to syndication. The CPA shall "test" a minimum of 20% of all costs listed therein. Both the CPA and Project Owner must execute the Cost Certification. In addition, a Cost Certification is required to be prepared and executed by the general contractor if the project is not utilizing a stipulated sum contract. Each Cost Certification must specifically identify those costs listed in any general or "Other" category. The general contractor Cost Certification (if applicable) may be held in escrow by the project or general contractor but must be produced in the event of an audit as outlined in Section IV of this Handbook.

2. All fees, including the developer fee, paid to the Project Owner or Developer or to an Entity with an Identity of Interest with the Project Owner or Developer, must be clearly identified. If all or a portion of the developer fee is deferred, copies of the promissory note or other substantiation of the validity of the fee must be reviewed.

3. If the land is purchased from a related party, the Project Owner must submit an appraisal to substantiate fair market value, which appraisal must include a determination of value based upon any land use restrictions per HUD or other Entity, including Housing New Mexico/MFA.

4. Legal fees related to land acquisition must be clearly identified.

5. Interest expense related to land must be clearly identified.

6. The sources of all funding including loans, tax credit proceeds, Project Owner/Developer equity and all other sources must be certified.

C. Authority to Determine Maximum Qualified Basis

Housing New Mexico/MFA may challenge the costs provided in the Cost Certification, impose the limitations set forth in this QAP and in its sole discretion, determine the maximum Qualified Basis against which credit is allocated.

IV. Audit Requirements

Beginning with issuance of the Reservation Contract and Reservation Letter by Housing New Mexico/MFA and during the entire term of the Compliance and Extended Use Periods, Housing New Mexico/MFA 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/MFA's discretion. An audit or other related procedure may include, but is not limited to, an on-site inspection of all buildings, and 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. In addition, Housing New Mexico/MFA may audit 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.

Additionally, all Projects must maintain records of the process used to select general contractors (including any RFPs and Proposals). Written communication with selected general contractor regarding required Cost Certification upon Project completion should be retained.

STATE OF NEW MEXICO

HOUSING DEVELOPMENT PROGRAMS

UNIVERSAL MULTIFAMILY UNDERWRITING SUPPLEMENT

Effective as of December 1, 2025

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Approved by Board of Directors on October --, 2025
Approved by the Honorable Governor Michelle Lujan Grisham on October --, 2025

I. Introduction

This underwriting supplement outlines the standards that Housing New Mexico/MFA will use when underwriting Applications submitted for consideration for 2026 LIHTC and gap funding allocations. Housing New Mexico/MFA underwrites Applications for two purposes: 1) to determine the amount of credits that may be allocated to each proposed Project and 2) to determine the financial feasibility of each proposed Project. Housing New Mexico/MFA will use the most conservative of the financing terms listed in this underwriting supplement, the 2026 QAP (if applicable) and the proposed Project's Financing Commitment(s) or letters of interest.

Capitalized terms in this document are defined in the 2026 QAP Glossary. References to schedules refer to the schedule in part II of the Application.

II. General

A. Awards

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

B. Feasibility Analysis and Financial Considerations

In addition to the threshold review process described in the applicable 2026 QAP, all Projects will undergo financial analysis by Housing New Mexico/MFA 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/MFA's judgment may be rejected without further processing.

All Low Income Housing Tax Credit (LIHTC) Projects will be evaluated at the following times to determine the amount of applicable tax credits:

- Upon receipt of an Application for LIHTC; and
- Prior to granting a tax credit allocation; and
- No earlier than 30 days prior to awarding the tax credit certification, IRS Form 8609.

All financing sources must be clearly identified in the Initial Application, and their terms specified in a letter of interest from the financing source. Initial Applications for any tax credits (4 or 9%) must include a-letter of interest from a tax credit syndicator or direct investor stating the terms and pricing for the purchase of tax credits allocated to the Project. Final Financing Commitments will be required as a "subsequent requirement" after the initial award is made.

In addition, all Projects will be underwritten using the more conservative of the standards indicated in this underwriting supplement the terms listed in any Financing Commitment or letter of interest, or the Project's market study.

C. Minimum Apartment Unit Set-Asides

In order for a Project to qualify for tax credits, the Project Owner must make an irrevocable minimum Set-aside Election under Code Section 42(g)(1). Housing New Mexico/MFA further restricts the election under Code Section 42(g)(1)(C) (Average Income) as follows:

1. Income and rent limits must be in ten percent increments, and may include 20% AMI, 30% AMI, 40% AMI, 50% AMI, 60% AMI, 70% AMI, or 80% AMI.
2. If the Project has an existing LIHTC Land Use Restriction Agreement (LURA) on the property, both initial election (20/50 or 40/60) and AI election must be met.
3. The average of the imputed income limitations designated cannot exceed 60% AMI.
4. Those Projects electing AI must include at least 5% of their Units above 60% AMI.
5. All Units must be designated with a specific AMI percentage at the time of Application.
6. Unit designations may float but are subject to the Next Available Unit Rule and the original designations must be maintained throughout the Affordability Period. Average Income applies to rent and income limits. If a Unit has a designated limit of 80% AMI, the maximum rent that can be charged to a household for that Unit is 30% of 80% of AMI. Similarly, if a Unit has a limit of 40% AMI, the maximum rent that may be charged is 30% of 40% of AMI.
7. Skewing of Unit designations is not permitted. Project Owners must disperse unit types across chosen rent/income limits in a way that does not violate Fair Housing. Housing New Mexico/MFA will require reasonable parity between different bedrooms sizes at each income band utilized on the Project.
8. The market study must demonstrate sufficient need at each income level chosen.
9. Project Owners of Projects with more than one building must elect to treat all of them as part of a multiple building project (checking "Yes" on line 8b of the 8609 form).
10. AI Projects may be subject to an increased Compliance Monitoring fee.
11. Housing New Mexico/MFA shall only accept an Application that chooses the AI election if all Units in the Project are rent-restricted to and occupied by households

whose income is at or below 80% of AMI. In other words, Housing New Mexico/MFA will not accept an Application that chooses the AI election if the Project includes unrestricted Market Rate Units.

12. An Application for an AI Project must include within its equity and debt commitment letters confirmation of the utilization and approval of the AI election.

13. Projects that receive an allocation of 4% LIHTC in conjunction with the issuance of tax-exempt bonds must meet the set-aside requirements of both Section 42 and Section 142 of the IRS Code

The IRS makes the ultimate determination regarding whether or not the Project is in compliance with this and/or any other election made by the Project Owner. Acceptance by Housing New Mexico/MFA does not guarantee acceptance by the IRS. Project Owners should consult with their legal counsel. These requirements are subject to change in the event the IRS issues further guidance on the AI election.

D. Unit Distributions

For Projects with more than one income and rent tier, all Unit types must be distributed proportionately among each of the multiple tiers. That is, if 30% of the Units are to be set-aside for tenants earning no more than 50% of median income, then the Units used for this income group must include 30% of all one-bedroom Units, 30% of all two-bedroom Units, etc. This also applies to Market Rate Units in the Project. This is intended to prevent allocation of all of the high rent Units to the higher income groups, thereby maximizing income while potentially violating the intent of fair housing law.

E. General Public Use – Management Units

Housing New Mexico/MFA-approved Management Units set-aside for Project employees (i.e., property managers, maintenance staff, etc.) are not considered residential Units, even if rent is collected on the Unit, but as facilities "reasonably required" for the Project not included in the Applicable Fraction as low-income residential space. Before excluding them from the Applicable Fraction, Management Units must be approved by the Housing New Mexico/MFA Asset Management Department. **This approval may only be requested after the Project has been Placed In Service. Applicants may include an intent to request Management Units in the Project Narrative submitted in the Initial Application but should include those Units as 60% AMI Units (either revenue or non-revenue producing) in the Application because they are not yet approved as Management Units.**

F. Subsidy Layering Review

Pursuant to Section 911 of the Housing and Community Development Act of 1992, HUD is required to determine that Projects receiving tax credits and federal, state or local assistance do

not obtain subsidies in excess of that which is necessary to produce affordable housing. Requests for subsidy layering reviews may be made to the HUD Field Office with a copy of the review provided to Housing New Mexico/MFA.

An essential component of this review is an analysis of the reasonableness of fees paid to sponsors, Project Owners, Developers and builders. Consequently, for purposes of Section 911 reviews, fees used to calculate tax credit amounts will not exceed the limits stated in Section IV.B.6 of this Universal Multifamily Underwriting Supplement regarding Developer Fees. Some of these maximum fees allowed by Housing New Mexico/MFA may exceed the "safe harbor" fee amounts that apply to Section 911 reviews. Special factors that justify these published higher fees (which do exceed "ceiling" amounts) include but are not limited to: the relatively high cost of construction and land within the state of New Mexico; the lack of state- or locally-funded soft second financing or operating subsidies; and the general inability of Local Governments to donate land and/or other services to worthy Projects due to the state's "anti-donation" clause. Housing New Mexico/MFA will perform an internal Subsidy Layering Review only if required by a Housing New Mexico/MFA funding source.

Housing New Mexico/MFA may include or consider other criteria to justify exceeding safe harbor limits for fees associated with Projects requiring subsidy layering reviews. Housing New Mexico/MFA also may limit Projects to safe harbor limitations for any reason that, in its sole discretion, deems reasonable.

III. Construction Criteria

A. Development Costs

Development Costs will be evaluated against the average costs of competing Projects. In the case of rehabilitation Projects and Adaptive Reuse Projects an appraisal and CNA of the existing project will be required and used by Housing New Mexico/MFA to evaluate Development Costs.

Applicants submitting costs atypical in the marketplace must provide information acceptable to Housing New Mexico/MFA, justifying such costs. Projects with excessive costs will be subject to adjustments to the amount of tax credits and/or gap financing requested. Housing New Mexico/MFA, in the course and scope of its underwriting, will examine how costs are categorized /allocated in Schedules A and D. Housing New Mexico/MFA may re-categorize/allocate costs to different categories should Housing New Mexico/MFA determine, in its sole discretion, that costs have been categorized incorrectly. Applicants shall describe all costs contained in any category labelled "other" with sufficient specificity so that it is clear what these costs encompass.

1. Acquisition Cost Limits

The acquisition cost on which tax credits are calculated will be held to the lowest among the purchase price, the Applicant's procured appraisal and the construction lender's appraisal. If the acquisition is bridged before selling the real estate to the Project Owner, the purchase price used to determine the acquisition cost limit will be the lesser of the amount paid at the time of the bridge financing, the Applicant's procured appraisal and the construction lender's appraisal. An appraisal is due with the Initial Application for tax exempt bond financed projects and with the Carryover Application for 9% Projects not claiming points under the Leveraging Resources scoring criterion.

2. Total Development Cost Limits

Total Development Costs for various types of Projects may not exceed the following:

a. New construction and Adaptive Reuse Projects. The Total Development Cost per Unit must not exceed 120% of the average Total Development Cost per Unit for all new construction and Adaptive Reuse Projects submitted in the same round. Similarly, the hard Construction Cost plus architect and engineering fees per square foot must not exceed 120% of the average cost per square foot for all new construction and Adaptive Reuse Projects submitted in the same round.

b. Acquisition/rehabilitation Projects. The Total Development Cost must not exceed 100% of the average Total Development Cost per Unit for all new construction and Adaptive Reuse Projects submitted in the same round. Similarly, the hard Construction Cost plus architect and engineering fees per square foot must not exceed 100% of the average cost per square foot for all new construction and Adaptive Reuse Projects submitted in the same round.

c. Tax-exempt bond financed Projects. Total Development Cost must not exceed the limits established for new construction, Adaptive reuse or acquisition/rehabilitation Projects, as appropriate, submitted in the most recent allocation round. Variances from these limits will be considered on a case-by-case basis.

d. Combined Rehabilitation and New construction Projects. For Projects that involve rehabilitation of existing Units, the construction of new Units and/or the Adaptive reuse of an existing building, the costs will be evaluated based on the track/category selected by the project as described in Section I.D.2 of the 9% QAP the limits established in Sections III.A.2.a. and b. of this Underwriting Supplement above.

Any Project with extenuating circumstances around the hard construction in their Project may submit additional material justifying those costs and requesting a waiver from that limit either in the initial Application, or through the supplemental information process, during the underwriting review. Waivers may be granted at Housing New Mexico/MFA's sole discretion.

Recognizing that Tax Credit Projects require soft costs above and beyond traditional development, when determining the average per square foot cost for each Project, only hard costs as found on Schedule D and any architect and engineer fees will be used.

Costs that exceed the limits in this section will be excluded when calculating the tax credit amount. These limits are binding through Final Allocation.

B. Builder profit, overhead and general requirements

In Projects where an Identity of Interest is not present, builder profit may not exceed 6 percent of Construction Costs, builder overhead may not exceed 2 percent of Construction Costs and general requirements may not exceed 6 percent of Construction Costs.

Where an Identity of Interest exists between or among the Developer/Project Owner, builder (i.e., the general contractor and/or subcontractors), and/or design professionals, builder profit shall not exceed 4 percent of Construction Costs. An Identity of Interest will be presumed if any of the following factors are present as between or among the Developer/Project Owner, builder (general contractor and/or subcontractors), design professionals; common or shared ownership of any of the above-listed entities; common family members as owners or investors in any of the above-listed entities; common Control of the above-listed entities even if the Control is not exercised by a common owner or common investor.

For LIHTC purposes, any amount of fee that exceeds the combined percentage limitations will be excluded from the Project's Eligible Basis when calculating the tax credit allocation.

C. Architecture and Engineering Fees

Architecture and Engineering Fees are capped at 3.3 percent of Total Development Cost. Architecture and Engineering fees are deducted from Total Development Cost when calculating this fee cap.

For LIHTC purposes, this 3.3 percent of Total Development Cost fee limit is a soft cap and any amounts in excess of this cap will not be included in Eligible Basis. Exceptions to the above rules governing Architect and Engineering fees may be granted based on site or Project specifics and in Housing New Mexico/MFA's sole discretion. Supporting documentation shall be provided to justify any increase in request. Although the same standards will apply for Projects subject to subsidy layering review, such Projects will require Board approval for subsidy layering purposes whenever they exceed the federally-defined ceiling standard limits and only five such excess fee amounts can be approved in any given year. See Section II.G. for information on subsidy layering reviews.

Refer to Total Development Cost Limits in Section III.A.2 above for limits per square foot for Architectural and Engineering fees plus hard development costs.

Increases in Project costs subsequent to the Application Deadline may not result in an increase in any of the fees calculated above for tax credit allocation purposes. Any changes in the amount of fees through the course of development will require prior approval of Housing New Mexico/MFA and must be justified by a change in scope of the Project. Any change in the scope of the Project that results in increased fees for which an exception is being requested constitutes a change to that Project.

D. Construction Contingency

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

IV. Mortgagor Criteria

A. LIHTC Sources

1. Credit Pricing

Housing New Mexico/MFA will not use a single credit pricing factor for 2026 Initial Applications. Housing New Mexico/MFA has a recommended range of credit of $.85 and $.95 for the credit pricing factor and will underwrite the Project using the factor contained in the letter of interest (LOI) from the proposed credit syndicator or investor.

2. Investor Letters of Interest

The Project Owner must deliver a written letter of intent (LOI) from a syndicator or equity provider that clearly states the equity pricing factor. In addition to stating a credit pricing factor, investor letters of interest must include standard underwriting terms such as minimum DSCR, minimum

reserve requirements, income and expense inflation factors, investor fees, equity pay-in schedule, and anticipated debt service for Housing New Mexico/MFA loans.

3. Credit Calculation Method

a. **Tax credit calculations**: During each evaluation, Housing New Mexico/MFA will determine the amount of tax credits to be reserved, committed or allocated by considering factors specific to each Project including, but not limited to, the following:

i. Development Costs

ii. Funding sources available to the Project for construction and permanent financing:
- First mortgage loans
- Grants
- Tax credit proceeds
- Project Owner equity
- Subordinate debt

iii. Projected operating income and expenses, cash flow and tax benefits

iv. Maximum tax credit eligibility

v. Debt service coverage ratio

vi. Project reserves

vii. Developer fees and builder overhead and profit

viii. Per Unit and per square footage cost limits (section IV.C.2)

b. **Amount of tax credits for Reservation or Carryover Allocation**: To estimate the amount of tax credit allocation for a Project at Initial Application or at Carryover, Housing New Mexico/MFA will use the Applicable Credit Percentage of the Qualified Basis, as adjusted by Housing New Mexico/MFA, or the amount needed to fill the financing gap. The procedure to determine the amount to fill the financing gap is outlined in Section IV.A.3.d.ii below.

c. **Tax Credit Proceeds**: The Applicable Credit Percentage will be used along with the equity-pricing factor to estimate the tax credit proceeds. Any ownership split other than 99.99% (Limited Partner) and 0.01% (General Partner) requires written Housing New Mexico/MFA approval ahead of application submission, which approval shall be given in Housing New Mexico/MFA's sole discretion. The equity-pricing factor in the LOI described above in Section IV.A.2, along with the Applicable Credit Percentage will be used to estimate the tax credit proceeds until the actual equity-pricing factor contained in the Project's syndication agreement at equity closing is available.

d. **Other factors limiting the credit Reservation**. The amount of credit reserved, committed and finally allocated to a Project shall be the lesser of:

i. The maximum tax credit eligibility of the Project

- Maximum tax credit eligibility is the maximum amount of tax credit justified by a Project's Qualified Basis, as adjusted by Housing New Mexico/MFA and taking into consideration any increase in Eligible Basis approved by Housing New Mexico/MFA and the Applicable Credit Percentage; or
- The amount requested in the Application; or
- The amount necessary to fill the funding gap.

ii. The funding gap is the difference between Total Development Cost (exclusive of syndication-related costs) and all available funding sources, including Housing New Mexico/MFA financing awarded in conjunction with the tax credit allocations, excluding anticipated tax credit proceeds. The terms of all proposed sources must be within reasonable industry norms, and financing for the Project has to be maximized when evaluating rate, term, debt service coverage, loan-to-value, etc. The maximum 9% tax credit amount allowed based on the funding gap will be determined by Housing New Mexico/MFA limits stated in the 9% QAP Section II.B.

e. **Adjustments to credit allocations**: When actual tax credit proceeds are confirmed and final financial Feasibility Analysis is performed during review of Final Allocation packages, there may be adjustments to the tax credit allocation. Adjustments may also be made at Carryover for rehabilitation Projects when the CNA and appraisal are provided. If actual Project costs or funding sources differ substantially from the projections submitted in the Application, Housing New Mexico/MFA may adjust the final tax credit allocation or the Project Owner may establish Project reserves to offset the deficit, if in Housing New Mexico/MFA's reasonable judgment the Project has sufficient tax credit eligibility. The conditions for such reserve accounts will be determined by Housing New Mexico/MFA on a case-by-case basis.

B. Non-LIHTC Sources

1. First Mortgage:

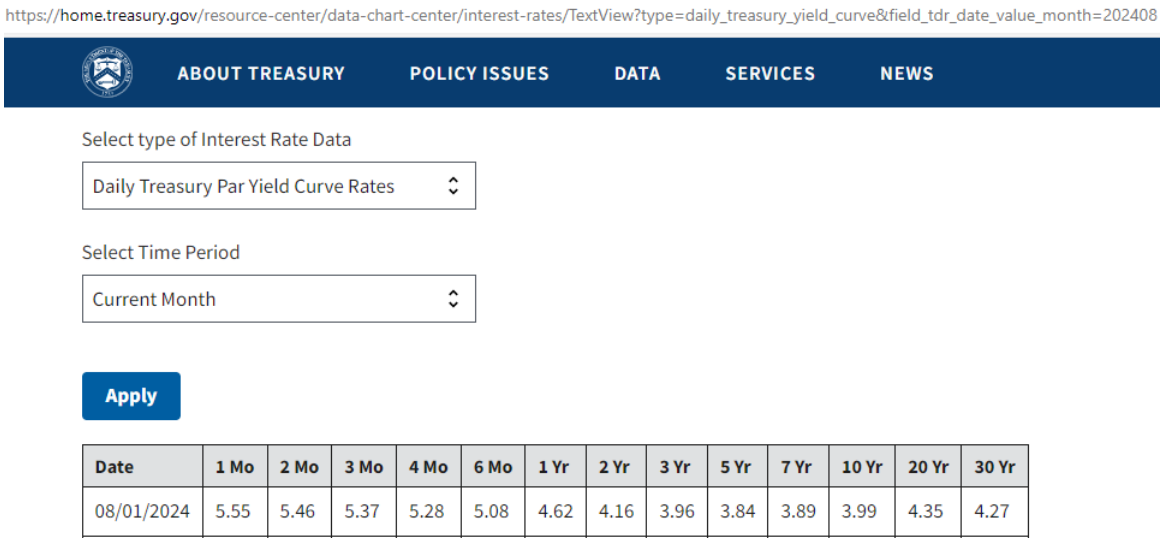
First mortgage permanent must-pay debt: At the initial application, all sources of first mortgage permanent must pay debt, excluding Housing New Mexico/MFA financing, will be underwritten using the interest rate contained in the LOI from the proposed financing source plus a 50-basis point contingency factor, which shall not cause the all-in rate to exceed the Conservative Interest Rate defined in this section. Housing New Mexico/MFA may also add a 50-basis point contingency factor at subsequent underwritings based on market trends at that time.

All sources of financing identified on Schedule A-1 must have a Letter of Interest that includes all terms and conditions of the financing.

The Conservative Interest Rate is defined as the 20-Year Constant Maturity Treasury (Daily Treasury Yield Curve) plus 4%. The date of the 20-Year Constant Maturity Treasury (Daily

Treasury Yield Curve) is the later of: 1) 60 calendar days prior to the 9% Application Deadline or 2) 60-days prior to the date the 4% LIHTC Initial Application is submitted to Housing New Mexico/MFA. The 20-Year Constant Maturity Treasury may be found at the following URL: https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value_month=202311

For example:
The 20-Year Constant Maturity date as of August 1, 2024 was 4.35%.



Date	1 Mo	2 Mo	3 Mo	4 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
08/01/2024	5.55	5.46	5.37	5.28	5.08	4.62	4.16	3.96	3.84	3.89	3.99	4.35	4.27

The Conservative Interest Rate would be 8.35% (4.35% on August 1, 2024 + 4%).

2. Housing New Mexico/MFA 542(c) Risk Sharing, other HUD MAP loans, and USDA RD

During underwriting, Housing New Mexico/MFA will add a 50-basis point contingency factor, which shall not cause the interest rate to exceed the Conservative Interest Rate defined above, to the calculation of any Housing New Mexico/MFA HUD 542 (c) Risk Sharing Program loan, as the formula for such rate is based, in part, on a floating index. Housing New Mexico/MFA will underwrite to a maximum 30-year amortization for bank loans, or the amortization in the LOI up to 40 years. Federal financing provided by USDA Rural Development, HUD MAP Lenders or Housing New Mexico/MFA 542(c) Risk Sharing loans will be underwritten to a maximum of 40-year amortization for new construction or 35 years for rehabilitation unless otherwise stated in an LOI.

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

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

The current HUD-approved total MIP is 0.25 as of April 1, 2016. As noted above, for underwriting purposes a 50-basis point contingency factor will be added, which shall not cause the all-in rate to exceed the Conservative Interest Rate defined above. 24-month rate locks are also available at an additional 1% fee to the borrower. Payments are interest-only during construction, and amortization occurs over the remaining life of the loan beginning at conversion.

3. Assumed Debt (Rehabilitation Projects)

Any assumed debt must be reflected in Schedule A-1 and Schedule C-1 (cash flow). Any debt to be paid off must be reflected as a use in Schedule A-1. If the debt is in the form of outstanding bonded indebtedness, explain whether bonds are redeemable, callable, and/or refundable. Housing New Mexico/MFA may require a legal opinion in the case of redeemable bond debt.

4. Subordinate Permanent Must-Pay Debt:

All sources of subordinate permanent must-pay debt, excluding pending Housing New Mexico/MFA financing, must be supported by a Letter of Intent, or other commitment, or Housing New Mexico/MFA will not underwrite that source. Housing New Mexico/MFA NM Housing Trust Fund loans may be underwritten at 3% interest and up to a 40-year amortization. Housing New Mexico/MFA HOME loans will be underwritten per the 2026 HOME/LIHTC terms (provided below) (i.e., as necessary for financing gap) but not to exceed 0% interest and 80-year amortization maturing in 40 years. Both sources may be used during construction for up to two additional years. HOME funds provided by the cities of Albuquerque or Las Cruces will be underwritten to terms provided by those jurisdictions.

5. Soft Debt and Grants:

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

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

6. Developer fees

Developer fees for 9% LIHTC projects shall not exceed: 1) $25,000 per low-income unit for the first 30 units, plus 2) $22,500 per low-income unit for units 31 – 60, plus 3) $20,000 per low-income unit for Units 61+, which shall not cause the total Developer Fee to exceed the lesser of

$2,500,000 or 14% of Total Development Cost. Developer Fee for 4% LIHTC Projects shall not exceed 14% of Total Development Cost. 9% Projects utilizing Housing New Mexico/MFA-issued Section 811 Project Rental Assistance (Section 811 PRA) are eligible for a 5% boost to the capped developer fee as calculated above.

Donations of land and waived fees are excluded from Total Development Cost when calculating maximum allowable developer fees. Developer fees include all consulting costs for services typically rendered by a Developer. Any reserve, excluding any Housing New Mexico/MFA-required Project reserve (see below), may be considered as part of the developer fee, if it is not held for the benefit of the Project for a minimum of 15 years. For the purposes of these calculations, Total Development Cost is adjusted to exclude developer fees, consultant fees and all reserves.

Notwithstanding the Developer Fee amounts described in the first paragraph of this section, where an Identity of Interest exists between the Developer/Project Owner and the builder, the above-mentioned fee may be further reduced if Housing New Mexico/MFA, in its discretion, determines the fee to be excessive. In a proposed sale transaction where there is an Identity of Interest in any Principal of the seller and buyer, the Project will be subject to reduced developer fees. Where there is such an Identity of Interest, the developer fee percentages will be calculated on Total Development Cost reduced by Acquisition Costs. Also, an "as-is" appraisal dated no earlier than six months prior to the Application date and completed by a MAI licensed in New Mexico must be submitted. The value in the appraisal must assume that any existing use restrictions will remain in place.

Housing New Mexico/MFA will generally not consider the repayment of deferred developer fees when underwriting for feasibility but removes any deferred fee that can't be repaid during the Compliance Period from Eligible Basis and may consider a Project infeasible if the deferred fee represents a financial burden to the Project.

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

7. Acquisition/Rehabilitation Developer Fee Split

The amount of developer fee included in 30-percent basis will be proportional to acquisition cost (not including land) divided by total development cost (TDC). If the project just has land as acquisition, then there will not be a split in the developer fee. If the Project has any basis eligible acquisition costs, then the developer fee will be split based on the percentage of acquisition basis vs rehab basis. For example, if basis eligible acquisition costs are ¼ of TDC, ¼ of developer fee will

be included in 30% basis. No deductions are made from TDC for the purpose of calculating the developer fee split. The calculation is as follows:

Assume the following amounts:

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

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

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

8. Deferred Developer Fee

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

V. Operating Pro Forma Criteria

Housing New Mexico/MFA will review the projected operating expenses, replacement reserves and loan terms and may, in its determination of economic feasibility, make adjustments based upon industry standards, its own underwriting parameters, the CNA or facts obtained from other appropriate sources. Applicants are urged to carefully review operating cost pro formas. Applicants must include real estate taxes in their operating expenses unless evidence of a perpetual real estate tax waiver (throughout the term of permanent financing) is submitted with the Application.

Rehabilitation projects must supply both a current operating expense budget and an anticipated, post-rehabilitation budget with their application materials. The current operating expense budget may not meet Housing New Mexico/MFA's underwriting requirements, but the projected budget must.

Replacement reserves for the first 15 years may be capitalized in the development budget assuming there is a source of funds that can be used to establish the reserve account. Capitalized

reserves are a non-Eligible Basis project cost and establishing reserve accounts may not be an eligible expense for some Housing New Mexico/MFA funding sources. If the capitalization results in projected excess cash flow, Housing New Mexico/MFA may reduce the subsidy for the Project. A qualified CPA or tax attorney should be used to determine the appropriate accounting treatment of capitalized reserves.

A. Project Operating Assumptions

Proposed Project operating expenses (excluding reserves and resident social service expenses) should be between $5,300 per unit and $7,600 per unit, as supported by the Market Study. Applicants proposing operating expenses below $5,300 must provide historical documentation supporting their ability to successfully operate similar affordable housing Projects at that level. Applicants proposing operating costs above $7,600 per unit must provide documentation justifying higher expenses.

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

B. Minimum Debt Service Coverage

Cash flow proformas, during each of the first 15 years, must reflect the ability to repay all must-pay debt with an all-in minimum debt service coverage ratio (DSCR) of 1.20:1 or the debt service coverage ratio (DSCR) minimum within the LOI but shall not be underwritten at less than 1.15:11. Projects that fail to produce sufficient cash flow may be deemed financially infeasible and may be rejected. Conversely, Housing New Mexico/MFA may reduce the Tax Credit award and/or other loans and/or subsidies, increase the interest rate on Housing New Mexico/MFA subordinate loans or shorten loan amortization if a Project has a DSCR on all must-pay debt in excess of 1.40:1. Housing New Mexico/MFA will consider total annual cash flow as well as DSCR when making this determination.

[1] While Housing New Mexico/MFA may consider a DSCR between 1.15:1 and 1.20:1 on other financing structures, all 9% LIHTC Projects must have a minimum all-in DSCR of 1.20:1 during each of the first 15 years, and no higher than 1.40:1 all-in DSCR in Year 1 unless it trends downwards and is necessary to meet the minimum all-in DSCR of 1.20:1 in at least one of the first 15 years.

Housing New Mexico/MFA may deviate from the DSCR standard described herein on a case-by-case basis for permanent supportive housing projects.

C. Management Fee

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

D. Income in Addition to Base Rent

All features located within the net square footage of the Unit and private open space must be included in the base rent (e.g., Project Owners may not lock any closets or other amenities behind a paywall.)

Surface parking must be included in base rent. Costs associated with covered parking spaces must be excluded from Eligible Basis, if the Project Owner wishes to charge a fee for parking in addition to the base rent for the apartment Unit.

Project Owners may include fees per load charged for use of common laundry facilities and monthly rent for laundry appliances that are stored off-site until the tenant elects to rent them from the Project Owner.

E. Operating Reserves

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

Larger operating reserves may be required for Projects which show a declining debt coverage ratio in 15-year cash flow projections, have rental assistance contracts included in their income projections or have other factors that MFA determines in its discretion to warrant larger reserves. Project reserves of any kind in the development budget will not be included in Housing New Mexico/MFA's calculation of Eligible Basis for tax credit purposes.

F. Adjusted Gross Median Income and Rents (AGMI & AGMR)

Housing New Mexico/MFA will underwrite using the LIHTC AGMI & AGMR in effect as of its most recent Qualified Allocation Plan (QAP) training. Income and rent limits may be found on the Housing New Mexico/MFA website via the following URL:
https://housingnm.org/property-owners-agents-and-managers/tools-resources-1/rent-and-income-limits/

G. Rent and income Restrictions

While the Code excludes any payments made under section 8 of the United States Housing Act of 1937 or any comparable rental assistance program (with respect to such Unit or occupant thereof) from the gross rent calculation, only rents that do not exceed the Tax Credit Ceiling Rents and are supported by the market study will be used for underwriting purposes. Exceptions may be made for Projects with project-based subsidies when the program governing the project-based subsidy allows higher rents.

H. Projects with Rental Subsidies

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

HOME TERM SHEET

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

Funding is subject to availability.

Underwriting:

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

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

PROJECT READINESS STANDARDS - Housing New Mexico/MFA intends to make HOME awards only to projects that are significantly ready to proceed. At the time of application, the project must have all required zoning in place and evidence of site control. Preference will be

given to projects that have all funding commitments, other than Housing New Mexico/MFA resources, in place. The applicant must be able to represent to Housing New Mexico/MFA that there are no unusual circumstances that would delay a loan closing.

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

Please note that, for 9% LIHTC purposes, as of the 2026 QAP, property must be purchased by August 31st of the year following reservations, therefore it is crucial to obtain HUD environmental clearance in sufficient time to meet this acquisition deadline. Purchase agreements must incorporate language allowing for the purchase to be cancelled in the event environmental clearance cannot be obtained.

SITE AND NEIGHBORHOOD STANDARDS (NEW CONSTRUCTION ONLY) - Housing New Mexico/MFA is responsible for making the determination that proposed sites for new construction meet the requirements in 24 CFR 983.57(e). Housing New Mexico/MFA will utilize the market study to determine if a site meets these standards, which relate to concentrations of low-income/minority persons in census tracts, substandard dwelling conditions, and accessibility to jobs and services. Developers are advised to review these requirements prior to investing time and money in a specific site. Please confer with Housing New Mexico/MFA as needed.

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

BUILD AMERICA BUY AMERICA (BABA) Act – Depending upon the date the HOME funds awarded to the Project were allocated to Housing New Mexico/MFA by HUD, the Buy America Preference (BAP) may apply to the Project. The Build America, Buy America Act (BABA) is a law that requires the use of US-made materials and products for federally-funded projects. Specifically, when BABA is triggered, all iron, steel, manufactured products and construction materials must be manufactured in the US. Further info: https://www.hud.gov/program_offices/general_counsel/build_america_buy_america

HOME LOAN AMOUNTS - In accordance with the approved 2024 State of New Mexico Action Plan, the maximum HOME loan amount for the 9% LIHTC round will be the lesser of (a) a maximum

of $1,250,000 per project for CHDOs/$500,000 for non-CHDOs or (b) 80 percent of the project's Housing New Mexico/MFA-approved total development cost.

In accordance with the approved 2024 State of New Mexico Action Plan, the maximum HOME loan amount for rental assistance ***without*** the 9% LIHTC round will be the lesser of (a) a maximum of $1,250,000 per project for CHDOs/$1,000,000 for non-CHDOs or (b) 80 percent of the project's Housing New Mexico/MFA-approved total development cost.

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

FOR FURTHER INFORMATION:

HOME Underwriting Criteria: Justin Carmona, Development Loan Manager (505) 767-2211 jcarmona@housingnm.org	Relocation: Sherry Stephens, Preservation Program Mgr. (505) 767-2250 sstephens@housingnm.org
Environmental Review Michelle Wherley, Regulatory Compliance Specialist II (505) 308-4230 mwherley@housingnm.org	Site & Neighborhood Standards Miguel Rivera, Architectural Services Rep. (505) 767-2218 mrivera@housingnm.org

NATIONAL HOUSING TRUST FUND TERM SHEET

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

Underwriting:

- ✓ Awards of the NHTF funds are limited by the maximum per-unit subsidy limits and the Housing New Mexico/MFA's underwriting guidelines. Awards of NHTF funds to projects that receive 9% LIHTC are limited to a maximum of $400,000 per project. Awards of NHTF funds to all other projects are limited to a maximum of $1,500,000 per project.
- ✓ **Maximum Per-Unit Subsidy Limits** - To allow maximum flexibility, the maximum per-unit subsidy limits for NHTF will be set at HUD's applicable limits for the HOME Program effective at the time of commitment of NHTF funds. The maximum per-unit subsidy limits change annually, and applicant should contact Housing New Mexico/MFA for the most recent data.
- ✓ **Developer and Consultant Fees** - Developer fees, inclusive of consultant fees, will be restricted to the maximum limits as described beginning on page 3 above.
- ✓ **Builder Fees** - "Builder Fees" generally cover builder overhead, profit and general requirements and are limited to a percentage of improvements and hard construction costs. Builder Fees will be restricted to the maximum limits as described beginning on page 1 above, unless further restricted by other funding sources.

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

PROJECT READINESS STANDARDS - Housing New Mexico/MFA intends to make NHTF awards only to projects that are significantly ready to proceed. At the time of application, the project must have site control, all required zoning in place and the applicant should have all significant environmental issues identified with a plan to address such issues. Preference will be given to projects that have all funding commitments, other than Housing New Mexico/MFA

resources, in place. The applicant must be able to represent to Housing New Mexico/MFA that there are no unusual circumstances that would delay a loan closing.

ENVIRONMENTAL REVIEW - New construction and rehabilitation projects funded with NHTF must be assessed in accordance with the NHTF Environmental Provisions described in 24 CFR 93.301(f)(1) and (2) as well as HUD Notice CPD-16-14, "Requirements for Housing Trust Fund Environmental Provisions." Copies of all NHTF Environmental Provisions are posted on Housing New Mexico/MFA website for review at: https://housingnm.org/developers/federal-regulations/environmental-reviews

BUILD AMERICA BUY AMERICA (BABA) Act –Projects receiving NHTF funds will have the Buy America Preference (BAP) apply to the Project. The Build America, Buy America Act (BABA) is a law that requires the use of US-made materials and products for federally-funded projects. Specifically, when BABA is triggered, all iron, steel, manufactured products and construction materials must be manufactured in the US. Further info: https://www.hud.gov/program_offices/general_counsel/build_america_buy_america

FOR FURTHER INFORMATION:

NHTF Underwriting Criteria: Justin Carmona, Development Loan Manager (505) 767-2211 jcarmona@housingnm.org	Relocation: Sherry Stephens, Preservation Program Mgr. (505) 767-2250 sstephens@housingnm.org
Environmental Review Michelle Wherley, Regulatory Compliance Specialist II (505) 308-4230 mwherley@housingnm.org	Site & Neighborhood Standards Miguel Rivera, Architectural Services Rep. (505) 767-2218 mrivera@housingnm.org

NEW MEXICO HOUSING TRUST FUND TERM SHEET

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

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

Underwriting:

- ✓ **Maximum Funding Amount** - Housing New Mexico/MFA, in its discretion, may set limits on the amount of NMHTF funding to be awarded per application, per NOFA, per quarter, per year, or otherwise. See the program webpage on Housing New Mexico/MFA's website at https://housingnm.org/developers/rental/new-mexico-housing-trust-fund for current funding limits.

- ✓ **Interest Rate** – Housing New Mexico/MFA may, in its sole discretion, set interest rates on NMHTF funding. See the program webpage on Housing New Mexico/MFA's website at https://housingnm.org/developers/rental/new-mexico-housing-trust-fund for current rates according to project type.

- ✓ **Loan Term and Amortization –** Housing New Mexico/MFA offers construction loans with a maximum term of 24-months and permanent long-term amortizing loans with a maximum term of 40 years. Loans are fully amortizing according to the duration of the permanent loan term.

- ✓ **Developer and Consultant Fees** - Developer fees, inclusive of consultant fees, are limited to the following percentages of acquisition and site improvements, hard construction costs, professional fees, financing costs, and soft costs, unless further restricted by other funding sources. Exceptions will be allowed in the case of Low Income Housing Tax Credit (LIHTC) projects, in which developer and consultant fees are subject to the limits set forth in the applicable LIHTC Qualified Allocation Plan issued by Housing New Mexico/MFA.

    - Small project (five or fewer units): 15%

- Standard project (six or more units): 12%

✓ **Builder Fees** - "Builder Fees" generally cover builder overhead, profit and general requirements and are limited to 14 percent of site improvements and hard construction costs, unless further restricted by other funding sources.

CONSTRUCTION LOANS - Housing New Mexico/MFA is at risk for repayment if, and when, Housing New Mexico/MFA's Gap funding sources are expended and units are not produced. Therefore, the use of Housing New Mexico/MFA funds for construction will be allowed only when guarantors, acceptable to Housing New Mexico/MFA, provide guarantees during the construction period. During construction, multiple disbursements are permitted upon evidence of costs incurred, not more frequently than monthly.

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

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

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

Beneficiary Income Limits and Other Requirements:

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

✓ **Owner-Occupied Housing** - Beneficiary households residing in units financed with NMHTF monies must earn either very low, low, or moderate incomes (adjusted for household size) as defined by the most recently amended Housing New Mexico/MFA Rules and Regulations. Currently, these limits are set at 150% or less of AMI. The home must be

owned and occupied by the household as a principal residence. Title to the property must be held as fee simple or a 99-year leasehold. Homes located on Tribal Land may have a 50-year lease or alternative acceptable to Housing New Mexico/MFA.

- ✓ **Rental Housing** - Beneficiary households residing in units financed with NMHTF monies must initially have incomes at or below 60% of AMI adjusted for family size as determined by HUD. Rent rates for households residing in units financed with NMHTF monies will be rent-restricted. A unit is deemed "rent-restricted" when the maximum rent for such unit will not exceed thirty (30) percent of the maximum annual income allowable for persons or families occupying such unit. If persons or families occupying such rent-restricted units pay for their own utilities, the maximum tenant-paid rent will equal the amount, reduced by the amount of the local utility costs approved by Lender. If a unit receives Federal or State project-based rental subsidy and the family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program. Additionally, Housing New Mexico/MFA requires that 60% of all rental units in a given project be for families earning no more than 120% of AMI.

FOR FURTHER INFORMATION:

Tim Martinez, Assistant Director
(505) 767-2258 or toll-free statewide (800) 444-6880
tmartinez@housingnm.org

HUD Section 811 Project Rental Assistance (PRA) Program Term Sheet

BACKGROUND - In 2020 Housing New Mexico/MFA applied for a $3.6 million award to participate in HUD's Section 811 Project Rental Assistance (PRA) program, which provides project-based rental assistance for extremely low- income Persons with disabilities, 18-61 years of age who are linked with long-term services. An award of Section 811 funds is contingent upon Housing New Mexico/MFA entering into a Cooperative Agreement with HUD. In order to utilize these funds, projects must be in a location served by an active Local Lead Agency (LLA), through which the services will be provided. The Section 811 program will be implemented over a five-year period and will serve an estimated 58 households.

QUALIFICATIONS AND RESTRICTIONS -No more than 25 percent of the total units (a minimum of 5 Units) in an eligible multifamily property can:

- Be provided Section 811 PRA funds
- Be used for supportive housing for Persons with disabilities
- Have any occupancy preference for Persons with disabilities

OWNER CAPACITY AND EXPERIENCE - Owner and Property Management must demonstrate the capacity to participate in Section 811 PRA. This will be measured, in part, by the level of experience administering HUD rental subsidy programs, specifically with HUD's Tenant Rental Assistance Certification System (TRACS) and Enterprise Income Verification (EIV) and experience with managing a range of housing populations, with a particular emphasis on Persons with disabilities.

In the event of non-compliance, any additional developer fee received (because of the participation in the Section 811 PRA program) beyond the Developer Fee cost limits outlined in Section IV.D.2 must be returned to the project in the form of a capitalized reserve account.

In addition, units must meet program criteria for unit integration and accessibility.

Should this source become competitive, PRA allocations will be made based on score.

4% Projects looking to participate in the 811 PRA program are welcome to apply with the expectation of availability, however they are not eligible for the 5% boost to the capped developer fee.

See https://housingnm.org/property-owners-agents-and-managers/section-811-project-rental-assistance for more information.

FOR FURTHER INFORMATION:

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(505) 767-2269 or toll-free statewide (800) 444-6880
carellano@housingnm.org

STATE OF NEW MEXICO

9% LOW-INCOME HOUSING TAX CREDIT PROGRAM

QUALIFIED ALLOCATION PLAN

Effective as of December 1, 2025

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Approved by Board of Directors on October --, 2025
Approved by the Honorable Governor Michelle Lujan Grisham on October , 2025

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) ~~and multifamily private activity tax-exempt bonds~~ made for QAP year 2025.

A. Role of Housing New Mexico/MFA

New Mexico Mortgage Finance Authority (Housing New Mexico/MFA) 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/MFA 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/MFA monitors existing Projects for compliance with the Code; however, Housing New Mexico/MFA 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/MFA, 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.

Commented [JR1]: Per Kristie Garcia, how to refer to the agency is under review by Ellie.

Administration of the Tax Credit Program, as outlined in this QAP, is consistent with the statutes creating Housing New Mexico/MFA 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 should conflict 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/MFA 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/MFA's inherent discretion, reasonable judgement and prudent business practices, Housing New Mexico/MFA may reject any Application (as defined in the Glossary) or Project that Housing New Mexico/MFA 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/MFA 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 submitted in response to this QAP shall be borne solely by the Applicants.

Housing New Mexico/MFA may ~~reserves the right to~~ modify this QAP, including its compliance and monitoring provisions, and ~~to~~ 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/MFA, including, but not limited to, the ability to respond to government declared disasters and emergencies. Housing New Mexico/MFA will~~, however,~~ 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/MFA 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/MFA 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 submitted 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/MFA'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) ~~in item three above~~ 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 ___, 2025 and continuing through September ___, 2025), during which time a public hearing was held on _____. Housing New Mexico/MFA 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/MFA's Tax Credit Program is ~~intended for~~ 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. ~~Projects may include transitional housing for the homeless, Single Room Occupancy, senior and other special housing needs projects.~~ Dormitories, assisted living facilities, "trailer parks" and transient housing (e.g. emergency shelters for homeless Persons and households) are ineligible.

~~Applications for combined rehabilitation and new construction Projects~~ Project design must adhere to the *Housing New Mexico/MFA ~~2025~~ 2026 Mandatory Design Standards for Multifamily Rental Housing* (Design Standards) ~~for both rehabilitated and newly constructed Units~~ for rehabilitation, Adaptive Reuse and newly constructed Units as they pertain to each Unit type.

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:

- ~~The~~ 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/MFA, 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

~~In accordance with the provisions of this QAP,~~ 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. ~~Should an Application consist of both new construction and rehabilitation, the Project will be classified as new construction if 51% or more of the total Units are newly constructed or constitute an adaptive reuse. Similarly, a Project will be classified as rehabilitation if 51% or more of the total Units are proposed for rehabilitation.~~

~~In the event a Project consists of an equal number of new construction/Adaptive reuse Units and an equal number of Units to be rehabilitated, then Applicant shall specifically state in their Application which track/category to place its Project for scoring purposes. Note: an Applicant may choose to place its combined new construction/rehabilitation Project in the rehabilitation track even if the Project fails to satisfy the provisions of Project Selection Criterion No. 3 and is awarded no points pursuant to that criterion. In the event Applicant fails to specify which scoring track/category they desire to place their Project, Housing New Mexico/MFA will make this determination based on the information available, which shall be final and not subject to review.~~

~~Note that for scoring purposes, the rehabilitation points set forth in Project Selection Criterion No. 3 shall not be made available to a combined new construction/rehabilitation Project should the Project be categorized as a new construction Project.~~

Commented [JR2]: This information is in Rehabilitation Scoring Criterion.

~~Applications for combined rehabilitation and new construction Projects must adhere to the Housing New Mexico/MFA 2026 Mandatory Design Standards for Multifamily Rental Housing (Design Standards) for both rehabilitated and newly constructed Units as they pertain to each Unit type.~~ 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 ~~after the reservation of 9% LIHTC has been approved~~ 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. ~~An application to the state board of finance for private activity volume cap will not be approved to move forward until the Housing New Mexico/MFA board approves the 9% portion of the development, which shall be subject to receipt of the private activity volume cap. If Housing New Mexico/MFA is the proposed bond issuer, the state board of finance application will be due upon Housing New Mexico/MFA board approval of the 9% portion of the development.~~ 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 2026, Housing New Mexico/MFA would issue binding commitment for 9% LIHTC in a future year that is contingent upon an allocation of private activity bond volume cap.

~~A reservation of tax credits for the 9% portion, if approved, will be delayed until an allocation of private activity volume cap is approved by the state board of finance.~~

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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/MFA complies with this requirement with a Land Use Restriction Agreement (LURA) filed when the Project is Placed In Service. Housing New Mexico/MFA's required LURA provisions may be found in the sample LURA that is available at www.housingnm.org.

~~The initial Compliance Period for any Project is 15 years. An Extended Use Period also applies to any Project for a minimum of 15 additional years following the expiration of the Compliance Period, during which time transfers and tenant dislocation are limited as provided for in the Project's "extended low-income housing commitment" required by Code Section 42(h)(6). Housing New Mexico/MFA complies with this requirement with a Land Use Restriction Agreement (LURA) filed at the time of placement in service or Final Allocation when the Project is Placed-In-Service.~~

Commented [JR3]: Consider deleting these paragraphs in their entirety. There is no need to repeat the terms of the LURA in the QAP.

~~The LURA sets forth, as covenants running with the land for a minimum of 30 years (or longer if Project Owner commits to a longer restriction period), the compliance fees, the low-income set-asides, the percentages of median income to be served, the Special Housing Needs to be served, if any, and any other such commitment made in the Initial Application or that may be imposed through this QAP and the Code.~~

~~The LURA may not be terminated prior to its term for any reason other than foreclosure or an instrument in lieu of foreclosure and the Project Owner will not have the right to require Housing New Mexico/MFA to present a "Qualified Contract" in accordance with Code Section 42(h)(6).~~

~~The Project Owner will also have to deliver subordination agreements from all lenders, giving lien priority to the tax credit restrictions.~~

~~The Project Owner shall not sell, assign, convey, transfer or otherwise dispose of the Project or any building in the Project without prior written consent of Housing New Mexico/MFA during the Compliance and Extended Use Periods. For the purposes of the tax credit program, transfer of any of the ownership interests in Project Owner or Project Owner's partner(s) or member(s), as applicable, before the end of the Compliance Period shall be deemed a transfer of the Project.~~

~~By agreeing to an Extended Use Period, the Project Owner and its successors and assigns agree to maintain the Project as a qualified low-income housing project (as~~

defined in Section 42(g) of the Code) through the expiration of the Extended Use Period. During the Compliance and Extended Use Periods the Project Owner is prohibited from evicting or terminating tenancy of an existing tenant of any low-income Unit other than for good cause and/or increasing the gross rent with respect to a low-income Unit not otherwise permitted by the Code, as applicable throughout the entire commitment period.

Failure to comply with set-asides or any reduction in the number or floor space of the Set-aside Units during the Compliance Period will result in recapture, with non-deductible interest of at least a portion of the tax credits taken previously. Housing New Mexico/MFA will notify the IRS if it learns of any noncompliance. The Project Owner must also make tenant income determinations and file an annual compliance statement with Housing New Mexico/MFA.

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/MFA 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, for the calendar year 2026, will receives a population-based 9% tax credit allocation each year equal to $2.90 per resident. 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]. , may be found on Housing New Mexico/MFA's website

[4] An exact amount is not available before the QAP is published. Based on the information currently available, approximately $3.7M annual tax credits will be available in 2026 before any forward allocations that may be approved in the round.

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

~~Subject to the exceptions contained herein, no~~ No 9% LIHTC Project shall receive a tax credit Reservation in excess of $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 may receive more than ~~two~~ one tax credit Reservation~~s~~ in any given competitive LIHTC Application round. ~~All~~ ~~Projects receiving a 9% LIHTC Reservation must be at least ¼ mile (1,320 feet) straight-line distance away from the property line of all other Projects proposed by the same Principal or its Affiliate receiving a 9% LIHTC Reservation in the same round.~~

Commented [JR4]: This sentence is not needed if only one Project each is the limit.

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/MFA to Qualified Nonprofit Organizations may exceed this amount. ~~A minimum of 10% of the Annual credit ceiling must be allocated each year to Projects involving Qualified Nonprofit Organizations. Housing New Mexico/MFA's Allocation set-asides (see Section III.D) are intended to implement this requirement. However, Qualified Nonprofit Organizations may also apply for tax credits in excess of these set-asides.~~

~~For the purposes of identifying Applicants eligible for this Allocation set-aside, several requirements must be met, as described in Code Section 42(h)(5). A Qualified Nonprofit Organization is 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.~~ 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/MFA 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/MFA'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.

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 2026 Housing New Mexico/MFA Universal Rental Development Application) with the Application and annually following the award.

b. Tribal Projects.

Projects that are located within a Tribal Trust Lands boundary.

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/MFA 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 ~~enacts~~ expands the~~a~~ basis boost ~~for rural and tribal Projects~~, Housing New Mexico/MFA will allow a basis boost up to the federal limit for Projects meeting the federal eligibility requirements.

Commented [JR5]: If federal basis boost.

III. Application Process

A. Application and Award Schedule

Item	Deadline/Date
Intent to Submit a Tax Credit Application & Development Synopsis	December 20, 2025
Application Round Opens	January 5, 2026
Last Day to Submit FAQs	January 12, 2026
Full Application	January 20, 2026 at Noon Mountain Standard Time

Deficiency Corrections (if requested by Housing New Mexico/MFA)	Late February/Early March
Preliminary Reservations/Rejections	Late March
Appeals Hearing (if needed)	Mid-April
Videos for Board Due	May 1, 2026
Final Awards	May 2026 Board Meeting
Reservation Fee Invoice Issued	Day After May 2026 Board Meeting
Reservation Issued for Signature	Upon Payment of Reservation Fee
Reservation Fee & Reservation Due	Early June 2026

B. Allocation Round

Housing New Mexico/MFA 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/MFA may ~~reserves the right~~ to conduct additional LIHTC rounds or ~~to~~ award tax credits outside of the rounds. ~~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/MFA will consider a second round or make allocations to lower-scored Eligible Projects at Housing New Mexico/MFA's sole discretion.~~

1. Deadline

~~Initial Applications for the 2026 competitive LIHTC Application round will be accepted anytime~~ between on January 5, 2026 through ~~January 21, 2025 at 12:00 p.m. Mountain Standard Time. Initial Applications must be submitted ahead of 12:00 p.m. Mountain Standard Time on January 20, 2026 (Application Deadline).~~ Initial applications must be fully uploaded to the file sharing site identified in Section III.B.2 of this QAP no later than ~~the~~ 12:00 p.m. Mountain Standard Time on January 20, 2026 (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/MFA in accordance with the provisions of this QAP.

Commented [JR6]: Intent to Submit requirement effectively opens the round.

2. Where to Submit the Application

Initial Applications must be uploaded to Housing New Mexico/MFA's Secure File Transfer-HD file sharing Site: https://mfa.internal.housingnm.org/SFT_HD/ ~~(described below in Section IV.A.4.b.)~~ Initial Applications ~~may not be delivered~~ submitted by ~~facsimile transmission or e-mail~~ any other means of delivery will be rejected.

3. Form of Submission

The required 2025 Housing New Mexico/MFA Universal Rental Development Application will be provided electronically and may be downloaded from Housing New Mexico/MFA's website at https://housingnm.org/developers/lihtc/current-and-prior-tax-credit-rounds. Applicants must submit the 2026 Housing New Mexico/MFA 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 ___ regarding when this is required).
- Appraisal (see Section ___ 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. ~~All Application documents that require signatures must be included and bear scanned blue ink or third-party verified digital signatures from all General Partners.~~ Housing New Mexico/MFA 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 2025 Housing New Mexico/MFA 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 2026 QAP that apply to the Project. ~~All additional materials (those described in Tab 1a and others indicated in the 2025 QAP) must be contained in one fully tabbed and bookmarked PDF file with~~

Commented [JR7]: See vii below

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/MFA 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 ~~as needed~~ 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/MFA may determine is necessary to evaluate the "Applicant eligibility" threshold requirement in Section IV.E, all Applications must be self-contained. Housing New Mexico/MFA 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/MFA 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 ~~special~~ 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/MFA may take pursuant to Section III.F.7 "*Deficiency Correction Period*", ~~Housing New Mexico/MFA may request additional information from any Applicant as deemed necessary for a fair and accurate evaluation of an Application.~~ Housing New Mexico/MFA 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/MFA is under no obligation to seek further information or clarification or to accept inconsistent responses.

Commented [JR8]: Deficiency corrections and supplemental info are combined, so not needed.

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/MFA'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/MFA's website at https://housingnm.org/developers/lihtc/lihtc-applications-faq-2026. No questions will be accepted after 5 p.m. Mountain Standard Time, January 12, 2026. 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, 2026 that can be answered by January 14, 2026 will be posted on January 15, 2026. 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/MFA'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/MFA's management, employees, members of the Board of Directors or their proxies, officers or agents ~~in regard to~~ regarding an Application under consideration unless expressly directed to do so by Housing New Mexico/MFA 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/MFA 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/MFA 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/MFA 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/MFA staff shall review the notification and determine, in its sole discretion,

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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 ~~which have received tax credit~~ ~~awards and tax-exempt bond financed Projects~~ should be directed to:

Jeanne Redondo
Tax Credit Program Manager
(505)767-2210
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, ~~and~~ 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 the members of Housing New Mexico/MFA's Board of Directors and their proxies and ARC members can be found at http://www.housingnm.org.~~ A list of ARC members, Housing New Mexico/MFA Board members, their proxies, ~~and~~ Housing New Mexico/MFA 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/MFA'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 ~~officer~~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/MFA 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/MFA. Exceptions may be granted at Housing New Mexico/MFA's sole discretion and fees may be adjusted annually, as determined by Housing New Mexico/MFA 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	January 31 annually
Monitoring and Compliance Fees	$1,500 Late Fee	February 1st
Monitoring – Reinspection Fee	$80 < 60 miles	30 days from Invoice Date
	$250 > 60 miles	
Monitoring – Noncompliance 8823 Issuance	$150 plus $25 per form	30 days from Invoice Date
Monitoring – Noncompliance	$200 at 6 months	30 days from Invoice Date
Open Monitoring Review	Reinspection Fee at 12 months	
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

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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/MFA 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/MFA will not issue the IRS Form 8609 before Housing New Mexico/MFA'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/MFA. 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/MFA-ordered Market Study: Amount varies depending on cost

If a subsequent Housing New Mexico/MFA-ordered Market Study is required ~~during the application phase~~, 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 ~~at execution of~~ Reservation Contract for 9% awards.~~; due prior to delivery of Letter of Determination or construction start, whichever occurs first, for Projects financed with tax- exempt bonds.~~
- 8.5% of Housing New Mexico/MFA-determined tax credit allocation amount rounded down to the nearest dollar.
- ~~For Projects financed with tax-exempt bonds, if the actual tax credit amount is greater at Final Allocation than when the Letter of Determination was delivered, the Applicant must pay an additional processing fee of 8.5% of the increase in the tax credit amount.~~

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 ~~Section IV.G~~ 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

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

- $500 per week due upon invoice

6. Monitoring and Compliance Fees

Due annually by January 31st through the end of ~~for each year 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 Final Allocation Application (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.)

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- $20/set-aside Unit/year during the Extended Use Period

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

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7. ~~Reinspection Fees (~~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.

~~8.~~9. Appeal Fee

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

~~9.~~10. Change Requests

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

- 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.

~~requests for document corrections (when not a result of an administrative error by Housing New Mexico/MFA, including when changes or alternate forms are proposed by an Applicant in lieu of Housing New Mexico/MFA standard forms.)~~

- ~~$500 due at submission of review/correction request~~

~~10.~~11. Reissuance of Form 8609

Housing New Mexico/MFA 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.

~~11.~~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/MFA'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/MFA'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

~~In order to serve both the purpose of building new affordable housing units and rehabilitating existing structures to create or preserve affordable housing units, Housing New Mexico/MFA will allocate the tax credits awarded in the 9% Application round based on project type. As such, new construction Applications, including Adaptive reuse Applications, will be scored against other new construction Applications and rehabilitation Applications will be scored against other rehabilitation Applications; thus creating two separate tracks or categories for purposes of scoring and reserving tax credits for specific Projects. An Adaptive reuse Project shall be categorized as a new construction Project for these purposes. From those tracks, the two highest scoring new construction Projects will be awarded first, followed by the highest scoring rehabilitation Project. The target 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 track 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/MFA's inherent discretion and is not subject to further review.~~

Housing New Mexico/MFA 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/MFA's inherent discretion and is not subject to further review.

Housing New Mexico/MFA 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/MFA 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 ~~Housing New Mexico/MFA 2025 Mandatory~~ Design Standards ~~for~~ ~~Multifamily Housing~~ for more detailed discussion of Scope of Work requirements.

~~In addition, all Rehabilitation Projects must submit~~ 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 an Housing New Mexico/MFA-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 has passed since the Project was Placed In Service. ~~(Tax-exempt bond financed Projects are excluded from this requirement, as they are not scored.)~~

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 ~~Housing New Mexico/MFA's~~ the Design Standards. (See Glossary for requirements.) Housing New Mexico/MFA 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 ~~9%~~ Projects that were Placed In Service less than 20 years prior to the Application Deadline;

~~• with the Initial Application for all Projects financed with Tax-Exempt Bonds (i.e., 4% LIHTC); and~~

- by November 15th of the allocation year with the Carryover Application for ~~9%~~ Projects that were Placed In Service more than 20 years prior to the Application Deadline.

3. Relocation Plan

~~Finally,~~ ~~9%~~ 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.), ~~along with a displacement/relocation assistance plan (e.g. Who will receive assistance? How much assistance will they receive? When and how will they receive their assistance? Who will provide advisory services to those displaced?)~~

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~~This relocation plan must include a sample tenant letter outlining the process and informing the tenant of any potential permanent displacement due to a change in unit mix or income eligibility.~~

~~Applications for 4% LIHTC Projects must submit the final version of the displacement/relocation assistance plan, including a sample tenant letter, with the Initial Application.~~

~~4% QAP:~~

~~Applications with rehabilitation must submit a relocation plan in accordance with the Uniform Relocation Act. Requirements may be found on Housing New Mexico's website at: https://housingnm.org/developers/federal-regulations/uniform-relocation-act.~~

F. Staff Analysis and Application Processing

1. Threshold Review

~~a. Threshold Requirements~~

Following the Application Deadline, Housing New Mexico/MFA 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.

b. Other Project Compliance

~~All Principals (see Glossary) related entities and Affiliates must be in compliance with respect to all other federally subsidized housing or LIHTC Projects that they own or operate throughout the country. The Application shall include a compliance affidavit in the form stipulated at Tab 1I of the Application certifying the Principal and its Affiliate(s) are not in default with respect to any Material Compliance Matter for any such Project or shall state what defaults exist and what corrective action Applicant is taking. Applicants shall attach a complete list of all Projects in which the Principal and/or its Affiliate(s) have experience (see schedule of experience[5] footnote below). If the experience of any Principal differs from the Applicant and/or General Partner, a separate schedule of experience is required for that Principal. If Housing New Mexico/MFA determines, either through information provided by an Applicant or through Housing New Mexico/MFA's investigation, that any federally subsidized housing or LIHTC Project in which Applicant, or any Principal or Affiliate of Applicant has an interest is in default due to any Material Compliance Matter, Housing New Mexico/MFA may reject the Application. See Section IV.E for additional discussion. This determination of default regarding any Principal may concern, but is not limited to, progress made with previous tax credit Reservations, including timely delivery of required documents and meeting all required deadlines; development compliance; and payment of monitoring fees.~~

c. Development Team Review

~~Staff will review the qualifications of the Developer, Project Owner, General Partner, contractor, management company, consultant(s), and architect to determine capacity~~

[5] ~~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~~

Commented [JR10]: Combined with Applicant Eligibility under Threshold section

Commented [JR11]: Combined with Other Project Compliance and Applicant Eligibility under Threshold section

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~~to perform in the role proposed. Considerations may include related experience, financial capacity, performance history, references, management and staff, among others. Staff will review related party affidavits inserted at Tab 1h for each development team member listed above (see Section III.C.5), and development team resumes inserted at Tab 12. The management company will be reviewed when construction is 50% complete (see Post Awards Handbook). The organizational chart(s) inserted at Tab 1i must include all related party interests among the Developer, Project Owner, General Partner, contractor, management company, consultant(s) and architect. Housing New Mexico/MFA 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/MFA.**~~

2. Scoring Review

Housing New Mexico/MFA staff evaluate each Application against the~~The~~ criteria shown in Section V below ~~are the basis for the awarding of~~to award points to a particular proposed Project during the Application round~~(s) conducted by Housing New Mexico/MFA~~. Applicants may not rely on prior submissions or prior scoring to support a re-submission of an Application. In addition to meeting the ~~above mentioned~~ 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/MFA, 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, ~~subject to Allocation set-aside requirements~~. 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. ~~In order to avoid a concentration of tax credit awards in a particular year in any particular municipality, county or market area, Housing New Mexico/MFA reserves the right in its sole discretion and as a part of its subsequent processing, to eliminate a lower scoring Project which is located in the same municipality, county or market area as a higher scoring Project, provided the lower scoring Project is "similar" in terms of construction type and/or resident population served.~~

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

Commented [JR12]: Ranking to meet allocation set asides and allocation to nc and rehab projects are in Section III.D.

Commented [JR13]: Removed because it has not been used to decide awards, and "concentration" is not defined.

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/MFA 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.L, 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/MFA 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/MFA may reject any Project that Housing New Mexico/MFA deems to be inconsistent with the objectives of this QAP or prudent business practices regardless of the Project's numerical ranking.

~~Tax-exempt bond financed Projects will not be required to meet a minimum score to obtain a Letter of Determination. Tax-exempt bond financed Projects must meet and agree to all of the following mandatory criteria in order to be eligible for 4% non-competitive tax credits:~~

~~1. Serve a targeted population (Households with Special Housing Needs, Households with Children, or Projects Reserved for Seniors) and meet the applicable threshold requirements OR meet the requirements for the Underserved Populations set-aside, as described in Section III.D.~~

~~2. Achieve a Smoke-Free at Home Certification of Platinum or Gold;~~

~~3. Meet all of 2025 Mandatory Design Standards for Multifamily Housing (including HERS ratings), unless granted a waiver;~~

~~4. Must be located within a 15-minute drive (as demonstrated through Google Maps) to a facility in which fresh produce is available (or demonstrate that a full-scale supermarket within a 15-minute drive is part of an approved master plan to be developed);~~

~~5. Market Study must indicate a vacancy rate in the Primary Market Area of less than 10%;~~

~~6. Must market to local Public Housing Authorities;~~

~~7. Include a preference for Veterans in the Tenant Selection Criteria.~~

~~8. The level of rehabilitation (as applicable) must be at least a Moderate Rehabilitation as defined in the Glossary (Section XI of this QAP.)~~

~~9. Project must meet all Housing New Mexico/MFA underwriting standards in this QAP and the current Housing New Mexico/MFA Underwriting Supplement for Multifamily Projects.~~

~~If there is insufficient private activity bond volume cap allocation available to finance all tax-exempt bond financed Projects between January and June or July and November, Housing New Mexico/MFA, in its sole discretion, shall prioritize the Project(s) that demonstrate greater capacity to begin construction sooner, by issuing draft 42(m) letter(s) in the order of that priority. First priority will go to Projects that demonstrate that Permit Ready Drawings (i.e., construction plans) and specifications have been submitted to the local jurisdiction for approval. Projects that exceed the available private activity bond volume cap will receive a draft 42(m) letter after the prioritized Projects are issued the volume cap that is currently available.~~

3. Feasibility Analysis and Financial Considerations

All Projects, in addition to the threshold review process, will undergo financial analysis by Housing New Mexico/MFA 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/MFA'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/MFA's Universal Multifamily ~~Initial~~ 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/MFA financing.

4. Initial Design Review

All Projects will be subject to Housing New Mexico/MFA's design review and construction inspections to determine compliance with the Design Standards, which are required for all Projects. Housing New Mexico/MFA 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/MFA 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 Chief Executive Officer of the local jurisdiction where the Project is located will receive a "Local Notice" from Housing New Mexico/MFA stating that an Application has been received and requesting a response. The local jurisdiction and the Chief Executive Officer are to be identified by the Applicant in the Application form.~~ The jurisdiction may be a municipality, town, county or tribal government. ~~Such notification will be issued for all Applications not more than 10 business days after Housing New Mexico/MFA's Application Deadline and the recipient will have 30 calendar days to respond.~~

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/MFA will visit the proposed sites for the highest ranking Projects. Sites considered by Housing New Mexico/MFA 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/MFA in conjunction with a site visit shall not be a violation of the Quiet Period.

7. Deficiency Correction Period

Housing New Mexico/MFA 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~~) address Complete Application items in Section III.B.4, including any issues with the electronic~~ application, ~~3)~~ clarify ambiguous information, ~~4)~~ 3) complete forms, ~~or 5)~~ 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/MFA 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/MFA determines in its reasonable judgment may not be correctable. In no case shall the deficiency correction period be used by Housing New Mexico/MFA 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. ~~Furthermore, the deficiency correction period may not be used by the Applicant or Housing New Mexico/MFA 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/MFA is not submitted within the timeframe provided or is submitted but remains deficient, the Application may be rejected without any further review.

Commented [JR14]: Termination of Reservations or Rejection of Applications.

~~If at any point during the processing of an Application, staff determines that **supplementary** information is needed to complete its review, the Applicant will be notified in writing and will have five business days after the date of Housing New Mexico/MFA's notice to deliver a written response. In no case shall the supplemental information request be used by Housing New Mexico/MFA 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 provision does not apply to incomplete Applications, which may be rejected during the threshold review or subject to the deficiency correction period process.~~

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/MFA. 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/MFA's reasonable judgment to evaluate the Project's Application. ~~Projects must meet the Design Standards available from Housing New Mexico/MFA on the website. Debarment from HUD, Housing New Mexico/MFA or other federal housing programs, bankruptcy, criminal indictments or convictions, poor performance on prior Housing New Mexico/MFA or federally-financed Projects~~

~~(for example, 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] or failure to meet development deadlines or documentation requirements) on the part of any proposed development team member or Project Owner or other Principal or Affiliate may result in rejection of an Application by Housing New Mexico/MFA. In addition, Housing New Mexico/MFA will consider a Principal's progress made with previous tax credit Reservations, including timeliness in delivering required documents and fees and meeting all required deadlines.~~

Commented [JR15]: Redundant - found under Design Review and Applicant Eligibility

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. ~~Tax-exempt bond financed Projects will be evaluated in a similar process but will not compete against other Projects for an allocation of tax credits.~~

b. Allocation Review Committee (ARC)

The Chairman of the Board of Housing New Mexico/MFA 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/MFA 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. ~~Except for appeals as described in III.F.8.c below, the provisions of this section are not applicable to tax-exempt bond financed Projects.~~

c. Appeal Process

Applicants wishing to appeal a determination made by Housing New Mexico/MFA with respect to their Application may do so by way of the "Form of Submission" (Section III.B.3) no later than 5 p.m. Mountain Standard Time on the 10th calendar day after the date ~~of~~ the preliminary Reservation Letter, preliminary waitlist letter or rejection letter~~ w(or draft Letter of Determination, in the case of tax-exempt bond~~

~~financed Projects)~~ ~~w~~as emailed to the Applicant. 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/MFA'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/MFA's Board of Directors, final Reservation Letters, in accordance with Section III.F.9, (or draft Letter of Determination in the case of tax-exempt bond financed Projects) 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 1, 2025, Applicants are required ~~to upload~~provide a brief (approximately three minute) MP4 video. ~~(suitable to be shared on YouTube) to Housing New Mexico/MFA's website portal.~~ The video must highlight the proposed Project being recommended for approval by Housing New Mexico/MFA's Board of Directors. Housing New Mexico/MFA's marketing department will work with each Applicant to prepare the video. ~~will provide an outline of the presentation format.~~ Applicants are also required to attend the Housing New Mexico/MFA 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/MFA 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/MFA to the next highest scoring Eligible Project(s) on the waiting list. Any conflicts of interest of Board members are to be disclosed and

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Board members having such conflicts will abstain from votes approving or disapproving LIHTC Projects in accordance with Housing New Mexico/MFA's policies, procedures, rules and regulations regarding conflicts of interest. ~~The provisions of this section relating to Board actions following competitive allocation rounds are not applicable to tax-exempt bond financed Projects.~~

e. Notification of Approval

Successful Applicants will be notified of Housing New Mexico/MFA's allocation decision in the form of a Reservation Letter. Housing New Mexico/MFA anticipates Reservation Letters will be delivered in May 2026, shortly after approval of tax credit awards at the May 2026 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/MFA, 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/MFA, it is not expected that Housing New Mexico/MFA'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 ~~must be paid at this time~~ and any other conditions noted in the Reservation Letter~~,~~ ~~which may include evidence of continued site control~~,~~ 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 ~~below~~ in the Post Award Requirements Handbook attached to and incorporated by reference to this QAP. ~~for follow up activity in order to maintain its Reservation or Carryover Allocation.~~ **Housing New Mexico/MFA 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/MFA if any of the deadlines ~~below~~ in the

Post Award 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

~~Evidence~~ 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~~multifamily housing must be submitted~~. The ~~evidence~~ 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~~, for the proposed Project and be dated no more than six months prior to the Application Deadline~~. ~~This requires~~The letter must indicate that multifamily projects ~~not be~~ 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 ~~which~~ that is not zoned, or ~~which~~ that is zoned agricultural, are exempt from this threshold test, but must obtain zoning approval and deliver evidence of it to Housing New Mexico/MFA no later than November 15th of the year of the Reservation.

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C. Fees

All fees owed to Housing New Mexico/MFA 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/MFA 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] ~~Market Study Parameters~~ and have been issued within 180 days of the Application submission. All market studies must be issued to Housing New Mexico/MFA as the designated user. The market study must address and meet the following requirement*:

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[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/

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, ~~and Projects reserved for~~ Seniors 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 Standards ~~Market Study Parameters document within the Application materials,~~ 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/MFA. The cost of this Housing New Mexico/MFA-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/MFA'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/MFA and all other state and federal affordable housing agencies. For example, debarment from HUD, Housing New Mexico/MFA or other federal housing programs, bankruptcy, criminal indictments or convictions, poor performance on prior Housing New Mexico/MFA or federally-financed Projects (for example, late payments within the 18-month period prior to the Application Deadline, misuse of reserves and/or other Project funds, default, fair housing violations, noncompliance (e.g., with the terms of LURAs on other Projects), or failure to meet development deadlines or documentation requirements) on the part of any proposed development team member or Project Owner or other Principal may result in rejection of an Application by Housing New Mexico/MFA. In addition, Housing New Mexico/MFA will consider a Principal's progress made with previous tax credit Reservations, including timeliness in delivering required documents and fees and meeting all required deadlines. The Developer, Project Owner, General Partner, contractor, management company, consultant(s), and architect are required to sign an affidavit affirming they have no related party relationships; or, that all related party relationships have been properly disclosed. The form of this affidavit can be found at Tab 1h of the 2025 Universal~~

Commented [JR16]: This section now incorporates the "Other Compliance" and "Development Team Review" sections.

~~Rental Development Application on Housing New Mexico/MFA's website. Additionally, a visual diagram of the relationship of the related parties must be submitted, if applicable.~~

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/MFA 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 ~~each development team member listed above. The~~ the Developer, Project Owner, General Partner, contractor, ~~management company~~, consultant(s), and architect ~~are required to sign an affidavit~~ 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)[7] in the form stipulated at Tab 1l of the Application certifying the Principal and its Affiliate(s) are not in default with respect to any Material Compliance Matter for any such Project or shall state what defaults exist and what corrective action Applicant is taking.
- Development team resumes inserted at Tab 12 to determine capacity to perform in the role proposed. Considerations may include related experience, financial capacity, performance history, references, management and staff, among others.

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

Commented [JR17]: The management company is reviewed at the 50% completion point. This is in the Post Award Requirements Handbook

[7] 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.

- ~~For example~~, debarment from HUD, Housing New Mexico/MFA or other federal housing programs,
- bankruptcy, criminal indictments or convictions,
- poor performance on prior Housing New Mexico/MFA or federally-financed Projects, including:
    - (~~for example~~, late payments of any Housing New Mexico/MFA 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 ~~noncompliance (e.g.,~~ with the terms of a LURA~~s~~ on a ~~other~~ Projects~~)~~ controlled by an Affiliate, or
    - failure to meet Housing New Mexico/MFA development deadlines or documentation requirements

Housing New Mexico/MFA 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/MFA.

F. Financial Feasibility

Applications must demonstrate ~~in Housing New Mexico/MFA's reasonable judgment, the Project's financial feasibility. Please refer to~~ that the Project meets all requirements ~~pertaining to Housing New Mexico/MFA's financial feasibility considerations~~ in the Housing New Mexico/MFA Universal ~~Initial~~ Underwriting Supplement. ~~*(IV.C.2 is Cost limits; IV.D is Feasibility Analysis and Financial Considerations such as development costs, developer fees, builder fees, A&E fees, reserves, opex and RR, DSCR, Sub debt, unit distributions; IV.E.4 is calc of max credits, IV.E.5 is basis boost) All of this would need to be included in the Underwriting supplement.*~~

G. Pre-Application Requirements

1. Intent to Submit-

~~The entire Application Package is due at noon on January 21, 2026. Before then,~~ Applicants must submit an Intent to Submit a Tax Credit Application and

Commented [JR18]: redundant

Development Synopsis on or before December 20, 2025. This submission is a mandatory requirement for the 2026 competitive LIHTC Application round; Housing New Mexico/MFA 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/MFA website following submission.

~~All tax-exempt bond financed Projects are required to submit an Intent to Submit a Tax Credit Application and Development Synopsis at least 30 days prior to submitting their Application in order to insure timely processing to meet other bond issuance deadlines.~~

2. Housing New Mexico/MFA allows all Applicants for the 2026 competitive LIHTC Application round to meet with Housing New Mexico/MFA 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. ~~All tax-exempt bond financed Projects are encouraged to meet Housing New Mexico/MFA staff at least 30 days prior to submission to review and discuss the proposed Project.~~

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

~~Projects financed with tax-exempt bonds may attend an alternative Housing New Mexico/MFA-approved tax credit training, for which a fee may apply. This approved training must have been completed within the six months prior to submittal of the Application.~~

V. Scoring Criteria

Housing New Mexico/MFA 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 Participation	Tier 1: 5 points Tier 2: 3 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 ~~10~~ 5 points
I	Projects Reserved for Seniors Housing Priority	Up to ~~10~~ 5 points
J	Projects with Children Housing Priority	Up to ~~8~~ 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
P	Blighted Buildings and Brownfield Site Reuse	5 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 9 points

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

Tier 1: Local nonprofits (as that term is defined in this criterion below), NMHAs, TDHEs and THAs that demonstrate financial capacity by having net worth/net assets of at least $1,000,000 will qualify for **five points**. Nonprofits, NMHAs, TDHEs and THAs with net worth/net assets below $1,000,000 may partner with another Entity to increase the General Partners' combined net worth above this threshold.

Tier 2: Local nonprofits, NMHAs, TDHEs and THAs which have net worth/net assets of at least $250,000 will qualify for **three points**. In addition, qualified, nonprofit organizations that do not meet this criterion's definition of "local nonprofit" but demonstrate strong financial capacity by having net worth/net assets of at least $2,000,000 will qualify for **three points**.

For any Entity to claim points under this Project Selection Criterion:

- The qualified, nonprofit organization, NMHA, TDHE or THA must own at least 51% of the General Partner interest.

- The Application must commit to providing the qualified nonprofit organization, NMHA, TDHE or THA, a First Right of Refusal described in IRC Section 42(i)(7) as described below in this scoring criterion. ~~using Housing New Mexico/MFA's form of Right of First Refusal Agreement. The Right of First Refusal Agreement must be recorded upon closing of equity; a copy must be submitted by August 31st of the year following Carryover.~~

- The qualified, nonprofit organization, NMHA, TDHE or THA must receive a minimum of 10% of the Developer fee as identified in the Project Application. The Developer fee calculation is made before any reduction for consultant fees. When more than one Entity is receiving a portion of the Developer fee, documentation will be required evidencing the agreement among the entities as to the fee split arrangement.

- T~~Also, t~~he Application must include evidence that a representative of the qualified, nonprofit organization, NMHA, TDHE or THA (board member, officer, director, commissioner or staff) has attended the most recent Housing New Mexico/MFA QAP training prior to submitting the Application.

Net worth/net assets must be substantiated by accountant-reviewed or audited year-end financial statements for each General Partner whose financials are being relied upon to meet the minimum net worth/net assets. A for-profit partner Entity's reviewed financial statements may be used to achieve net worth/net assets thresholds.

Local nonprofit means a qualified, nonprofit organization that has a board of directors that is comprised of a majority of New Mexico residents at the time the Application is submitted and was incorporated in New Mexico before January 1 of the year in which the Application is submitted.

Right of First Refusal – Applicants requesting points under this scoring criterion must submit a letter of intent from a tax credit investor that clearly grants to a

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qualified not-for-profit organization a right of first refusal to purchase the project for a below-market purchase price (the "ROFR Purchase Price"), following the expiration of the tax credit compliance period, in accordance with Section 42(i)(7) of the Code (the "ROFR").

The letter of intent must specify the ROFR Purchase Price and identify any amounts due in excess of the minimum purchase price permissible underSection42(i)(7)(B) of the Code.

In addition, the letter of intent must provide that the operating or partnership agreement (the "Agreement") of the owner of the project (the "Owner") will:

a. grant the not-for-profit organization the ROFR at the ROFR Purchase Price and provide that all amounts to be included in the ROFR Purchase Price will be calculated in accordance with the Agreement;

b. provide that the general partner of the Owner (the "General Partner") may elect to do any of the following:

i. subject to the consent of one or more limited partners of the owner (each, a "Limited Partner"), which consent may not be unreasonably withheld, conditioned or delayed, sell the project to the ROFR grantee in connection with the ROFR grantee's exercise of the ROFR;

ii. at its discretion, without the consent of any Limited Partner, sell the project to the ROFR grantee in connection with the ROFR grantee's exercise of the ROFR following the General Partner's receipt of a bona fide third party offer to purchase the project; or

iii. offer the project for sale publicly at any time following the expiration of the tax credit compliance period and thereafter accept an offer from the highest bidder to purchase the project, as long as the sale price is not less than the minimum purchase price permissible under Section 42(i)(7)(B) of the Code, and provided that such acceptance is subject to the ROFR grantee's rights to exercise the ROFR and purchase the project at the ROFR Purchase Price;

c. authorize and direct the General Partner to execute all documents necessary to effect the sale of the project pursuant to the ROFR;

d. provide that, unless prohibited by binding legal precedent, the Limited Partners waive all legal rights to challenge (i) the sale of the project by the General Partner to the ROFR grantee even if the ROFR grantee is affiliated with the General Partner and (ii) the General Partner's acceptance of an offer from the highest bidder in response to

the General Partner's public offer of the project for sale and/or the exercise of the ROFR by the ROFR grantee after any such acceptance;

e. provide that the term of the ROFR shall expire not less than 36 months after the General Partner's public offer of the project for sale;

f. provide that in the event that Section 42(i)(7) of the Code is amended to permit a qualified not for-profit organization to hold a purchase option after the expiration of the tax credit compliance period, and only to the extent permitted under such revised Section 42(i)(7), the ROFR grantee shall be entitled to purchase the project, or at its option, all of the interests in the Owner, in either case at the ROFR Purchase Price, in lieu of exercising the ROFR;

g. provide that the ROFR will not be adversely affected or limited by any other rights of the Limited Partners, or any owner of any interest in any Limited Partner, such as forced sale rights, and there are no conditions to the exercise of the ROFR except as explicitly identified in the Agreement or required by binding legal precedent applicable to Section 42(i)(7) of the Code; and

h. prohibit, without the prior written consent of Housing New Mexico/MFA, any amendment that would modify any term or condition related to the ROFR. A true and complete copy of the Agreement shall be provided to Housing New Mexico/MFA as of both the closing of the financing for the construction of the project and the submission of an application for a Form 8609, in each case for Housing New Mexico/MFA's review to confirm that the Agreement includes the terms set forth in the letter of intent or terms that Housing New Mexico/MFA determines are equivalent.

A true and complete copy of the operating or partnership agreement of the owner of the project shall be provided to Housing New Mexico/MFA 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 an Final Allocation Application for a Form 8609, in each case for Housing New Mexico/MFA's review to confirm that such agreement includes the terms set forth in the letter of intent or terms that Housing New Mexico/MFA determines are equivalent.

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 compliance with the Locational Efficiency criteria. Maps must show~~, scale, cardinal direction, and~~ 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~~0.5~~-mile walk distance to at least three facilities, or a 2~~1~~-mile walk distance to at least six facilities. For the 1~~0.5~~-walk distance facilities, at least one of these facilities must be a supermarket, farmers market or other food store with produce. For the 2~~1~~-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~~0.5~~-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. ~~Alternative forms of transportation may be acceptable provided sufficient documentation is provided that establishes the alternate form of transportation is acceptable to Housing New Mexico/MFA. For example,~~ Projects on tribal land with established "on call" transportation programs that provide the users a choice of local destinations, regardless of their residency in the Project, shall be considered "public transportation." A future promise to provide 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 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 XI 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.") ~~A CNA will be required at Carryover for rehabilitation Projects that are eligible for points under this scoring criterion. The CNA will be reviewed and must support the Scope of Work outlined in the Application. Professionals performing the CNA must meet the minimum qualification/certification requirements set forth by Housing New Mexico/MFA as defined in the Design Standards. (Rehabilitation Projects are also subject to the Qualified Basis limits outlined in Sections II.R.2. & 3.)~~

Commented [JR19]: This is redundant and not required with the Application.

Commented [JR20]: These sections removed from the QAP because they are a matter of law.

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/MFA reserves the right to request additional information or documentation regarding the Sscope of ~~W~~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, ~~2028~~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/MFA 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%

~~1. For any Project located within an Urban Area that proposes to use either the 20-50 or 40-60 election under §42(g)(1)(A) or §42(g)(1)(B) of the Code, respectively:~~

- ~~At least 40% of all low-income units at 50% or less of Area Median Income **(16 points)**;~~
- ~~At least 30% of all low-income units at 50% or less of Area Median Income **(14 points)**; or~~
- ~~At least 25% of all low-income units at 50% or less of Area Median Income **(12 points)**.~~

~~2. For any Project not located within an Urban Area that proposes to use either the 20-50 or 40-60 election under §42(g)(1)(A) or §42(g)(1)(B) of the Code, respectively:~~

~~• At least 25% of all low-income units at 50% or less of Area Median Income (16 points);~~

~~• At least 15% of all low-income units at 50% or less of Area Median Income (14 points*); or~~

~~• At least 10% of all low-income units at 50% or less of Area Median Income (12 points*).~~

~~[*Projects choosing the 20-50 election are not eligible for these point categories]~~

~~3. For any Project located within an Urban Area that proposes to use the Average Income election under §42(g)(1)(C) of the Code:~~

~~• The Average Income for the proposed Project will be 54% or lower (16 points);~~

~~• The Average Income for the proposed Project will be 55% or lower (14 points); or~~

~~• The Average Income for the proposed Project will be 56% or lower (12 points).~~

~~D. For any Project not located within an Urban Area that proposes to use the Average Income election under §42(g)(1)(C) of the Code:~~

~~• The Average Income for the proposed Project will be 55% or lower (16 points);~~

~~• The Average Income for the proposed Project will be 56% or lower (14 points); or~~

~~• The Average Income for the proposed Project will be 57% or lower (12 points).~~

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 5 points. This election must be indicated on the Universal Rental Development Application.~~

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 the Universal Rental Development Application.

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

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

~~Projects committing to permanent affordability (i.e., in perpetuity) are eligible for 8 points. This election must be indicated on the Universal Rental Development Application.~~

~~If the Project site will be leased, refer to Section III.C.1. for site control requirements.~~

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 ~~ten~~ five points described below under *2. Scoring Points Available*, if all of the following threshold requirements are met.

Twenty percent~~20%~~ or more of total Units are reserved for Households with Special Housing Needs (see definition in Glossary), and ~~. To be eligible for points under this option,~~

- 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.

~~Applicants requesting consideration for points for a Project in which Units are reserved for Households with Special Housing Needs (Project Selection Criterion No. 8) are required to submit~~ The Application includes a Service Coordination Plan that~~,~~ ~~which Plan~~ demonstrates satisfaction of items a, b, c and d below. ~~In addition to supplying the Plan,~~

Applicant ~~shall certify~~ certifies to Housing New Mexico/MFA 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. ~~, onsite, online, or in close proximity to the Project (within 0.5-mile ADA compliant walking distance or with free transportation provided.)~~

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 nominal cost, which must be reasonable in Housing New Mexico/MFA'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 ten 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 ~~committed~~proposed ~~by Applicant~~ in the Application will be enforced through a provision in the LURA, regardless of whether points are awarded. ~~Sample LURA's are available upon request which Applicants are encouraged to review.~~ 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/MFA 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/MFA's advance approval).

2. Scoring Points Available (up to ~~10~~ 5 points):

Applicants may choose from the following services to qualify for up to ~~10~~ 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/MFA approved service. Must be approved by Housing New Mexico/MFA in writing one month before Application due date and will be posted on the FAQ section of the Housing New Mexico/MFA 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 ~~ten~~ 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., ~~Housing Opportunity for Persons Living with AIDS program,~~ the Section 202 ~~and Section 811~~ program~~s~~ 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/MFA's sole determination.

i. A minimum of ~~ten~~ 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/MFA'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 ~~committed~~proposed ~~by Applicant~~ in the Application will be enforced through a provision in the LURA, regardless of whether points are awarded. ~~Sample LURA's are available upon request which Applicants are encouraged to review.~~ 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/MFA 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/MFA's advance approval).

2. Scoring Points Available (up to ~~10~~ 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/MFA approved service. Must be approved by Housing New Mexico/MFA in writing one month before Application due date and will be posted on the FAQ section of the Housing New Mexico/MFA 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 ~~eight~~ four points described below under *2. Scoring Points Available*, if all of the following threshold requirements are met.

~~Projects in which 25%~~ Twenty-five percent of all Units are reserved for Households with Children. ~~are eligible for points as described below~~:

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 ~~Housing New Mexico/MFA's Mandatorythe~~ 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 ~~ten~~ 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.

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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/MFA'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:

  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 ~~committed~~proposed ~~by Applicant~~ in the Application will be enforced through a provision in the LURA, regardless of whether points are awarded. ~~Sample LURA's are available upon request which Applicants are encouraged to review.~~ 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/MFA 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/MFA's advance approval).

2. Scoring Point Available (Up to ~~eight~~ 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/MFA approved service. Must be approved by Housing New Mexico/MFA in writing one month before Application due date and will be posted on the FAQ section of the Housing New Mexico/MFA 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/MFA and shall be satisfied during the life of the Project, until 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 may not include any required payments during the Affordability Period (see definition in Glossary) and may 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/MFA) 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 Affordability 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/MFA funding r (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) ~~which~~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 ~~an area~~ 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 or~~
- ~~other formal plan covering a defined subarea of the jurisdiction that includes the project site that has been enacted or adopted by a local, county or tribal government prior to the Application Deadline. The CCRP must~~

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: ~~. For Projects located on sovereign tribal lands, "Concerted Community Revitalization Plan" means a written plan similar in content and affect to a metropolitan redevelopment plan as defined in NMSA 1978 Section 3-60A-4, prepared and~~

- 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**
- ~~must~~ 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.

~~Or the proposed Project is located within 0.5 mile of a New Mexico designated MainStreet area or a State-Designated New Mexico Arts and Cultural District.~~

Commented [JR21]: The IRS requires that the project contribute to the plan. Since other formal plans are considered, this is redundant.

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 ~~Concerted Community Revitalization Plan~~ CCRP, and all sites must contribute to the ~~Plan~~CCRP to be eligible for points.

~~Lists of New Mexico designated MainStreet areas and State-Authorized New Mexico Arts and Culture Districts can be found at https://www.nmmainstreet.org/program-directory/.~~

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/MFA 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 XI.

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.

~~If federal Historic Tax Credits are included in the financing structure of the Project, evidence that the National Park Service has received a complete Historic Certification Application – Part 2 for the Project must be included in the Project Owner's Carryover Allocation Application.~~

Commented [JR22]: This requirement is in Post Award Requirements Handbook

P. Blighted Buildings and Brownfield Site Reuse

Projects that include the demolition of Blighted building(s) or the remediation and reuse of a Brownfield site are eligible for points under this criterion. Blighted building(s), by the definition in the Glossary, must be demolished. The square footage of the demolished Blighted Building must account for at least 10% of the Gross Square Feet of the entire completed Project. For scattered site Projects, the total

Gross Square Feet of the Blighted Buildings must equal or exceed 10% of the proposed total new construction Gross Square Feet.

Points in this criterion cannot be combined with points under Rehabilitation Projects.

Blighted Building(s): To receive points in this criterion, the Application must include a letter from the Local Government Building Division stating the proposed site meets the requirements of the QAP for blight. In the event that the Local Government will not issue a determination of blight, the Applicant must provide a letter from the Local Government stating the Local Government's policy, a third party report indicating that the site meets the QAP's definition of Blighted Building (see Glossary), and the Applicant must provide documentary support such as notices of violation of: (1) Local Government's codes or regulations or, (2) the recorded covenants, conditions and restrictions for the property or, (3) a condemnation notice from public record. The Application must also include photos of the blighted structure, neighborhood, or area. Housing New Mexico/MFA reserves the right to determine whether or not the site meets these requirements. The Applicant must also include a demolition budget.

Brownfield: To receive points in this criterion, the Application must include the Phase II Environmental Site Assessment, remediation budget and plan detailing the proposed work.

Q. 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	$28,772.00	$30,452.00	
Low-Income Square Foot	$26.95	$29.56	
Low-Income Unit OR			$28,772.00
Low-Income Square Foot			$26.95
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$26,673.00	$28,143.00	
Low-Income Square Foot	$2,357.00	$25.87	

Low-Income Unit OR			$26,673.00
Low-Income Square Foot			$2,357.00
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$24,572.00	$2,583.00	
Low-Income Square Foot	$2,022.00	$22.16	
Low-Income Unit OR			$24,572.00
Low-Income Square Foot			$20.22

Permanent Supportive Housing Projects:

New Construction Projects			
	5 Points	3 Points	1 Point
Low-Income Unit	$28,772.00	$30,452.00	N/A
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit	$26,673.00	$28,143.00	N/A
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit	$24,572.00	$25,833.00	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	$28,049.00	$29,656.00	
Low-Income Square Foot	$26.95	$29.56	
Low-Income Unit OR			$28,049.00
Low-Income Square Foot			$26.95
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$26,040.00	$27,447.00	
Low-Income Square Foot	$23.57	$25.87	
Low-Income Unit OR			$6,040.00
Low-Income Square Foot			$23.57
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$24,030.00	$25,236.00	
Low-Income Square Foot	$20.22	$22.16	
Low-Income Unit OR			$24,030.00

Low-Income Square Foot			$20.22

All Other Projects:

New Construction Projects			
	5 Points	3 Points	1 Point
Low-Income Unit AND	$28,049.00	$29,656.00	
Low-Income Square Foot	$25.78	$28.27	
Low-Income Unit OR			$28,049.00
Low-Income Square Foot			$25.78
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$26,040.00	$27,447.00	
Low-Income Square Foot	$22.54	$24.76	
Low-Income Unit OR			$26,040.00
Low-Income Square Foot			$22.54
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$24,030.00	$25,236.00	
Low-Income Square Foot	$19.34	$21.20	
Low-Income Unit OR			$24,030.00
Low-Income Square Foot			$19.34

~~Tribal Projects:~~

- ~~New construction Tribal Projects that request less than $28,772 tax credits per low-income Unit **AND** less than $26.95 tax credits per low-income square foot are eligible for 5 points.~~
- ~~New construction Tribal Projects that request less than $30,452 tax credits per low-income Unit **AND** less than $29.56 tax credits per low-income square foot are eligible for 3 points.~~
- ~~New construction Tribal Projects that request less than $28,772 tax credits per low-income Unit **OR** less than $26.95 tax credits per low-income square foot are eligible for 1 point.~~

- Substantial Rehabilitation Tribal Projects that request less than $26,673 tax credits per low-income Unit **AND** less than $23.57 tax credits per low-income square foot are eligible for 5 points.
- Substantial Rehabilitation Tribal Projects that request less than $28,143 tax credits per low income Unit **AND** less than $25.87 tax credits per low income square foot are eligible for 3 points.
- Substantial Rehabilitation Tribal Projects that request less than $26,673 tax credits per low income Unit **OR** less than $23.57 tax credits per low income square foot are eligible for 1 point.

- Moderate Rehabilitation Tribal Projects that request less than $24,572 tax credits per low income Unit **AND** less than $20.22 tax credits per low income square foot are eligible for 5 points.
- Moderate Rehabilitation Tribal Projects that request less than $25,833 tax credits per low income Unit **AND** less than $22.16 tax credits per low income square foot are eligible for 3 points.
- Moderate Rehabilitation Tribal Projects that request less than $24,572 tax credits per low income Unit **OR** less than $20.22 tax credits per low income square foot are eligible for 1 point.

PSH[8] Projects

- New construction PSH Projects that request less than $28,772 tax credits per low-income Unit.
- New construction PSH Projects that request less than $30,452 tax credits per low-income Unit.

- Substantial Rehabilitation PSH Projects that request less than 26,673 tax credits per low-income Unit.
- Substantial Rehabilitation PSH Projects that request less than 28,143 tax credits per low-income Unit.

- Moderate Rehabilitation PSH Projects that request less than 24,572 tax credits per low-income Unit.

[8] PSH is Permanent Supportive Housing

- Moderate Rehabilitation PSH Projects that request less than 25,833 tax credits per low-income Unit.

Non-PSH Projects comprised of at least 80% efficiency and one-bedroom units:

- New construction Projects that request less than $28,049 tax credits per low-income Unit **AND** less than $26.95 tax credits per low-income square foot are eligible for 5 points.
- New construction Projects that request less than $29,656 tax credits per low-income Unit **AND** less than $29.56 tax credits per low-income square foot are eligible for 3 points.
- New construction Projects that request less than $28,049 tax credits per low-income Unit **OR** less than $26.95 tax credits per low-income square foot are eligible for 1 point.

- Substantial Rehabilitation Projects that request less than $26,040 tax credits per low-income Unit **AND** less than $23.57 tax credits per low-income square foot are eligible for 5 points.
- Substantial Rehabilitation Projects that request less than $27,447 tax credits per low-income Unit **AND** less than $25.87 tax credits per low-income square foot are eligible for 3 points.
- Substantial Rehabilitation Projects that request less than $26,040 tax credits per low-income Unit **OR** less than $23.57 tax credits per low-income square foot are eligible for 1 point.

- Moderate Rehabilitation Projects that request less than $24,030 tax credits per low-income Unit **AND** less than $20.22 tax credits per low-income square foot are eligible for 5 points.
- Moderate Rehabilitation Projects that request less than $25,236 tax credits per low-income Unit **AND** less than $22.16 tax credits per low-income square foot are eligible for 3 points.
- Moderate Rehabilitation Projects that request less than $24,030 tax credits per low-income Unit **OR** less than $20.22 tax credits per low-income square foot are eligible for 1 point.

All OTHER projects:

- ~~New construction Projects that request less than $28,049 tax credits per low-income Unit **AND** less than $25.78 tax credits per low-income square foot are eligible for 5 points.~~
- ~~New construction Projects that request less than $29,656 tax credits per low-income Unit **AND** less than $28.27 tax credits per low-income square foot are eligible for 3 points.~~
- ~~New construction Projects that request less than $28,049 tax credits per low-income Unit **OR** less than $25.78 tax credits per low-income square foot are eligible for 1 point.~~

- ~~Substantial Rehabilitation Projects that request less than $26,040 tax credits per low-income Unit **AND** less than $22.54 tax credits per low-income square foot are eligible for 5 points.~~
- ~~Substantial Rehabilitation Projects that request less than $27,447 tax credits per low-income Unit **AND** less than $24.76 tax credits per low-income square foot are eligible for 3 points.~~
- ~~Substantial Rehabilitation Projects that request less than $26,040 tax credits per low-income Unit **OR** less than $22.54 tax credits per low-income square foot are eligible for 1 point.~~

- ~~Moderate Rehabilitation Projects that request less than $24,030 tax credits per low-income Unit **AND** less than $19.34 tax credits per low-income square foot are eligible for 5 points.~~
- ~~Moderate Rehabilitation Projects that request less than $25,236 tax credits per low-income Unit **AND** less than $21.20 tax credits per low-income square foot are eligible for 3 points.~~
- ~~Moderate Rehabilitation Projects that request less than $24,030 tax credits per low-income Unit **OR** less than $19.34 tax credits per low-income square foot are eligible for 1 point.~~

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 ~~less~~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 ~~which~~ 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.

R. Non-Smoking Properties

~~Both 9% LIHTC and 4%~~ 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 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.

S. 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.

T. 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/MFA'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/MFA's list of 4% projects posted on its website on or before the Application Due Date) was made in the last five (5) calendar years and the Market Study supports need for the Project (**3 points**);

U. Other Scoring Points Available

Up to six ~~nine~~ 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, for which no federal assistance is existing or anticipated 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 will be rent restricted at 30% of AMI (or include a copy of the federal rental assistance contract that covers at least the minimum percentage of the total Units if in the Special Housing Needs housing priority category). (**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.);

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(iii) ~~Women and/or Minorities (see Glossary) are encouraged to participate in the ownership, development, or management of the Project. The Minority or female individual(s) must serve as either:~~

~~a. The General Partner, manager or managing member of the Ownership Entity or Responsible Owner, must have at least a 50% ownership interest in the Ownership Entity or Responsible Owner or~~

~~b. Must have at least 50% ownership interest in the participating business to qualify for the points. These businesses include any members of the development team (i.e. contractor, management company, consultant(s), architect, attorney and accountant, etc.) or~~

~~c. Minority or female individuals must comprise at least 50% of the board of directors of the Entity which qualifies the Project for points under Project Selection Criterion 1 above.~~

~~The name and address of the company and the anticipated contract amount or ownership percentage must be listed at the time of Application on the form provided by Housing New Mexico/MFA in the Application Package in order to be eligible. (3 points)~~

VI. Underwriting Criteria

Requirements regarding cost limits, Feasibility Analysis and financial considerations, and tax credit calculations are stipulated in Appendix C (Housing New Mexico/MFA'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 an Applicant receives a partial allocation in a given round and requests additional credits in a subsequent round, the minimum Project threshold requirements and the Project Selection Criteria for scoring used in the initial allocation year will be applied to the evaluation of the Project in the subsequent allocation year. The Project's ranking relative to Initial Application year Projects will be determined by calculating the Project score as a percentage of the highest score in its initial allocation round and multiplying that percentage by the highest score in the subsequent Application round to derive its subsequent Application year score and ranking among the subsequent round Applications.~~

If there are fewer tax credits available for a Project than the amount necessary for financial feasibility, Housing New Mexico/MFA 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/MFA 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 ~~at Sections IV.G.6.a and IV.G.6.b~~ 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 20, 2025 and the streamlined Application described below by the Application Deadline for the 2026 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 2026 round, as requests for supplemental tax credits will not compete against other Projects in the 2026 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/MFA 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 2026 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/MFA Board.

C. New Allocations to Projects Previously Subsidized with Tax Credits

Existing Projects that previously received tax credit allocations and are ~~now~~ 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

Commented [JR23]: Move this process to Post Awards

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.

~~A Property Owner may return a valid allocation of tax credits between October 1st and December 31st15th to receive an allocation of tax credits from the following current year's tax credit ceiling in the same amount of the returned allocation if:~~

- ~~The Project Owner pays the $500 fee due for requests for changes to a Project;~~
- ~~No changes to the Project (i.e., design, financing, etc.) have occurred without Housing New Mexico/MFA's approval;~~
- ~~None of the returned Project's Principals are participating in the following year's 9% LIHTC round (e.g., Principals returning tax credits in 2025 will not participate in the 2026 round);~~
- ~~The Project demonstrates that all financing necessary to place the Project in service is secured;~~

- The Project will place in service by December 31, 2026 st of the year of the newly allocated credits and receive no further opportunity to recycle the tax credits (e.g., if 2023 LIHTC are returned in December 2025 in exchange for 2025 tax credits, the Project will place in service by December 31, 2026).

- Housing New Mexico/MFA must be notified of any request to recycle an allocation of tax credits by November 15th, when the Placed In Service submission would have been due.

Notwithstanding the foregoing, if a Project has previously returned tax credits in exchange for a new allocation of tax credits, any return of tax credits for a new allocation shall be at Housing New Mexico/MFA's sole discretion.

E. Property Standards

All Projects must conform to the 2026 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/MFA'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. of Section III.C and IV.G above or in the Reservation Letter

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/MFA 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/MFA

8. Debarment from HUD, Housing New Mexico/MFA or other federal programs, bankruptcy, criminal indictments or convictions, poor performance on prior Housing New Mexico/MFA 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/MFA of Change to the Project

It is Applicant's responsibility to notify Housing New Mexico/MFA 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/MFA's approval of such changes. Failure to notify Housing New Mexico/MFA 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/MFA's sole discretion and the change may result in a change in the tax credit amount or other action by Housing New Mexico/MFA. A $500 fee payment is required at the time of the request for approval of any changes in accordance with Section III.C. ~~In addition to this fee, Applicant agrees it shall pay Housing New Mexico/MFA any legal fees it may incur in processing the request.~~ 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 ~~awarded~~, unless extraordinary and well-documented circumstances would warrant it, and changes must be approved by Housing New Mexico/MFA. 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 ~~in the case of 9% Projects or never issued in the case of 4% Projects~~.

Commented [JR24]: Redundant - see Legal Fees section below

Examples of changes of which Housing New Mexico/MFA 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 ~~(for 9% Projects) or subsequent to Initial Application submission (for 4% Projects)~~;

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 ~~(for 9% Projects) or subsequent to Initial Application submission (for 4% Projects)~~;

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 ~~(for 9% Projects) or subsequent to Initial Application submission (for 4% Projects)~~;

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/MFA in its reasonable judgment.

H. Notice Provisions

Housing New Mexico/MFA 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/MFA will not be responsible for any consequences that may result from the Applicant's inability to receive notice from Housing New Mexico/MFA 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/MFA.**

I. Applications are Public Records

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

After award, all Applications are ~~will be~~ 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/MFA.

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

J. Attorney Fees

Any and all attorney fees incurred by Housing New Mexico/MFA 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/MFA, 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/MFA 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/MFA'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/MFA 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/MFA 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/MFA and during the entire term of the Compliance and Extended Use Periods, Housing New Mexico/MFA may ~~reserves the right, under the provisions of the Code, the Project's LURA, and in accordance with its inherent discretion, to~~ 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/MFA's discretion.

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

- ~~,~~an on-site inspection of all buildings~~,~~;
- ~~and~~ 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. ~~In addition, Housing New Mexico/MFA reserves the right to~~
- 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~~,~~;
- ~~Additionally, all Projects must maintain~~ an audit of records of the process used to select general contractors (including any RFPs and Proposals).
- A review of ~~W~~written communication with selected general contractor regarding required Cost Certification upon Project completion ~~should be retained~~.

N. Compliance Plan

Federal law requires Housing New Mexico/MFA 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/MFA's website, www.housingnm.org.

VIII. Tax Credit Monitoring and Compliance Plan Summary

A. General Requirements

Federal law requires Housing New Mexico/MFA 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/MFA's website, www.housingnm.org. Compliance Monitoring is required for a minimum 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/MFA 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/MFA's approval. Project Owners will be required to submit to Housing New Mexico/MFA 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/MFA. Housing New Mexico/MFA reserves the right, in its sole discretion, to require such additional reports and/or records as Housing New Mexico/MFA 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/MFA 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/MFA 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/MFA will provide the owner written notification at least 15 days in advance of scheduled inspections.

Housing New Mexico/MFA 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/MFA 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/MFA, through Housing New Mexico/MFA'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/MFA

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/MFA 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.

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

~~2. 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.~~

3. 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.

4. Each Low-Income Unit is rent restricted under the Code

5. 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.

6. 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 judgement from a federal court.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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).

13. If the Project Owner received its credit allocation from the portion of the state ceiling set-aside for a Project involving "qualified nonprofit organizations" under Section 42(h)(5) of the Code and its nonprofit Entity materially participated in the operation of the development within the meaning of Section 469(h) of the Code.

14. There has been no change in ownership or management of the Project.

15. 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.

16. For the preceding 12-month period (pursuant to IRS Revenue Ruling 2004-82) the owner has complied with Section 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.

17. The Project Owner has complied with Section 42(h)(6)(E)(ii)(II) of the Code and not increased the gross rent above the maximum allowed under the Code with respect to any Low-Income Unit.

18. 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.

19. The owner has received an annual Student Self Certification for each low-income household.

~~20.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.~~

~~21.The property has not suffered a Casualty loss resulting in the current displacement of residents.~~

~~22.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. If yes, include the number of hours and the number of residents served with coordinated services in the next section.~~

~~23.The property has completed PSH Commitment to Quality checklist for every Permanent Supportive Housing for each qualified household if applicable.~~

~~24.The property has provided all required service enrichments according to the schedule listed in the LURA if applicable.~~

~~25.The property is in compliance with the Smoke Free at Home Program.~~

~~24. The building identification number, first year of Credit Period and Applicable Fraction of each building.~~

As an exception, only for RD Projects, Housing New Mexico/MFA 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/MFA. 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/MFA'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/MFA. 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/MFA certifications annually, verifying that Projects are in compliance with the Code, as well as any other data that Housing New Mexico/MFA may require per our monitoring and compliance guidelines.

The Project Owner of any exempted Project must certify to Housing New Mexico/MFA 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/MFA of any noncompliance or if Project Owner is unable to make one or more of the required certifications.

E. Compliance Review

Housing New Mexico/MFA may elect to subcontract the monitoring procedure to other agents. In doing so, Housing New Mexico/MFA would designate the subcontractor as the compliance-monitoring agent who would perform Housing New Mexico/MFA'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/MFA 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/MFA 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/MFA that there is good cause for granting the extension.

Housing New Mexico/MFA 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 2025, 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 2025, 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/MFA 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/MFA'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/MFA 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/MFA).

Allocation Review Committee (ARC) - a committee appointed by the Chairman of the Housing New Mexico/MFA 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/MFA 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/MFA's file sharing site https://mfa.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/MFA. They must be submitted to Housing New Mexico/MFA 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, except for tax-exempt bond financed Projects, for which the submission date is specified in Section VI.

Application Package - the forms, schedules, checklists, exhibits uploaded to Housing New Mexico/MFA's file sharing site: https://mfa.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/MFA as described in Section IV.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/MFA and an Applicant by which Housing New Mexico/MFA allocates and the Applicant accepts tax credits in accordance with Section 42(h)(1)(C) of the Code. Housing New Mexico/MFA'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/MFA's Board of Directors.

Brownfield – land where the development, redevelopment or reuse may be complicated by presence of hazardous substance, pollutant or contaminant including petroleum. Brownfield sites require a remediation plan based on a Phase II Environmental Site Assessment.

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/MFA, 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/MFA'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, Content and Format.

Compliance Monitoring – the Agency's procedure, as required by the Code and detailed in Housing New Mexico/MFA'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/MFA 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/MFA, 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/MFA 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.

~~**Eligible Partners** or **Eligible Households** – one or more natural Persons or a household, irrespective of race, creed, national origin or sex, determined by the Agency to be of low- or very low-income. In determining the income standards of eligible Persons for its various programs, the Agency shall take into account the following factors:~~

1. ~~Requirements mandated by federal law~~
2. ~~Variations in circumstances in the different areas of the state~~
3. ~~Whether the determination is for rental housing~~
4. ~~The need for household size adjustments~~

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/MFA to determine a Project's financial feasibility, which is

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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/MFA 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/MFA.

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.)

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/MFA 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/MFA pursuant to Section 42(m)(1)(D) of the Code advising the Project Owner that Housing New Mexico/MFA 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 MFA 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 Notice – Housing New Mexico/MFA'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/MFA 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 New Mexico Housing/MFA (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/MFA'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.

~~**Minority** - For purposes of Scoring Criterion 21(vi), a Minority is a racial or ethnic group, members of which have been subjected to prejudice or cultural bias by virtue of belonging to the group, without regard to individual qualities. Such racial or ethnic groups include, but are not limited to:~~

> ~~(1) African Americans. Persons having origins in any of the African racial groups of Africa.~~
>
> ~~(2) Hispanic Americans. All Persons of Mexican, Puerto Rican, Cuban, South or Central American, Caribbean and other Spanish or Portuguese culture or origin.~~
>
> ~~(3) Native Americans. Persons having origins in any of the original peoples of North America or the Hawaiian Islands, in particular, American Indians, Eskimos, Aleuts and Native Hawaiians.~~
>
> ~~(4) Asian-Pacific Americans. Persons having origins in Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the U.S. Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, Taiwan and India.~~

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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.

~~**Permit Ready Drawings** - the bare minimum drawings required to obtain a construction permit from local authorities. This may include but is not limited to: Site Plan, Architectural Plans, Structural Plans, Mechanical (HVAC), Plumbing, Electrical, Product Approval documentations, Energy Calculations and Structural Calculations.~~

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.C.8**), 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.

Commented [JR26]: Consider removing this term if it is not used in the 4% QAP or Design StandardsP

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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/MFA 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/MFA 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.

~~**Single Room Occupancy** – housing consisting of single room dwelling Units. The Unit must contain either food preparation and/or sanitary facilities.~~

Commented [JR27]: Removed. This term is not used in the 2026 QAP.

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/MFA, 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 III.E.15 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. 2026 Housing New Mexico/MFA Universal Multifamily Underwriting Supplement
D. 2026 Housing New Mexico/MFA Design Standards
E. 2026 Housing New Mexico/MFA Design Standards – Supplement A – NHTF Requirements
~~C.~~F. 2026 9% LIHTC Universal Rental Development Application Form and Schedules
~~D.~~A. ~~2026 Housing New Mexico/MFA Universal Multifamily Underwriting Supplement~~
~~E. 2026 Housing New Mexico/MFA Universal Rental Development Application~~
~~F. 2026 Housing New Mexico/MFA Universal Rental Development Schedules A – F~~
~~G.~~A. ~~2026 Housing New Mexico/MFA Design Standards~~
~~H.~~A. ~~2026 Housing New Mexico/MFA Design Standards – Supplement A – NHTF Requirements~~
~~I.~~G. NCHMA Model Content Standards
~~J.~~H. 2026 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
~~K.~~I. 2026 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

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e. Form C1 – Owner's Cost Certification
f. Form C2 – General Contractor's Cost Certification
g. Housing New Mexico/MFA 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. Sample LIHTC LURA
m. Sample Equity Certification Letter

~~L.~~J. Low-Income Housing Tax Credit Compliance Plan, December 2021 as may be amended

~~M.~~K. Annual Owners Certification, December 2022 as may be amended

STATE OF NEW MEXICO

9% LOW-INCOME HOUSING TAX CREDIT PROGRAM

POST-AWARD PROCESSES AND REQUIREMENTS HANDBOOK

Effective as of December 1, 2025

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Approved by Board of Directors on October ~~16 --~~, ~~2024~~2025
Approved by the Honorable Governor Michelle Lujan Grisham on October ~~24 --~~, ~~2024~~2025

Table of Contents:

I. Introduction

This Post-Award Processes and Requirements Handbook ("Handbook") is an appendix to the 2026 9% Low Income Housing Tax Credit Qualified Allocation Plan.

Successful Applicants will be notified of Housing New Mexico/MFA's allocation decision in the form of a Reservation Letter. Housing New Mexico/MFA anticipates Reservation Letters will be delivered in May 2026, shortly after approval of tax credit awards at the May 2026 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/MFA, 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/MFA, it is not expected that Housing New Mexico/MFA'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.

II. 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 below for follow up activity in order to maintain its Reservation or Carryover Allocation. **Housing New Mexico/MFA 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/MFA if any of the deadlines below are not met. All submissions must follow "Form of Submission" requirements shown in Section III.B.3 of the 2026 QAP. The requirements shown in the 2026 9% QAP, the Design Standards and the Underwriting Supplement (as defined in the 2026 9% QAP) also apply to submittals described in this Handbook.

A. At Reservation

The processing fee ~~must be paid at this time~~ and any other conditions noted in the Reservation Letter~~, which may include evidence of continued site control,~~ must be satisfied by the deadlines stipulated in the Reservation letter.

B. Quarterly Progress Reports

All 9% Projects must submit a quarterly progress report to Housing New Mexico/MFA on or before March 31st, June 30th, September 30th, and December 31st each year, beginning with March 31st after the allocation year, and continuing until the Final Allocation Application has been submitted. ~~All 4% Projects must submit a quarterly progress report to Housing New Mexico/MFA following the issuance of a Final Determination letter, starting with the next quarter end, March 31st, June 30th, September 30th, and December 31st each year.~~ The information to be covered in the progress reports will be provided on Housing New Mexico/MFA's website. Any failure to provide a timely progress report, or failure to provide a complete and accurate report containing the required information, may result in a loss of tax credits.

C. By November 15th[1] following a LIHTC Reservation

The following documents are due by November 15th of the year a LIHTC Reservation Contract is issued:

1. Carryover Allocation Application

If the Project will not be Placed In Service during the calendar year in which the Reservation is made, the Applicant must request a Carryover Allocation by November 15th of the year the Project is awarded. This allows for 24 additional months to complete the Project. The complete Carryover Allocation package must contain all items on the Carryover Allocation requirements checklist (available for download from Housing New Mexico/MFA's website) including: ~~The checklist includes, among other requirements:~~

a. Updated Development Project Application Form and Schedules A-F, dated as of the submission date.
   ~~a.~~ Any changes from the Initial Application must be highlighted in yellow. Any change to the development team, construction drawings or changes in costs greater than 5 percent requires submission of a narrative discussing each change (from $XX to $YY) and the reason(s) for the change. Rents on Schedule B must be updated. ~~If the costs as identified on Schedule D of the original Application have changed more than 5%, then a detailed narrative description of the changes made in~~

[1] If November 15th falls on a weekend or holiday, the deadline shall be the first following business day.

~~the construction drawings and/or Schedule D between Application and Carryover must be provided.~~

b. Columns A and B of the Assignment of Building Identification Numbers form.
c. Architect Certification: The Project architect must certify that the Project's final plans and specifications meet the Design Standards and contain all commitments made in the Initial Application regarding design and building. Any Material Design Cchanges to the initial commitments made in the ~~i~~linitial ~~Project~~ Application must be described in detail and be approved by Housing New Mexico/MFA in writing.
d. HERS information: statement that the Project will achieve either a certified HERS score not greater than 55 (new construction) or 65 (rehabilitation).
e. Copy of the Certificate of Partnership/Certificate of Good Standing.
f. Copy of the Limited Partnership Agreement or Operating Agreement.
g. Zoning: Applicants whose Projects were not required to meet threshold requirement number two (zoning) at the Application Deadline must submit evidence that all required zoning approvals for the proposed Project have been obtained.
h. Contractor's Resume: if not included in the Initial Application.
i. Financing Commitments for construction and permanent financing and any other rental or other subsidy, as applicable. Financing Commitments must be submitted from all funding and subsidy sources including construction and first mortgage lender(s), all secondary financing sources (i.e., grants, loans, in-kind contributions) and a letter of intent from the equity provider.
j. HUD financed Projects (e.g., HUD 221(d)(4)): evidence that site appraisal and market analysis (SAMA) application (new construction) or feasibility application (rehabilitation) were submitted to HUD.
k. HUD 542(c) Risk Share financed Projects: HUD firm approval letter
l. Rehabilitation Projects and Adaptive Reuse Projects: Capital Needs Assessment (CNA) dated no earlier than November 15th of the year immediately prior to the Application Deadline. Professionals performing the CNA must meet the minimum qualification/certification requirements set forth in Housing New Mexico's Mandatory Design Standards for Multifamily Housing (Design Standards).
m. Rehabilitation Projects: "As-Is" appraisal completed by an MAI appraiser licensed in New Mexico that is dated no earlier than July 20th of the year immediately prior to the Application Deadline.
n. Eventual Tenant Ownership Projects: Letter from Local Government evidencing that the Project's design meets the subdivision and building code requirements, including fire department requirements of the Local Government

in effect as of November 15th during the calendar year in which the Reservation of LIHTC is made.

o. If federal historic tax credits are included in the financing structure of the Project, evidence that the National Park Service has received a complete part 2 of the Historic Preservation Certification Application ("Description of Rehabilitation").

Concurrent with, or subsequent to the Carryover Application, iIf there is a change to a key member of the development team (Developer, Project Owner, General Partner, contractor, management company, consultant(s), architect, attorney and accountant, etc.), the project must supply Housing New Mexico/MFA with a written explanation of the reason behind the change, materials supporting the benefit to the Project in making the change (including resumes) in order to assess whether or not the Project is negatively impacted by the change.

2. Relocation Plan

A full and final version of a Uniform Relocation Act displacement/relocation plan is due at the time of submission of a Carryover Application. Requirements, forms, and reference materials are available to download from Housing New Mexico/MFA's website: https://housingnm.org/developers/federal-regulations/uniform-relocation-act

Commented [JR1]: Include this in the 4% QAP

D. March 1st of the year following Carryover

If applicable, the Housing New Mexico/MFA 542(c) Risk Sharing commitment must be fully executed.

E. No later than June 30th of the year following Carryover

Design Review and Construction Inspections

All Projects will be subject to Housing New Mexico/MFA's design review and construction inspections to determine compliance with the Design Standards. On or before June 30th[2] of the year following the Carryover Application, the Applicant must submit complete final construction drawings, specifications and construction documents for Housing New Mexico/MFA review for compliance with the Design Standards. Housing New Mexico/MFA staff will make a good faith effort to perform an initial review

[2] If June 30th falls on a weekend or holiday, the deadline shall be the first following business day.

of construction documents within ten (10) business days after receipt of complete construction documents.

For Rehabilitation and Adaptive Reuse Projects, Housing New Mexico/MFA will review the CNA for completeness, consistency with the Application and compliance with the Design Standards.

1. **Prior to commencing construction:**

a. **Applicant must have Housing New Mexico/MFA's written approval of complete construction documents;**

b. Applicants must request and receive Housing New Mexico/MFA-provided signs/banners in English and Spanish featuring Housing New Mexico/MFA's fraud hotline at the Project work site(s), which shall remain in place throughout the duration of construction.

c. Applicants must close on all Project financing (except the permanent mortgage).

2. **Material Design Changes**
   Differences between the plans and specifications submitted with the Application and those contained in the final construction documents must be approved by Housing New Mexico/MFA. The Applicant must submit a detailed narrative of Material Design Changes made to final plans and specifications along with the Change Fee described in Section III.C.8 of the 2026 QAP.

3. **Post Construction**
   Housing New Mexico/MFA must approve the final construction inspection in writing prior to issuance of IRS Form 8609.

F. August 31st[3] of the year following Carryover

1. **10% Test**
   Certification by a CPA is required to certify compliance with the 10% test as defined in Code Section 42(h)(1)(E). The Applicant must submit evidence that the basis in the Project exceeds 10% of the reasonable expected total basis in the Project. Such evidence shall include an independent auditor's report expressing an opinion on the attached cost certification, using Housing New

[3] If August 31st falls on a weekend or holiday, the deadline shall be the first following business day.

Mexico/MFA's designated forms ~~and Cost Certification, a Project Owner's attorney's opinion, in the form required by Housing New Mexico/MFA~~, and any other documentation required by Housing New Mexico/MFA. If the Housing New Mexico/MFA form of independent auditor's report is not used, the Project Owner must provide an opinion signed by the certified public accountant certifying that the alternative format meets the requirements of Section 42 of the Code, as amended and all other applicable laws, rules, and regulations.

2. Construction Start

a. The Applicant must deliver evidence acceptable to Housing New Mexico/MFA that construction of the Project has begun. This will include, at a minimum, building permits and site photographs. If available, Applicant shall also submit a copy of the general contractor's application and certificate for payment.

b. The Applicant must deliver an executed partnership agreement.

c. Qualified Nonprofit Organization Eligible Projects included in the federal set-aside (as defined in the Code Section 42(h)(5)(C)) must deliver the ~~recorded Right of First RefusalPartnership~~ Agreement with all attachments and exhibits ~~theretousing Housing New Mexico/MFA's form of Right of First Refusal Agreement~~. (Required for all Projects awarded points under Section V.A of the 2026 QAP.)

~~d. If federal historic tax credits are included in the financing structure of the Project, evidence of National Park Service approval of the Project's historic certification – part 2 must be submitted.~~

e. The Applicant must deliver evidence that the Project Owner has taken ownership of the land and, if applicable, depreciable real property, that is expected to be part of the Project. For tribal Projects, this would include fully executed master and sub-lease agreements with evidence of filing with the Bureau of Indian Affairs.

f. Applicant must deliver evidence of written approval to begin construction from Housing New Mexico/MFA's Architectural Services Representative.

G. At or around the 50% construction completion mark

The Applicant must organize a meeting with Housing New Mexico/MFA staff (both Asset Management and Housing Development departments). The Developer, owner, nonprofit

Commented [JR2]: Discuss whether we want to continue this policy

Commented [JR3R2]: Consider whether the additional legal review costs outweighs protection for the nonprofit.

Commented [JR4]: Required at Carryover

representative, management company staff, and any service providers involved in the Project must be in attendance. This meeting will be required ahead of lease-up. The following materials must be submitted prior to this meeting:

- Related Party Affidavit for the Management Agent
- Compliance Affidavit for the Property Management Agent
- Property Management Agent resume
- Schedule I for the Property Management Agent
- Memorandums of Understanding (MOUs) or service contracts memorializing the service commitments in the Initial Application, if not previously provided. ~~required under Section V.H.1.f will be required for this meeting, as applicable.~~
- Updated Service Provider resumes

H. October 15th of the second year following the initial Allocation

Applicants must submit Housing New Mexico/MFA's Land Use Restriction Agreement Request form. Housing New Mexico/MFA will use the information provided to prepare the LURA.

I. 30 days after the Project is Placed in Service or November 15th of the second year following the initial Allocation, whichever comes first:

~~The Project Owner must place the buildings in service and claim tax credits within certain time periods.~~ Project Owner must forward written notice and copies of all Certificates of Occupancy (for new construction) or Certificates of Substantial Completion (for rehabilitation) to the tax credit program manager within 30 days of issuance. ~~to ensure that all necessary administrative actions are taken in a timely manner~~. ~~Otherwise, tax credits may not be able to be claimed as desired~~.

J. November 15th of the second year following the initial allocation

~~**Final Allocation and**~~ Placed In Service Application ~~**requirements**~~. On or before November 15th of the second year following the initial allocation, a Placed In Service Application ~~or a Final Allocation Application~~ must be submitted. **Failure to meet this requirement will result in the loss of tax credits**. ~~If the Project is to be Placed In Service but Applicant is not yet ready to request LIHTC allocation certification (IRS Form 8609), the Placed In Service portion of the Final Allocation package must still be submitted on or before November 15th of the second year following the initial allocation. A complete Final Allocation package shall be submitted no later than 120 days following the close of the Project's first taxable year of the Credit Period.~~

The Placed In Service Application includes:

Commented [JR5]: Formerly titled: Other Project Owner responsibilities and elections

- Updated Housing New Mexico/MFA Universal Rental Development Application;
- Certificate of Occupancy for each building in the Project (New Construction Projects);
- Certificate of Completion, and if acquisition tax credits are in the capital stack, evidence of the date the Project was Placed In Service for acquisition purposes (Rehabilitation Projects), if not previously submitted;
- Color photos of each of the complete building(s) identified by address and Building Identification Number (BIN);
- A completed Project Ownership Profile (on Housing New Mexico's form);
- A completed Form 8609 Certification (on Housing New Mexico's form);
- A recorded Consent and Agreement to Recording of Land Use Restriction Agreement (LURA) from every lien holder (original signature).

K. Prior to December 31st of the year the Project is Placed In Service

LURA. Prior to December 31st of the year in which the buildings are Placed In Service, the Project Owner must submit an executed and recorded LURA, satisfactory to Housing New Mexico/MFA in form and content

Subordination Agreements from all lenders giving lien priority to the tax credit restrictions in the LURA must be received by Housing New Mexico before IRS Form 8609 will be issued.

L. February 15th of the year following the Placed In Service Date

If the Project Owner anticipates returning any portion of the allocated tax credits, updated Schedules A-F are due no later than February 15th of the year following the Placed In Service date to ensure that the returned credits can be awarded to another Project or Housing New Mexico/MFA's loans can be adjusted prior to the Final Allocation Application ~~package~~ submission. If the Project Owner fails to notify Housing New Mexico/MFA and submit the updated Schedules A-F by February 15th of the year following the Placed In Service date and the tax credits are not able to be allocated to another Project, the Principals involved in the Project will be ineligible to participate in the 9% LIHTC round the year after the Final Allocation package is submitted.

M. 120 calendar days following the close of the Project's first taxable year of the Credit Period

Prior to the issuance of IRS Form 8609 certifications for the Project, and no later than 120 calendar days following the close of the Project's first taxable year of the Credit Period, the Project Owner must submit a complete Final Allocation Application ~~package~~, containing all items in the Final Allocation checklist, which include, among other items, the following:

1. Payment to New Mexico Mortgage Finance Authority (with tax credit project number and "HTC Compliance Fee") noted on payment, in the amount of the total number of LIHTC Units multiplied by $50, for the first year's compliance monitoring fee (Owner may also elect to pay Compliance Fees for the entire 15-year Compliance Period).

2. Complete an updated MFA Universal Rental Development Application for Final Allocation with schedules (A-1, B, C, D and F) indicating in yellow highlight all changes that have occurred or are being proposed subsequent to the time of the last application. Any change greater than 5 percent requires submission of a "narrative" discussing each change (from $XX to $YY) and the reason(s) for the change. All changes are subject to approval by Housing New Mexico/MFA.

3. A completed and fully executed Schedule "M" Addendum for Final Allocation.

4. Written certification from the equity investor of a) total gross funds raised (or to be raised) from sale of the tax credits, b) itemization of all costs associated with the syndication, c) total equity payment to the partnership, d) pay-in schedule and relevant benchmarks, e) amount of tax credit expected, and f) gross price paid per dollar of tax credit.

5. Cost Certification. Cost Certifications are required to be prepared as described in Section III of this Handbook. The CPA-prepared Cost Certification must be delivered by the Project Owner prior to the issuance of IRS Form 8609 certifications; the general contractor-prepared Cost Certification (if applicable) may be held in escrow by the project or general contractor, but would be required for audit purposes, as outlined in Section II.S. The cost certification consists of the following:

   a. Project Owner's certification, on Final Cost Certification, Housing New Mexico/MFA Form A (and, if Tax Exempt Bond Financed, Form A2), of actual total Project costs and eligible basis incurred, signed and attested;

b. Accountant's Independent Auditor's Report, Housing New Mexico/MFA Form B with correct federal tax identification number, prepared by an independent certified public accountant; and

c. Completed Costs Incurred by Building, MFA Form C, showing costs incurred separately for each building.

6. Copy of the signed cost certifications submitted to FHA, lenders, or RD (FmHA), as applicable.

7. Completed Project Owner's attorney's opinion. A Project Owner's independent tax attorney opinion submitted on the firm's letterhead with required text as set forth in the Final Allocation Application package.

8. Completed "As Built" Architect's certification from the Project architect with required text as set forth in the Final Allocation Application package, certified by the Project Owner, that the Project has been built in conformance with the Design Standards, all applicable codes and commitments made in the Initial Application regarding design and building, unless otherwise approved in writing by Housing New Mexico/MFA.

9. As-Built Site Plan, Building Floor Plans, and Unit Plans

10. Fully executed final contractor's application and certificate for payment, AIA doc. G702 or equivalent, ~~A fully executed copy~~ indicating all hard Construction Costs for the Project. ~~must be submitted with the Final Allocation package~~

11. Updated cash flow analysis (15-year pro forma).

12. Complete (with all exhibits attached) copy of the executed partnership or operating agreement.

13. Compliance Training Certificates for both owner and management company with each labelled accordingly for training completed no earlier than two years prior to the date the Applicant submits the Final Allocation Application to Housing New Mexico/MFA.

14. Certification identifying all sources of funds, including, but not limited to, federal, state, local funds, GP contributions and third-party loans with details on each source including type (whether it is a loan, grant, rent subsidy, etc.), terms and amount.

15. Copy of the Recorded Land Use Restriction Agreement (LURA).

16. ~~Updated copy of the Social Services Plan including contracts with service providers and service provider resumes~~.

17. Fully executed promissory note between Project Owner and Developer for deferred developer fee, if any.

18. HERS Report/Certification prepared and executed by a qualified third-party HERS rater.

19. Copy of the current rental assistance contract, if applicable.

20. Copy of New Mexico Smoke Free at Home certification, as applicable.

21. Evidence that the Project is located within a 2026 QCT/DDA, if applicable.

22. For 4 percent LIHTC bond projects, final executed financing documents from all sources

~~**Cost Certification**. Cost Certifications are required to be prepared as described in Section V. The CPA-prepared Cost Certification must be delivered by the Project Owner prior to the issuance of IRS Form 8609 certifications; the general contractor-prepared Cost Certification (if applicable) may be held in escrow by the project or general contractor, but would be required for audit purposes, as outlined in Section II.S.~~

~~**Architect's certification**. A certification from the Project architect with required text as set forth in the Final Allocation package, certified by the Project Owner, that the Project has been built in conformance with the Design Standards, all applicable codes and commitments made in the Initial Application regarding design and building, unless otherwise approved in writing by Housing New Mexico/MFA.~~

~~**Project Owner's attorney's opinion**. A Project Owner's attorney opinion submitted on the firm's letterhead with required text as set forth in the Application Package.~~

~~**Final contractor's application and certificate for payment, AIA doc. G702 or equivalent**. A fully executed copy indicating all the hard Construction Costs for the Project must be submitted with the Final Allocation package.~~

~~**LURA**. Prior to December 31st of the year in which the buildings are Placed In Service, the Project Owner must submit an executed and recorded LURA, satisfactory to Housing New Mexico/MFA in form and content.~~

III. Cost Certification

Commented [JR6]: Required at 50% Construction Completion

A. Applicability of Cost Certification

Prior to the issuance of a LIHTC certification (IRS Form 8609), Housing New Mexico/MFA will require two Cost Certifications to be prepared, one by an independent CPA and executed by both the CPA and Project Owner, and a second Cost Certification prepared and executed by the general contractor The Cost Certification prepared and executed by the general contractor should reflect real costs to the general contractor, but those costs may not be reflected in the CPA-prepared Cost Certification if the project entered into a Maximum Guaranteed Price or Stipulated Sum Contract for example. In those cases, the owner-incurred costs should be reflected in the CPA-prepared document, regardless of the general contractor costs. The general contractor Cost Certification may not meet Housing New Mexico/MFA cost requirements if a Maximum Guaranteed Price or Stipulated Sum Contract was utilized. Therefore, if the project entered into a Stipulated Sum Contract or a Maximum Guaranteed Price, a Cost Certification does not need to be prepared by the general contractor.

B. Cost Certification Requirements

The Form 8609 Cost Certification must meet the following requirements:

1. The CPA preparing the Cost Certification must certify that all costs are related to the Project's development and do not include costs for organization, syndication, professional or consultant fees related to syndication. The CPA shall "test" a minimum of 20% of all costs listed therein. Both the CPA and Project Owner must execute the Cost Certification. In addition, a Cost Certification is required to be prepared and executed by the general contractor if the project is not utilizing a stipulated sum contract. Each Cost Certification must specifically identify those costs listed in any general or "Other" category. The general contractor Cost Certification (if applicable) may be held in escrow by the project or general contractor but must be produced in the event of an audit as outlined in Section IV of this Handbook.

2. All fees, including the developer fee, paid to the Project Owner or Developer or to an Entity with an Identity of Interest with the Project Owner or Developer, must be clearly identified. If all or a portion of the developer fee is deferred, copies of the promissory note or other substantiation of the validity of the fee must be reviewed.

3. If the land is purchased from a related party, the Project Owner must submit an appraisal to substantiate fair market value, which appraisal must include a

determination of value based upon any land use restrictions per HUD or other Entity, including Housing New Mexico/MFA.

4. Legal fees related to land acquisition must be clearly identified.
5. Interest expense related to land must be clearly identified.
6. The sources of all funding including loans, tax credit proceeds, Project Owner/Developer equity and all other sources must be certified.

C. Authority to Determine Maximum Qualified Basis

Housing New Mexico/MFA may challenge the costs provided in the Cost Certification, impose the limitations set forth in this QAP and in its sole discretion, determine the maximum Qualified Basis against which credit is allocated.

IV. Audit Requirements

Beginning with issuance of the Reservation Contract and Reservation Letter by Housing New Mexico/MFA and during the entire term of the Compliance and Extended Use Periods, Housing New Mexico/MFA ~~reserves the right, under the provisions of the Code, the Project's LURA, and in accordance with its inherent discretion, to~~ 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/MFA's discretion. An audit or other related procedure may include, but is not limited to, an on-site inspection of all buildings, and 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. In addition, Housing New Mexico/MFA ~~reserves the right to~~ may audit 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.

Additionally, all Projects must maintain records of the process used to select general contractors (including any RFPs and Proposals). Written communication with selected general contractor regarding required Cost Certification upon Project completion should be retained.

V. Recycled Allocations

A Property Owner may return a valid allocation of tax credits between October 1st and December ~~31st~~15th to receive an allocation of tax credits from the ~~following~~ current year's tax credit ceiling in the same amount of the returned allocation if:

- The Project Owner pays the $500 fee due for requests for changes to a Project;
- No changes to the Project (i.e., design, financing, etc.) have occurred without Housing New Mexico/MFA's approval;
- None of the returned Project's Principals are participating in the following year's 9% LIHTC round (e.g., Principals returning tax credits in 2025 will not participate in the 2026 round);
- The Project demonstrates that all financing necessary to place the Project in service is secured;
- The Project will place in service by December 31, 2026 ~~st of the year of the newly allocated credits~~ and receive no further opportunity to recycle the tax credits (e.g., if 2023 LIHTC are returned in December 2025 in exchange for 2025 tax credits, the Project will place in service by December 31, 2026).
- Housing New Mexico/MFA must be notified of any request to recycle an allocation of tax credits by November 15th, when the Placed In Service submission would have been due.

~~Notwithstanding the foregoing, if a Project has previously returned tax credits in exchange for a new allocation of tax credits, any return of tax credits for a new allocation shall be at Housing New Mexico/MFA's sole discretion.~~

STATE OF NEW MEXICO

49% LOW-INCOME HOUSING TAX CREDIT PROGRAM

QUALIFIED ALLOCATION PLAN

Effective as of December 1, 2025

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Approved by Board of Directors on October --, 2025
Approved by the Honorable Governor Michelle Lujan Grisham on October , 2025

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 49% Low-Income Housing Tax Credits pursuant to the Code (hereinafter LIHTC, credits or tax credits) and multifamily private activity tax-exempt bonds made for QAP year ~~2025~~2026.

The Code allows tax-exempt bond-financed Projects to receive an allocation of 4% tax credits provided they meet the requirements for an allocation in the QAP. Housing New Mexico/MFA will determine whether a Project satisfies the requirements of the 4% LIHTC QAP and its appendices. The tax credits allocated to tax-exempt bond financed Projects are not subject to the Annual Credit Ceiling and, consequently, are not required to compete in the competitive allocation process described in the 9% LIHTC QAP. However, Projects will be required to meet certain thresholds and deadlines that are described in this 4% LHTC QAP along with Housing New Mexico's 4% Post-Award Processes and Requirements Handbook ("Post-Award Handbook"), 2026 Mandatory Design Standards for Multifamily Housing ("Design Standards"), and Universal Multifamily Underwriting Supplement ("Underwriting Supplement"), all of which are hereby incorporated by reference into this QAP.

A. Role of Housing New Mexico/MFA

New Mexico Mortgage Finance Authority (Housing New Mexico/MFA) 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/MFA 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/MFA monitors existing Projects for compliance with the Code; however, Housing New Mexico/MFA 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/MFA, nor its agents or employees, will be liable for any matters arising out of or in relation to, the allocation

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Commented [JR1]: Per Kristie Garcia, how to refer to the agency is under review by Ellie.

[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.

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/MFA 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 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 should conflict 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/MFA 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/MFA's inherent discretion, reasonable judgement and prudent business practices, Housing New Mexico/MFA may reject any Application (as defined in the Glossary) or Project that Housing New Mexico/MFA 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/MFA 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 submitted in response to this QAP shall be borne solely by the Applicants.

Housing New Mexico/MFA may ~~reserves the right to~~ modify this QAP, including its compliance and monitoring provisions, and ~~to~~ 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/MFA, including, but not limited to, the ability to respond to government declared disasters and emergencies. Housing New Mexico/MFA will~~, however,~~ 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/MFA 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/MFA 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 submitted 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/MFA's ~~49~~% tax credit allocation activity in the state, commencing on its effective date. The procedure required at Code Section 42(m)(1)(B)(iii) ~~in item three above~~ 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 ___, 2025 and continuing through September ___, 2025), during which time a public hearing was held on _____. Housing New Mexico/MFA 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/MFA's Tax Credit Program is ~~intended for~~ 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. ~~Projects may include transitional housing for the homeless, Single Room Occupancy, senior and other special housing needs projects.~~ Dormitories, assisted living facilities, "trailer parks" and transient housing (e.g. emergency shelters for homeless Persons and households) are ineligible.

~~Applications for combined rehabilitation and new construction Projects~~ Project design must adhere to the *Housing New Mexico/MFA ~~2025~~ 2026 Mandatory Design Standards for Multifamily Rental Housing* (Design Standards) ~~for both rehabilitated and newly constructed Units~~ for rehabilitation, Adaptive Reuse and newly constructed Units as they pertain to each Unit type.

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:

- ~~The~~ 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/MFA, 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

~~In accordance with the provisions of this QAP,~~ 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. ~~Should an Application consist of both new construction and rehabilitation, the Project will be classified as new construction if 51% or more of the total Units are newly constructed or constitute an adaptive reuse. Similarly, a Project will be classified as rehabilitation if 51% or more of the total Units are proposed for rehabilitation.~~

~~In the event a Project consists of an equal number of new construction/Adaptive reuse Units and an equal number of Units to be rehabilitated, then Applicant shall specifically state in their Application which track/category to place its Project for scoring purposes. Note: an Applicant may choose to place its combined new construction/rehabilitation Project in the rehabilitation track even if the Project fails to satisfy the provisions of Project Selection Criterion No. 3 and is awarded no points~~

~~pursuant to that criterion. In the event Applicant fails to specify which scoring track/category they desire to place their Project, Housing New Mexico/MFA will make this determination based on the information available, which shall be final and not subject to review.~~

~~Note that for scoring purposes, the rehabilitation points set forth in Project Selection Criterion No. 3 shall not be made available to a combined new construction/rehabilitation Project should the Project be categorized as a new construction Project.~~

Commented [JR2]: This information is in Rehabilitation Scoring Criterion.

~~Applications for combined rehabilitation and new construction Projects must adhere to the Housing New Mexico/MFA 2026 Mandatory Design Standards for Multifamily Rental Housing (Design Standards) for both rehabilitated and newly constructed Units as they pertain to each Unit type.~~ 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~~Underwriting Supplement.

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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 ~~after the reservation of 9% LIHTC has been approved~~ 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. ~~An application to the state board of finance for private activity volume cap will not be approved to move forward until the Housing New Mexico/MFA board approves the 9% portion of the development, which shall be subject to receipt of the private activity volume cap. If Housing New Mexico/MFA is the proposed bond issuer,~~

~~the state board of finance application will be due upon Housing New Mexico/MFA board approval of the 9% portion of the development.~~ Any reservation of tax credits for the 9% portion, if approved, will be ~~delayed~~ contingent upon~~until~~ an allocation of private activity volume cap ~~is approved~~ by the Sstate Bboard of Ffinance. If the State Board of Finance does not issue an allocation of private activity bond volume cap on or before December 2026, Housing New Mexico/MFA would issue binding commitment for 9% LIHTC in a future year that is contingent upon an allocation of private activity bond volume cap.

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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/MFA complies with this requirement with a Land Use Restriction Agreement (LURA) filed when the Project is Placed In Service. Housing New Mexico/MFA's required LURA provisions may be found in the sample LURA that is available at www.housingnm.org.

~~The initial Compliance Period for any Project is 15 years. An Extended Use Period also applies to any Project for a minimum of 15 additional years following the expiration of the Compliance Period, during which time transfers and tenant dislocation are limited as provided for in the Project's "extended low-income housing commitment" required by Code Section 42(h)(6). Housing New Mexico/MFA complies with this requirement with a Land Use Restriction Agreement (LURA) filed at the time of placement in service or Final Allocation when the Project is Placed-In-Service.~~

Commented [JR3]: Consider deleting these paragraphs in their entirety. There is no need to repeat the terms of the LURA in the QAP.

~~The LURA sets forth, as covenants running with the land for a minimum of 30 years (or longer if Project Owner commits to a longer restriction period), the compliance fees, the low-income set-asides, the percentages of median income to be served, the Special Housing Needs to be served, if any, and any other such commitment made in the Initial Application or that may be imposed through this QAP and the Code.~~

~~The LURA may not be terminated prior to its term for any reason other than foreclosure or an instrument in lieu of foreclosure and the Project Owner will not have the right to require Housing New Mexico/MFA to present a "Qualified Contract" in accordance with Code Section 42(h)(6).~~

~~The Project Owner will also have to deliver subordination agreements from all lenders, giving lien priority to the tax credit restrictions.~~

~~The Project Owner shall not sell, assign, convey, transfer or otherwise dispose of the Project or any building in the Project without prior written consent of Housing New~~

~~Mexico/MFA during the Compliance and Extended Use Periods. For the purposes of the tax credit program, transfer of any of the ownership interests in Project Owner or Project Owner's partner(s) or member(s), as applicable, before the end of the Compliance Period shall be deemed a transfer of the Project.~~

~~By agreeing to an Extended Use Period, the Project Owner and its successors and assigns agree to maintain the Project as a qualified low-income housing project (as defined in Section 42(g) of the Code) through the expiration of the Extended Use Period. During the Compliance and Extended Use Periods the Project Owner is prohibited from evicting or terminating tenancy of an existing tenant of any low-income Unit other than for good cause and/or increasing the gross rent with respect to a low-income Unit not otherwise permitted by the Code, as applicable throughout the entire commitment period.~~

~~Failure to comply with set-asides or any reduction in the number or floor space of the Set-aside Units during the Compliance Period will result in recapture, with non-deductible interest of at least a portion of the tax credits taken previously. Housing New Mexico/MFA will notify the IRS if it learns of any noncompliance. The Project Owner must also make tenant income determinations and file an annual compliance statement with Housing New Mexico/MFA.~~

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/MFA 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~~Private Activity Bond Volume Cap Available Statewide

Commented [JR4]: For 4% - Available Volume Cap

The state of New Mexico~~, for the calendar year 2026, will~~ receive~~s~~ a population-based ~~9% tax credit allocation~~allocation of private activity bond volume cap each year

~~equal to $2.90 per resident~~, which is usually the small state minimum. At its December meeting, the New Mexico State Board of Finance allocates a portion of that annual private activity bond volume cap to finance multifamily housing for the following calendar year. In December 2024, the State Board of Finance allocated $200,000,000 for multifamily housing in 2025. ~~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]. , may be found on Housing New Mexico/MFA's website~~

B. Limitation on ~~Tax Credit Awards to a~~Private Activity Bond Volume Cap to a Single Project or Principal

The private activity bond volume cap allocation by the State Board of Finance must not exceed the greater of:

- 30% of the Project's aggregate basis used to calculate the 25% test, or
- The amount of the Project's permanent mortgage loan in first lien position.

Costs of issuance may not exceed 5% of the bond issue for Projects with total financing sources of $2,000,000 or more and 7% for Projects with total financing sources of less than $2,000,000.

~~From January through August, Subject to the exceptions contained herein, no No 9% LIHTC Project shall receive a tax credit Reservation in excess of $1,700,000. N~~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 may ~~receive more than two one tax credit Reservations in any given competitive LIHTC Application round. have more than one 4% LIHTC Project in the Application phase (for the period beginning with the submission of a 4% LIHTC Initial Application and ending when the Project starts construction) and two Projects in the construction phase (for the period beginning when the Project starts construction until the Forms 8609 have been issued.)All Projects receiving a 9% LIHTC Reservation must be at least ¼ mile (1,320 feet) straight-line distance away from the property line of all other Projects proposed by the same Principal or its Affiliate receiving a 9% LIHTC Reservation in the same round.~~ The two-Project limit in the construction phase does not include Projects that received bond volume cap prior to 2026.

[4] ~~An exact amount is not available before the QAP is published. Based on the information currently available, approximately $3.7M annual tax credits will be available in 2026 before any forward allocations that may be approved in the round.~~

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Commented [JR5]: For 4% - limitation on volume cap to percent of aggregate basis and any other limits to be imposed.

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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/MFA to Qualified Nonprofit Organizations may exceed this amount. A minimum of 10% of the Annual credit ceiling must be allocated each year to Projects involving Qualified Nonprofit Organizations. Housing New Mexico/MFA's Allocation set-asides (see Section III.D) are intended to implement this requirement. However, Qualified Nonprofit Organizations may also apply for tax credits in excess of these set-asides.

For the purposes of identifying Applicants eligible for this Allocation set-aside, several requirements must be met, as described in Code Section 42(h)(5). A Qualified Nonprofit Organization is 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. 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/MFA 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/MFA'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.

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 2026 Housing New Mexico/MFA Universal Rental Development Application) with the Application and annually following the award.

b. Tribal Projects.

Projects that are located within a Tribal Trust Lands boundary.

~~D.~~C. 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.

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

~~The following buildings are designated by Housing New Mexico/MFA 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 enacts a basis boost for rural and tribal Projects, Housing New Mexico/MFA 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 20, 2025~~30 Days Prior to Application Submission
~~Application Round Opens~~Initial Application	~~January 5, 2026~~Rolling Basis – subject to readiness criteria
~~Last Day to Submit FAQs~~Housing New Mexico LIHTC Application Processing	Approximately ~~January 12, 2026~~30 – 60 days from receipt of Complete Application depending on complexity and application pipeline

Commented [JR6]: This section to be removed for 4% QAP

Commented [JR7R6]: Need to add language in 4% round re rural and tribal to allow boost in 4% LIHTC

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Commented [JR9]: If federal basis boost.

Deficiency Corrections (if requested by Housing New Mexico/MFA)~~Full Application~~	~~January 20, 2026 at Noon Mountain Standard Time~~Five business days to respond
~~Deficiency Corrections (if requested by Housing New Mexico/MFA)~~Draft 42(m) Letter	~~Late February/Early March~~Upon determination that the Project meets all standards in the QAP and appendices
~~Preliminary Reservations/Rejections~~Draft 42(m) Letter Expires	~~Late March~~3 months from issuance
~~Appeals Hearing (if needed)~~State Board of Finance Presentation	~~Mid-April~~Within 3 months of Draft 42(m) Letter
LIHTC Processing Fees Due~~Videos for Board Due~~	Upon SBOF allocation of volume cap approval~~May 1, 2026~~
~~Final Awards~~Final 42(m) Letter Issued	~~May 2026 Board Meeting~~Upon payment of LIHTC Processing Fees
~~Reservation Fee Invoice Issued~~Financial Closing and Construction Start	The earlier of: ~~Day After May 2026 Board Meeting~~6 months from SBOF allocation of volume cap approval (subject to penalties if deadline not met) and date the volume cap expires in accordance with NMAC #: 2.61.4
~~Reservation Issued for Signature~~Certificate(s) of Occupancy / Certificate of Completion	~~Upon Payment of Reservation Fee~~Within 30 days of Placement In Service
Final Allocation Application~~Reservation Fee & Reservation Due~~	Within 120 days of the end of the first year of the Compliance Period~~Early June 2026~~

B. ~~Allocation Round~~Application Acceptance

Applications for Private Activity Bond Volume Cap must include a 42(m) Letter from Housing New Mexico/MFA (which may be a draft). Therefore, Applicants must submit a Complete Initial Application to Housing New Mexico before the State Board of Finance will accept an application for volume cap.

~~Housing New Mexico/MFA 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/MFA may reserves the right to conduct additional LIHTC rounds or to award tax credits outside of the rounds. 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/MFA will consider a second round or make allocations to lower-scored Eligible Projects at Housing New Mexico/MFA's sole discretion.~~

1. Deadline

Applications are accepted on a rolling basis 30 days after Housing New Mexico/MFA receives the Intent to Submit and Project Synopsis described in ~~Section IV.G. (Pre-Application Requirements)~~. Housing New Mexico/MFA will not review Initial Applications that, in its sole discretion, do not demonstrate:

- that the Project will present its request for private activity bond volume cap at a State Board of Finance meeting within 3 months after Housing New Mexico/MFA has completed its review of the Initial Application, and
- that will close on all construction period financing and begin construction on the date that is the earlier of:
  - 6 months after date the State Board of Finance approves the bond allocation at its regularly scheduled meeting, or
  - the date the bonds expire pursuant to State Board of Finance Rules described in NMAC #: 2.61.4 Private Activity Bond Allocations. Applicants should not assume that the State Board of Finance will grant an extension to close on the bonds.

~~Initial Applications for the 2026 competitive LIHTC Application round will be accepted anytime between on January 5, 2026 through January 21, 2025 at 12:00 p.m. Mountain Standard Time. Initial Applications must be submitted ahead of 12:00 p.m. Mountain Standard Time on January 20, 2026 (Application Deadline). Initial applications must be fully uploaded to the file sharing site identified in Section III.B.2 of this QAP no later than the 12:00 p.m. Mountain Standard Time on January 20, 2026 (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/MFA in accordance with the provisions of this QAP.~~

2. Where to Submit the Application

Complete Initial Applications must be uploaded to Housing New Mexico/MFA's Secure File Transfer-HD file sharing Site: https://mfa.internal.housingnm.org/SFT_HD/ ~~(described below in Section IV.A.4.b.)~~ Initial Applications ~~may not be delivered~~ submitted by ~~facsimile transmission or e-mail~~ any other means of delivery will be rejected.

3. Form of Submission

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The required ~~2025~~ 2026 Housing New Mexico/MFA Universal Rental Development Application will be provided electronically and may be downloaded from Housing New Mexico/MFA's website at https://housingnm.org/developers/lihtc/current-and-prior-tax-credit-rounds. Applicants must submit the 2026 Housing New Mexico/MFA 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 ___ regarding when this is required).
- Appraisal (see Section ___ 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

Federal Register Notice: 87 FR 64515: *An application is deemed to be submitted on the date it is filed if the application is determined to be complete by the credit-allocating or bond issuing agency. A "complete application" means no more than de minimis clarification of the application is required for the agency to make a decision about the allocation of tax credits or issuance of bonds requested in the application.*

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De minimis means the Initial Application meets all the standards described in this Complete Application section when initially submitted and that the Initial Application does not require any deficiency corrections.

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. ~~All Application documents that require signatures must be included and bear scanned blue ink or third-party verified digital signatures from all General Partners.~~ Housing New Mexico/MFA 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.

Commented [JR10]: See g below

b. Complete Initial Applications must include the 2025~~5~~6 Housing New Mexico/MFA 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 2026 QAP that apply to the Project. ~~All additional materials (those described in Tab 1a and others indicated in the 2025 QAP) must be contained in one fully tabbed and bookmarked PDF file with~~

c. Applicants must redact protected personal information such as Social Security numbers and board member home addresses except for the name of the local jurisdiction.

d. Complete Initial Applications must include Application fees as outlined in Section III.C below.

e. Current year Housing New Mexico/MFA 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 ~~as needed~~ 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/MFA may determine is necessary to evaluate the "Applicant eligibility" threshold requirement in Section IV.E, all Applications must be self-contained. Housing New Mexico/MFA will not rely on any previously submitted information, written or verbal, to evaluate the Application~~s in a given round~~.

~~h.~~i. A Gannt chart or narrative describing in detail, the scheduled dates and tasks that must be completed to close on all construction phase Project financing and begin construction.

In determining whether the Application is complete, Housing New Mexico/MFA 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 special 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/MFA may take pursuant to Section III.F.7 "*Deficiency Correction Period*", ~~Housing New Mexico/MFA may request additional information from any Applicant as deemed necessary for a fair and accurate evaluation of an Application.~~ Housing New Mexico/MFA 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/MFA is under no obligation to seek further information or clarification or to accept inconsistent responses.

Commented [JR11]: Deficiency corrections and supplemental info are combined, so not needed.

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/MFA'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/MFA's website at https://housingnm.org/developers/lihtc/lihtc-applications-faq-2026. No questions will be accepted after 5 p.m. Mountain Standard Time, January 12, 2026. 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, 2026 that can be answered by January 14, 2026 will be posted on January 15, 2026. 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/MFA'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/MFA's management, employees, members of the Board of Directors or their proxies, officers or agents in regard to regarding an Application under consideration unless expressly directed to do so by Housing New Mexico/MFA 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/MFA 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/MFA 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/MFA 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/MFA 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 which have received tax credit awards and tax-exempt bond financed Projects should be directed to:

Jeanne Redondo
Tax Credit Program Manager
(505)767-2210
jredondo@housingnm.org

Commented [JR12]: VII.F Termination of Reservations/Rejections of Applications; VII.G Notification of Changes to Project

6.5. 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, and their proxies, or members of the Allocation Review CommitteeState Board of Finance (SBOFARC) regarding any Application except when specifically permitted to present testimony at a tax credit or bond related proceeding. **An Application shall be rejected, and a complete new Application with a new Application fee will be required, if the Applicant or any Person or Entity acting on behalf of Applicant violates the prohibitions of this section**. A list of the members of Housing New Mexico/MFA's Board of Directors and their proxies and ARC members can be found at http://www.housingnm.org. A list of ARC SBOF members, Housing New Mexico/MFA Board members, their proxies, and Housing New Mexico/MFA 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/MFA's website for a current list of Board members and check the State Board of Finance website for a list of SBOFARC members.

Any communication made or action taken in violation of the Quiet Period or thisthe prohibited activities section of the QAP shall be immediately reported to the Tax Credit Program officerManager, 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/MFA 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 42(m) Letter or other actions available to Housing New Mexico/MFA. Exceptions may be granted at Housing New Mexico/MFA's sole discretion and fees may be adjusted annually, as determined by Housing New Mexico/MFA 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
LIHTC Processing Fee	8.5% of Annual LIHTC	Reservation Contract DeadlineUpon approval of volume cap
Additional Review	$1,500 each	Invoiced Deadline
Deadline Extension	$51,000 per week	Upon receipt of invoice
Monitoring and Compliance Fees	$50/LI Unit/Year	January 31 annually
Monitoring and Compliance Fees	$1,500 Late Fee	February 1st
Monitoring – Reinspection Fee	$80 <60 miles	30 days from Invoice Date

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	$250 > 60 miles	
Monitoring -– Noncompliance 8823 Issuance~~Reinspection Fee~~	~~ASK~~ AMANDA$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

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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/MFA 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/MFA will not issue the IRS Form 8609 before Housing New Mexico/MFA'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/MFA. 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/MFA-ordered Market Study: Amount varies depending on cost

If a subsequent Housing New Mexico/MFA-ordered Market Study is required ~~during the application phase~~, 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

- D~~ue prior to at execution of Reservation Contract for 9% awards; d~~ue once the State Board of Finance approves the allocation of volume cap for the Project. Applicants may request to enter into an agreement to pay the processing fee at the construction financing closing, if payment of the processing fee will present a financial hardship.~~prior to delivery of Letter of Determination or construction start, whichever occurs first, for Projects financed with tax- exempt bonds.~~
- 8.5% of Housing New Mexico/MFA-determined tax credit allocation amount rounded down to the nearest dollar.
- ~~IFor Projects financed with tax-exempt bonds, i~~f the actual tax credit amount is greater at Final Allocation than when the Letter of Determination was delivered, the Applicant must pay an additional processing fee of 8.5% of the increase in the tax credit amount.

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 ~~Section IV.G~~ the Post Award Requirements Handbook) to review further corrections or changes to the Project will incur a $1,500 fee per review.

5. Extension Fee

~~Due at submission of~~ For a request to extend the deadline of any documents required under Subsequent Project Requirements and/or with submission of late or missing documents required under Subsequent Project Requirements, and/or to extend the deadline to close on Project financing and begin construction in Section III.B.1.

- $1,0500 per week due upon invoice

6. Monitoring and Compliance Fees

Due annually by January 31st through the end of ~~for each year 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 Final Allocation Application (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

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

7. Reinspection Fees (Compliance Monitoring)

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

Additional inspection fees will be charged as follows and are due within 30 days of billing.~~Add reinspection fee information here~~

8. Compliance Monitoring – Non-Compliance Fees

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Projects will be charged additional inspection 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.

Additional inspection fees are due within 30 days of billing.

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~~8. Appeal Fee~~

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

9. Change Requests

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

- 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.

~~requests for document corrections (when not a result of an administrative error by Housing New Mexico/MFA, including when changes or alternate forms are proposed by an Applicant in lieu of Housing New Mexico/MFA standard forms.)~~

- ~~$500 due at submission of review/correction request~~

10. Reissuance of Form 8609

Housing New Mexico/MFA 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.

11. 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/MFA'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/MFA'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~~

Applicants may request a 42(m) Letter by submitting an Application at least 60 days , but no longer than 90 days, prior to submission to the State Board of Finance for bond volume cap. Requests must include an Application fee and Direct Cost Deposit as listed in Section III.C.2, a market study, a completed 2026 Universal Rental Development Application and Schedules with all attachments and any other material specified by Housing New Mexico/MFA. The market study must meet all requirements identified in Section IV.D in Housing New Mexico/MFA's determination and be dated no more than 180 calendar days prior to the date on which a Complete Application is received by Housing New Mexico/MFA. Once the State Board of Finance has approved an allocation of volume cap, and prior to the release of the Letter of Determination by Housing New Mexico/MFA staff, a processing fee in the amount of 8.5% of the approved annual credit amount will be due, unless an agreement is signed to pay the processing fee at closing. Housing New Mexico/MFA's initial response to the Application for 4% tax credits will be provided no later than 60 business days after receipt of the Complete Application by Housing New Mexico/MFA.

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In addition to the Project Narrative required for 9% Projects found in the 9% QAP, the required Project Narrative must also include the description of the characteristics of the Project in terms of the tax-exempt bond issuance. A failure to provide any of the information required herein will result in a determination, in Housing New Mexico/MFA's sole discretion, that the Project Application is incomplete. You may provide additional documentation that supports this narrative. Each supporting document should include a brief description of what is contained in the document

and the purpose for which it is being submitted. This expanded document shall also address the following:

a. The current use and condition of the proposed site;

b. The amount of requested Volume Cap. Provide explanation of and support for the amount requested;

c. Evidence of qualification under the relevant bond financing sections of the Code;

d. Describe in detail the bond financing structure;

1. Identify if there will be more than one series of bonds;

2. Will the bonds be used in construction only or be used in permanent financing;

3. Bond terms including any source used to pay back the bonds;

4. All entities involved in the financing, e.g., rating agencies, bond insurer, letter of credit bank, credit enhancement Entity;

e. Evidence and support of adequate market for the Units and explanation of why the housing needs of households eligible to live in the proposed Project are not being met by existing multifamily housing;

f. Conditions to be satisfied prior to bond issue, e.g., all governmental approvals, real estate conditions;

g. Statement indicating why the public purpose of the bonds could not be as economically or effectively served without an allocation of bond cap;

h. Other information regarding the economic benefits of the Project to the Project's community and the State of New Mexico;

i. Provide a detailed timeline, incorporating all pertinent milestones including but not limited to all governmental approvals and the bond closing.

Tax-exempt bond financed Projects may receive tax credits on the full amount of their Eligible Basis only if at least 25% of the Project's "aggregate basis" is financed with tax-exempt bonds. Additionally, numerous bond-financing rules apply and many tax credit requirements are different for tax-exempt bond financed Projects. Housing New Mexico/MFA recommends that Project Owners undertaking these Projects obtain advice from qualified tax professionals to ensure that such requirements are met.

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.

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2. **Allocation to New Construction and Rehabilitation Projects**

Commented [JR15]: The prioritization of project types may be different for 4% QAP

In order to serve both the purpose of building new affordable housing units and rehabilitating existing structures to create or preserve affordable housing units, Housing New Mexico/MFA will allocate the tax credits awarded in the 9% Application round based on project type. As such, new construction Applications, including Adaptive reuse Applications, will be scored against other new construction Applications and rehabilitation Applications will be scored against other rehabilitation Applications; thus creating two separate tracks or categories for purposes of scoring and reserving tax credits for specific Projects. An Adaptive reuse Project shall be categorized as a new construction Project for these purposes. From those tracks, the two highest scoring new construction Projects will be awarded first, followed by the highest scoring rehabilitation Project. The target 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 track 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/MFA's inherent discretion and is not subject to further review.

Housing New Mexico/MFA 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/MFA's inherent discretion and is not subject to further review.~~

~~Housing New Mexico/MFA 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/MFA 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 ~~Housing New Mexico/MFA 2025 Mandatory~~ Design Standards ~~for~~ ~~Multifamily Housing~~ for more detailed discussion of Scope of Work requirements.

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~~In addition, all Rehabilitation Projects must submit~~ 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 an Housing New Mexico/MFA-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 has passed since the Project was Placed In Service. (Tax-exempt bond financed Projects are excluded from this requirement, as they are not scored.)

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 ~~Housing New Mexico/MFA's~~ the Design Standards. (See Glossary for requirements.) Housing New Mexico/MFA 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 9% Projects that were Placed In Service less than 20 years prior to the Application Deadline;~~

• with the Initial Application~~. for all Projects financed with Tax-Exempt Bonds (i.e., 4% LIHTC); and~~

~~• by November 15th of the allocation year with the Carryover Application for 9% Projects that were Placed In Service more than 20 years prior to the Application Deadline.~~

3. Relocation Plan

~~Finally, 9% 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.), along with a displacement/relocation assistance plan (e.g. Who will receive assistance? How much assistance will they receive? When and how will they receive their assistance? Who will provide advisory services to those displaced?)~~

~~This relocation plan must include a sample tenant letter outlining the process and informing the tenant of any potential permanent displacement due to a change in unit mix or income eligibility.~~

~~Applications for 4% LIHTC Projects must submit the final version of the displacement/relocation assistance plan, including a sample tenant letter, with the Initial Application.~~

~~4% QAP:~~

Applications with rehabilitation must submit a relocation plan in accordance with the Uniform Relocation Act. Requirements may be found on Housing New Mexico's website at: https://housingnm.org/developers/federal-regulations/uniform-relocation-act.

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F. Staff Analysis and Application Processing

1. Threshold Review

~~a. Threshold Requirements~~

Following the Application Deadline, Housing New Mexico/MFA 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 ~~meet site control, zoning, fee, or market study~~threshold 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 five business days ~~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.~~

~~b. Other Project Compliance~~

Commented [JR17]: Combined with Applicant Eligibility under Threshold section

~~All Principals (see Glossary) related entities and Affiliates must be in compliance with respect to all other federally subsidized housing or LIHTC Projects that they own or operate throughout the country. The Application shall include a compliance affidavit in the form stipulated at Tab 1I of the Application certifying the Principal and its Affiliate(s) are not in default with respect to any Material Compliance Matter for any such Project or shall state what defaults exist and what corrective action Applicant is taking. Applicants shall attach a complete list of all Projects in which the Principal and/or its Affiliate(s) have experience (see schedule of experience[5] footnote below). If the experience of any Principal differs from the Applicant and/or General Partner, a separate schedule of experience is required for that Principal. If Housing New Mexico/MFA determines, either through information provided by an Applicant or through Housing New Mexico/MFA's investigation, that any federally subsidized housing or LIHTC Project in which Applicant, or any Principal or Affiliate of Applicant has an interest is in default due to any Material Compliance Matter, Housing New Mexico/MFA may reject the Application. See Section IV.E for additional discussion. This determination of default regarding any Principal may concern, but is not limited to, progress made with previous tax credit Reservations, including timely delivery of~~

[5] ~~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~~

required documents and meeting all required deadlines; development compliance; and payment of monitoring fees.

c. Development Team Review

Staff will review the qualifications of the Developer, Project Owner, General Partner, contractor, management company, consultant(s), and architect to determine capacity to perform in the role proposed. Considerations may include related experience, financial capacity, performance history, references, management and staff, among others. Staff will review related party affidavits inserted at Tab 1h for each development team member listed above (see Section III.C.5), and development team resumes inserted at Tab 12. The management company will be reviewed when construction is 50% complete (see Post Awards Handbook). The organizational chart(s) inserted at Tab 1i must include all related party interests among the Developer, Project Owner, General Partner, contractor, management company, consultant(s) and architect. Housing New Mexico/MFA 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/MFA.**

2. Scoring Review

Housing New Mexico/MFA staff evaluate each Application against theThe criteria shown in Section V below are the basis for the awarding ofto award points to a particular proposed Project during the Application round(s) conducted by Housing New Mexico/MFA. Applicants may not rely on prior submissions or prior scoring to support a re-submission of an Application. In addition to meeting the above mentioned 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/MFA, 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, subject to Allocation set-aside requirements. 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. In order to avoid a concentration of tax credit awards in a particular year in any particular municipality, county or market area, Housing New Mexico/MFA reserves the right in its sole discretion and as a part of its subsequent processing, to eliminate a lower scoring Project which is

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~~located in the same municipality, county or market area as a higher scoring Project, provided the lower scoring Project is "similar" in terms of construction type and/or resident population served.~~

~~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/MFA 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.L, 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/MFA 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/MFA may reject any Project that Housing New Mexico/MFA deems to be inconsistent with the objectives of this QAP or prudent business practices regardless of the Project's numerical ranking.~~

~~Tax-exempt bond financed Projects will not be required to meet a minimum score to obtain a Letter of Determination. Tax-exempt bond financed Projects must meet and agree to all of the following mandatory criteria in order to be eligible for 4% non-competitive tax credits:~~

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~~1. Serve a targeted population (Households with Special Housing Needs, Households with Children, or Projects Reserved for Seniors) and meet the applicable threshold requirements OR meet the requirements for the Underserved Populations set-aside, as described in Section III.D.~~

~~2. Achieve a Smoke-Free at Home Certification of Platinum or Gold;~~

~~3. Meet all of 2025 Mandatory Design Standards for Multifamily Housing (including HERS ratings), unless granted a waiver;~~

~~4. Must be located within a 15-minute drive (as demonstrated through Google Maps) to a facility in which fresh produce is available (or demonstrate that a full-scale~~

~~supermarket within a 15-minute drive is part of an approved master plan to be developed);~~

~~5. Market Study must indicate a vacancy rate in the Primary Market Area of less than 10%;~~

~~6. Must market to local Public Housing Authorities;~~

~~7. Include a preference for Veterans in the Tenant Selection Criteria.~~

~~8. The level of rehabilitation (as applicable) must be at least a Moderate Rehabilitation as defined in the Glossary (Section XI of this QAP.)~~

~~9. Project must meet all Housing New Mexico/MFA underwriting standards in this QAP and the current Housing New Mexico/MFA Underwriting Supplement for Multifamily Projects.~~

~~If there is insufficient private activity bond volume cap allocation available to finance all tax-exempt bond financed Projects between January and June or July and November, Housing New Mexico/MFA, in its sole discretion, shall prioritize the Project(s) that demonstrate greater capacity to begin construction sooner, by issuing draft 42(m) letter(s) in the order of that priority. First priority will go to Projects that demonstrate that Permit Ready Drawings (i.e., construction plans) and specifications have been submitted to the local jurisdiction for approval. Projects that exceed the available private activity bond volume cap will receive a draft 42(m) letter after the prioritized Projects are issued the volume cap that is currently available.~~

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~~3.~~2. Feasibility Analysis and Financial Considerations

All Projects, in addition to the threshold review process, will undergo financial analysis by Housing New Mexico/MFA 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/MFA'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 the ~~Housing New Mexico/MFA's Universal Multifamily Initial Underwriting Supplement (~~Underwriting Supplement~~) attached hereto and incorporated by reference. The Underwriting Supplement~~which includes, among other topics, cost limits, debt coverage ratio floors, operating expense ranges, as well as requirements for other Housing New Mexico/MFA financing.

~~4.~~3. Initial Design Review

All Projects will be subject to Housing New Mexico/MFA's design review and construction inspections to determine compliance with the Design Standards~~, which are required for all Projects~~. Housing New Mexico/MFA 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/MFA will review the CNA, if applicable, for completeness, consistency with the Application and compliance with the Design Standards.

~~5.~~4. Local Notice

Within 10 days after receiving 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 Chief Executive Officer of the local jurisdiction where the Project is located will receive a "Local Notice" from Housing New Mexico/MFA stating that an Application has been received and requesting a response. The local jurisdiction and the Chief Executive Officer are to be identified by the Applicant in the Application form.~~ The jurisdiction may be a municipality, town, county or tribal government. ~~Such notification will be issued for all Applications not more than 10 business days after Housing New Mexico/MFA's Application Deadline and the recipient will have 30 calendar days to respond.~~

~~6.~~5. 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/MFA ~~will~~ may visit the proposed site~~s for the highest ranking Projects~~. Sites considered by Housing New Mexico/MFA 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 financial feasibility analysis~~or scoring results. Communications made by or on behalf of an Applicant in response to communications initiated by Housing New Mexico/MFA in conjunction with a site visit shall not be a violation of the Quiet Period~~.

~~7.~~6. Deficiency Correction Period

Housing New Mexico/MFA 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~~) address Complete Application~~

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~~items in Section III.B.4, including any issues with the electronic~~ application, ~~3)~~ clarify ambiguous information, ~~4)~~ 3) complete forms, ~~or 5)~~ 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.

In the event that Housing New Mexico/MFA identifies five or more deficiencies, inconsistencies and/or conflicting data/information in the Initial Application, or subsequent submissions, the submittal will be rejected and returned to the Applicant for correction of all deficiencies, inconsistencies and/or conflicting data/information. Housing New Mexico will only include the first five deficiencies, inconsistencies and/or conflicting data/information in the notification. The Applicant is responsible for finding any others in the submission package. Rejected submission packages must be resubmitted in their entirety, as if no submittal had been made prior thereto. All resubmittals will be placed at the end of the queue of Projects that are under review at the time the Application is resubmitted. The Applicant may respond to only one deficiency correction notice without incurring an Additional Review Fee described in Section III.C.4.

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If the deficiency correction period is used, Housing New Mexico/MFA 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/MFA determines in its reasonable judgment may not be correctable. In no case shall the deficiency correction period be used by Housing New Mexico/MFA 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. ~~Furthermore, the deficiency correction period may not be used by the Applicant or Housing New Mexico/MFA 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/MFA is not submitted within the timeframe provided or is submitted but remains deficient, the Application may be rejected without any further review.

Commented [JR23]: Termination of Reservations or Rejection of Applications.

~~If at any point during the processing of an Application, staff determines that **supplementary** information is needed to complete its review, the Applicant will be~~

~~notified in writing and will have five business days after the date of Housing New Mexico/MFA's notice to deliver a written response. In no case shall the supplemental information request be used by Housing New Mexico/MFA 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 provision does not apply to incomplete Applications, which may be rejected during the threshold review or subject to the deficiency correction period process.~~

~~8.~~7. 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/MFA. 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/MFA's reasonable judgment to evaluate the Project's Application. ~~Projects must meet the Design Standards available from Housing New Mexico/MFA on the website. Debarment from HUD, Housing New Mexico/MFA or other federal housing programs, bankruptcy, criminal indictments or convictions, poor performance on prior Housing New Mexico/MFA or federally-financed Projects (for example, 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] or failure to meet development deadlines or documentation requirements) on the part of any proposed development team member or Project Owner or other Principal or Affiliate may result in rejection of an Application by Housing New Mexico/MFA. In addition, Housing New Mexico/MFA will consider a Principal's progress made with previous tax credit Reservations, including timeliness in delivering required documents and fees and meeting all required deadlines.~~

Commented [JR24]: Redundant - found under Design Review and Applicant Eligibility

a. ~~Selection of Projects for Awards~~42(m) Letter

Once a Project has been deemed compliant with the QAP and its appendices, Housing New Mexico will issue a draft 42(m) Letter to the Applicant to insert into an application for private activity bond volume cap from the State Board of Finance.

~~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. Tax-exempt bond financed Projects will~~

be evaluated in a similar process but will not compete against other Projects for an allocation of tax credits.

b. Allocation Review Committee (ARC)

The Chairman of the Board of Housing New Mexico/MFA 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/MFA 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. Except for appeals as described in III.F.9.c below, the provisions of this section are not applicable to tax-exempt bond financed Projects.

c. Appeal Process

Applicants wishing to appeal a determination made by Housing New Mexico/MFA with respect to their Application may do so by way of the "Form of Submission" (Section III.B.3) no later than 5 p.m. Mountain Standard Time on the 10th calendar day after the date of the preliminary Reservation Letter, preliminary waitlist letter or rejection letter (or draft Letter of Determination, in the case of tax-exempt bond financed Projects) was emailed to the Applicant. 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/MFA'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/MFA's Board of Directors, final Reservation Letters, in accordance with Section III.F.9, (or draft Letter of Determination in the case of tax-exempt bond financed Projects) will be issued.

d. Board of Directors

Commented [JR25]: Remove from 9% - consider depending on 4% QAP decisions

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Commented [JR27]: Remove from 9% QAP - rewrite sentence for 4% QAP

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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 1, 2025, Applicants are required to upload a brief (approximately three minute) MP4 video (suitable to be shared on YouTube) to Housing New Mexico/MFA's website portal. The video must highlight the proposed Project being recommended for approval by Housing New Mexico/MFA's Board of Directors. Housing New Mexico/MFA will provide an outline of the presentation format. Applicants are also required to attend the Housing New Mexico/MFA 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/MFA 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/MFA 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/MFA's policies, procedures, rules and regulations regarding conflicts of interest. The provisions of this section relating to Board actions following competitive allocation rounds are not applicable to tax-exempt bond financed Projects.

Commented [JR29]: Consider whether to require that Applicant work with our Marketing dept since the video would be more consistent quality

Commented [JR30R29]: Check with Kristie Garcia first - but then ok

Commented [JR31]: Will we need this section at all for 4% QAP? Will we need a paragraph re SBOF instead?

e. Notification of Approval

Successful Applicants will be notified of Housing New Mexico/MFA's allocation decision in the form of a Reservation Letter. Housing New Mexico/MFA anticipates Reservation Letters will be delivered in May 2026, shortly after approval of tax credit awards at the May 2026 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/MFA, 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/MFA, it is not expected that Housing New Mexico/MFA'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 must be paid at this time and any other conditions noted in the Reservation Letter, which may include evidence of continued site control, must be satisfied by the deadlines stipulated in the Reservation letter.

9.8. Post Award Submittals

Affirmative actions after Reservation42(m) Letter. From the date of the Reservation42(m) Letter, the Applicant must continue to timely remit all Tax Credit Program related fees and meet each of the deadlines specified below in the Post Award Requirements Handbook attached to and incorporated by reference to this QAP. for follow up activity in order to maintain its Reservation or Carryover Allocation. **Housing New Mexico/MFA has no obligation to provide any further notice to Applicants of these requirements and Housing New Mexico/MFA may refuse to process a Final Allocation until missing items are provided. 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/MFA if any of the deadlines below in the Post Award 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.

~~2.~~3. If the Developer has purchased the land or depreciable real property within one year prior to the Initial Application with bridge financing, evidence of the purchase price paid must be included in the Initial Application.

~~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.~~

Commented [JR32]: Submit with 8609 application

B. Zoning

~~Evidence~~ Zoning allowing the Project to be built must be in place at Initial Application. 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~~multifamily housing must be submitted~~. The ~~evidence~~ 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~~, for the proposed Project and be~~

~~dated no more than six months prior to the Application Deadline~~. ~~This requires~~The letter must indicate that multifamily projects ~~not be~~ 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 which is not zoned or which is zoned agricultural, are exempt from this threshold test, but must obtain zoning approval and deliver evidence of it to Housing New Mexico/MFA no later than November 15th of the year of the Reservation.~~

C. Fees

All fees owed to Housing New Mexico/MFA 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/MFA by the date due.

D. Market Study

A Market Study must be submitted ~~at~~ with the Initial 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] ~~Market Study Parameters~~ and have been issued within 180 days of the Application submission. All market studies must be issued to Housing New Mexico/MFA as the designated user. The market study must indicate a need for the Project and ~~address and meet the following requirement*:~~demonstrate that the overall vacancy rate in the Primary Market Area defined in the market study is less than 10%.

> ~~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, and Projects reserved for Seniors 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~~

[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/

~~NCHMA Model Content Standards Market Study Parameters document within the Application materials, 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/MFA. The cost of this Housing New Mexico/MFA-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/MFA's sole discretion whether or not the Market Study is sufficient.

E. Applicant Eligibility

Commented [JR33]: This section now incorporates the "Other Compliance" and "Development Team Review" sections.

~~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/MFA and all other state and federal affordable housing agencies. For example, debarment from HUD, Housing New Mexico/MFA or other federal housing programs, bankruptcy, criminal indictments or convictions, poor performance on prior Housing New Mexico/MFA or federally-financed Projects (for example, late payments within the 18-month period prior to the Application Deadline, misuse of reserves and/or other Project funds, default, fair housing violations, noncompliance (e.g., with the terms of LURAs on other Projects), or failure to meet development deadlines or documentation requirements) on the part of any proposed development team member or Project Owner or other Principal may result in rejection of an Application by Housing New Mexico/MFA. In addition, Housing New Mexico/MFA will consider a Principal's progress made with previous tax credit Reservations, including timeliness in delivering required documents and fees and meeting all required deadlines. The Developer, Project Owner, General Partner, contractor, management company, consultant(s), and architect are required to sign an affidavit affirming they have no related party relationships; or, that all related party relationships have been properly disclosed. The form of this affidavit can be found at Tab 1h of the 2025 Universal Rental Development Application on Housing New Mexico/MFA's website. Additionally, a visual diagram of the relationship of the related parties must be submitted, if applicable.~~

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/MFA 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 ~~each development team member listed above. The~~ the Developer, Project Owner, General Partner, contractor, ~~management company~~, consultant(s), and architect ~~are required to sign an affidavit~~ 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)[7] in the form stipulated at Tab 1l of the Application certifying the Principal and its Affiliate(s) are not in default with respect to any Material Compliance Matter for any such Project or shall state what defaults exist and what corrective action Applicant is taking.
- Development team resumes inserted at Tab 12 to determine capacity to perform in the role proposed. Considerations may include related experience, financial capacity, performance history, references, management and staff, among others.

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

- ~~For example~~, debarment from HUD, Housing New Mexico/MFA or other federal housing programs,
- bankruptcy, criminal indictments or convictions,
- poor performance on prior Housing New Mexico/MFA or federally-financed Projects, including:
    - (~~for example~~, late payments of any Housing New Mexico/MFA fees or loan payments within the 18-month period prior to the Application Deadline,
    - misuse of reserves and/or other Project funds,
    - default,

Commented [JR34]: The management company is reviewed at the 50% completion point. This is in the Post Award Requirements Handbook

[7] 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.

- fair housing violations,
- Material Compliance Matter ~~noncompliance (e.g.,~~ with the terms of a LURA~~s~~ on ~~a other~~ Projects~~)~~ controlled by an Affiliate, or
- failure to meet Housing New Mexico/MFA development deadlines or documentation requirements

Housing New Mexico/MFA 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/MFA.

F. Financial Feasibility

Applications must demonstrate ~~in Housing New Mexico/MFA's reasonable judgment, the Project's financial feasibility. Please refer to~~ that the Project meets all requirements ~~pertaining to Housing New Mexico/MFA's financial feasibility considerations~~ in the ~~,Housing New Mexico/MFA Universal Initial~~ Underwriting Supplement. ~~*(IV.C.2 is Cost limits; IV.D is Feasibility Analysis and Financial Considerations such as development costs, developer fees, builder fees, A&E fees, reserves, opex and RR, DSCR, Sub debt, unit distributions; IV.E.4 is calc of max credits, IV.E.5 is basis boost) All of this would need to be included in the Underwriting supplement.*~~

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G. Pre-Application Requirements

1. Applicants must submit an Intent to Submit a Tax Credit Application and Development Synopsis at least 30 calendar days prior to submitting an Application. ~~Intent to Submit-~~

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~~The entire Application Package is due at noon on January 21, 2026. Before then, Applicants must submit an Intent to Submit a Tax Credit Application and Development Synopsis on or before December 20, 2025. This submission is a mandatory requirement for the 2026 competitive LIHTC Application round; Housing New Mexico/MFA 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/MFA website following submission.~~

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~~All tax-exempt bond financed Projects are required to submit an Intent to Submit a Tax Credit Application and Development Synopsis at least 30 days prior to~~

~~submitting their Application in order to insure timely processing to meet other bond issuance deadlines.~~

2. ~~Housing New Mexico/MFA allows all Applicants for the 2026 competitive LIHTC Application round to meet with Housing New Mexico/MFA 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.~~ All tax-exempt bond financed Projects are encouraged to meet Housing New Mexico/MFA staff at least 30 days prior to submission to review and discuss the proposed Project.

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

~~3.~~4. Developers applying for 4% LIHTC~~Projects financed with tax-exempt bonds may~~must complete a quiz based on the QAP training materials posted on Housing New Mexico/MFA's website and achieve a score of 80% or higher. ~~attend an alternative Housing New Mexico/MFA-approved tax credit training, for which a fee may apply.~~ This ~~approved training~~quiz must have been completed within the six months prior to submittal of the Application.

~~Projects financed with tax-exempt bonds may attend an alternative Housing New Mexico/MFA-approved tax credit training, for which a fee may apply. This approved training must have been completed within the six months prior to submittal of the Application.~~

V. ~~Scoring~~ Selection Criteria

While tax-exempt bond financed Projects will not be required to meet a minimum score to obtain a Letter of Determination, they must meet and agree to all of the following mandatory selection criteria in order to be eligible for 4% non-competitive tax credits:

~~Housing New Mexico/MFA uses the following scoring criteria to rank Applications. By providing information and documentation in the Application, the Applicant is~~

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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 Participation	Tier 1: 5 points Tier 2: 3 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 10 points
I	Projects Reserved for Seniors Housing Priority	Up to 10 points
J	Projects with Children Housing Priority	Up to 8 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
P	Blighted Buildings and Brownfield Site Reuse	5 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 9 points

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

Tier 1: Local nonprofits (as that term is defined in this criterion below), NMHAs, TDHEs and THAs that demonstrate financial capacity by having net worth/net assets of at least $1,000,000 will qualify for **five points**. Nonprofits, NMHAs, TDHEs and

THAs with net worth/net assets below $1,000,000 may partner with another Entity to increase the General Partners' combined net worth above this threshold.

Tier 2: Local nonprofits, NMHAs, TDHEs and THAs which have net worth/net assets of at least $250,000 will qualify for **three points**. In addition, qualified, nonprofit organizations that do not meet this criterion's definition of "local nonprofit" but demonstrate strong financial capacity by having net worth/net assets of at least $2,000,000 will qualify for **three points**.

For any Entity to claim points under this Project Selection Criterion:

- The qualified, nonprofit organization, NMHA, TDHE or THA must own at least 51% of the General Partner interest.
- The Application must commit to providing the qualified nonprofit organization, NMHA, TDHE or THA, a First Right of Refusal described in IRC Section 42(i)(7) using Housing New Mexico/MFA's form of Right of First Refusal Agreement. The Right of First Refusal Agreement must be recorded upon closing of equity; a copy must be submitted by August 31st of the year following Carryover.
- The qualified, nonprofit organization, NMHA, TDHE or THA must receive a minimum of 10% of the Developer fee as identified in the Project Application. The Developer fee calculation is made before any reduction for consultant fees. When more than one Entity is receiving a portion of the Developer fee, documentation will be required evidencing the agreement among the entities as to the fee split arrangement.
- Also, the Application must include evidence that a representative of the qualified, nonprofit organization, NMHA, TDHE or THA (board member, officer, director, commissioner or staff) has attended the most recent Housing New Mexico/MFA QAP training prior to submitting the Application.

Net worth/net assets must be substantiated by accountant-reviewed or audited year-end financial statements for each General Partner whose financials are being relied upon to meet the minimum net worth/net assets. A for-profit partner Entity's reviewed financial statements may be used to achieve net worth/net assets thresholds.

Local nonprofit means a qualified, nonprofit organization that has a board of directors that is comprised of a majority of New Mexico residents at the time the Application is submitted and was incorporated in New Mexico before January 1 of the year in which the Application is submitted.

~~B.~~A. Locational Efficiency

The Project must be located within a 15-minute drive (as demonstrated through Google Maps) to a facility in which fresh produce is available (or demonstrate that a full-scale supermarket within a 15-minute drive is part of an approved master plan to be developed. ~~Projects located in proximity and connected to 1) services or 2) public transportation are eligible for up **to six points** in total.~~

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~~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 compliance with the Locational Efficiency criteria. Maps must show, scale, cardinal direction, and 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 0.5-mile walk distance to at least three facilities, or a 1-mile walk distance to at least six facilities. For the 0.5-walk distance facilities, at least one of these facilities must be a supermarket, farmers market or other food store with produce. For the 1-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~~	~~Bank~~ ~~Gym, health club, exercise studio~~	~~Adult or senior care (licensed)~~ ~~Child care (licensed)~~ ~~Community or recreation center~~

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~~Farmers market~~ ~~Clothing store or department store selling clothes~~ ~~Hardware store~~ ~~Pharmacy~~ ~~Other retail~~	~~Hair care~~ ~~Laundry, dry cleaner~~ ~~Restaurant, cafe, diner~~	~~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 0.5-mile walk distance of commuter bus (i.e. not Greyhound) or commuter rail stop. Public transportation must be established and provided on a fixed route with scheduled service. Alternative forms of transportation may be acceptable provided sufficient documentation is provided that establishes the alternate form of transportation is acceptable to Housing New Mexico/MFA. For example, Projects on tribal land with established "on call" transportation programs that provide the users a choice of local destinations, regardless of their residency in the Project, shall be considered "public transportation." A future promise to provide 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 more frequent than every 1 hour, Monday - Friday).~~

~~C.~~B. 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 XI Glossary for definitions)~~.~~ Rehabilitation that is less than a Moderate Rehabilitation is not eligible for 4% LIHTC.~~, 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.") A CNA will be required at Carryover for rehabilitation Projects that are eligible for points under this scoring criterion. The CNA will be reviewed and must support the Scope of Work outlined in the Application. Professionals performing the CNA must meet the minimum qualification/certification requirements set forth by Housing New Mexico/MFA as defined in the Design Standards. (Rehabilitation Projects are also subject to the Qualified Basis limits outlined in Sections II.R.2. & 3.)~~

~~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/MFA ~~reserves the right to~~may request additional information or documentation regarding the Sscope of Wwork.

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~~D.~~C. ~~S~~Meet All Criteria for One of the Following Targeted Populations~~ustaining 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, 20282029 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/MFA 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%

1. For any Project located within an Urban Area that proposes to use either the 20-50 or 40-60 election under §42(g)(1)(A) or §42(g)(1)(B) of the Code, respectively:

- At least 40% of all low-income units at 50% or less of Area Median Income **(16 points)**;
- At least 30% of all low-income units at 50% or less of Area Median Income **(14 points)**; or
- At least 25% of all low-income units at 50% or less of Area Median Income **(12 points)**.

2. For any Project not located within an Urban Area that proposes to use either the 20-50 or 40-60 election under §42(g)(1)(A) or §42(g)(1)(B) of the Code, respectively:

- At least 25% of all low-income units at 50% or less of Area Median Income (16 points);
- At least 15% of all low-income units at 50% or less of Area Median Income (14 points*); or
- At least 10% of all low-income units at 50% or less of Area Median Income (12 points*).

[*Projects choosing the 20-50 election are not eligible for these point categories]

3. For any Project located within an Urban Area that proposes to use the Average Income election under §42(g)(1)(C) of the Code:

- The Average Income for the proposed Project will be 54% or lower (16 points);
- The Average Income for the proposed Project will be 55% or lower (14 points); or
- The Average Income for the proposed Project will be 56% or lower (12 points).

D. For any Project not located within an Urban Area that proposes to use the Average Income election under §42(g)(1)(C) of the Code:

- The Average Income for the proposed Project will be 55% or lower (16 points);
- The Average Income for the proposed Project will be 56% or lower (14 points); or
- The Average Income for the proposed Project will be 57% or lower (12 points).

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 5 points. This election must be indicated on the Universal Rental Development Application.

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 the Universal Rental Development Application.

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

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

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~~Projects committing to permanent affordability (i.e., in perpetuity) are eligible for 8 points. This election must be indicated on the Universal Rental Development Application.~~

~~If the Project site will be leased, refer to Section III.C.1. for site control requirements.~~

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~~H.~~1. Households with Special Housing Needs Housing Priority

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~~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~~

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

Twenty percent~~20%~~ or more of total Units are reserved for Households with Special Housing Needs (see definition in Glossary), and ~~. To be eligible for points under this option,~~

- 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.

~~Applicants requesting consideration for points for a Project in which Units are reserved for Households with Special Housing Needs (Project Selection Criterion No. 8) are required to submit~~ The Application includes a Service Coordination Plan that~~, which Plan~~ demonstrates satisfaction of items a, b, c and d below. ~~In addition to supplying the Plan,~~

Applicant ~~shall certify~~ certifies to Housing New Mexico/MFA 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 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. ~~, onsite, online, or in close proximity to the Project (within 0.5-mile ADA compliant walking distance or with free transportation provided.)~~

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 nominal cost, which must be reasonable in Housing New Mexico/MFA'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 ten 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 committedproposed by Applicant in the Application will be enforced through a provision in the LURA, regardless of whether points are awarded. Sample LURA's are available upon request which Applicants are encouraged to review. 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/MFA 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/MFA's advance approval).

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2. Scoring Points Available (up to 10 points):

Applicants may choose from the following services to qualify for up to 10 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/MFA approved service. Must be approved by Housing New Mexico/MFA in writing one month before Application	1-2 Points each as

~~due date and will be posted on the FAQ section of the Housing New Mexico/MFA website.~~	~~deemed appropriate~~

~~I.~~2. Projects Reserved for Seniors Housing Priority

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~~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 ten 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., ~~Housing Opportunity for Persons Living with AIDS program,~~ the Section 202 ~~and Section 811~~ program~~s~~ 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/MFA's sole determination.

i. A minimum of ten 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/MFA'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:~~
  - ~~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.~~b. Land Use Restriction Agreement

The requirements of this scoring criterion and any services ~~committed~~proposed ~~by Applicant~~ in the Application will be enforced through a provision in the LURA, regardless of whether points are awarded. ~~Sample LURA's are available upon request which Applicants are encouraged to review.~~ 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/MFA 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/MFA's advance approval).

~~2. Scoring Points Available (up to 10 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/MFA approved service. Must be approved by Housing New Mexico/MFA in writing one month before Application due date and will be posted on the FAQ section of the Housing New Mexico/MFA website.~~	~~1-2 Points each as deemed appropriate~~

~~J.~~3. 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 eight points described below under 2. *Scoring Points Available*, if all of the following threshold requirements are met.~~

~~Projects in which 25%~~ Twenty-five percent of all Units are reserved for Households with Children. ~~are eligible for points as described below~~:

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 ~~Housing New Mexico/MFA's Mandatorythe~~ 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)

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- 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 four hours per week of onsite Service Coordination provided by the service coordinator for properties up to 20 total Units, with an additional one hour per week for every five total Units over 20. 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/MFA'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.b. Land Use Restriction Agreement

The requirements of this scoring criterion and any services committedproposed by Applicant in the Application will be enforced through a provision in the LURA, regardless of whether points are awarded. Sample LURA's are available upon request which Applicants are encouraged to review. 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/MFA 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/MFA's advance approval).

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2. Scoring Point Available (Up to eight 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	1 point

training, internet browsing, taking and sharing photos, downloading apps, assessing online privacy, technology set-up assistance such as connecting modems)	
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/MFA approved service. Must be approved by Housing New Mexico/MFA in writing one month before Application due date and will be posted on the FAQ section of the Housing New Mexico/MFA 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/MFA and shall be satisfied during the life of the Project, until 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 may not include any required payments during the Affordability Period (see definition in Glossary) and may 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/MFA) 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 Affordability 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/MFA funding r (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.~~D. Marketing Units to Households Listed on Public or Indian Agency Waiting Lists

Projects ~~providing a commitment~~must commit 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) ~~which~~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 an area 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 or
- other formal plan covering a defined subarea of the jurisdiction that includes the project site that has been enacted or adopted by a local, county or tribal government prior to the Application Deadline. The CCRP must

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: . For Projects located on sovereign tribal lands, "Concerted Community Revitalization Plan" means a written plan similar in content and affect to a metropolitan redevelopment plan as defined in NMSA 1978 Section 3-60A-4, prepared and

- 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**
- must 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.

Or the proposed Project is located within 0.5 mile of a New Mexico designated MainStreet area or a State-Designated New Mexico Arts and Cultural District.

Commented [JR41]: The IRS requires that the project contribute to the plan. Since other formal plans are considered, this is redundant.

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 Concerted Community Revitalization Plan CCRP, and all sites must contribute to the PlanCCRP to be eligible for points.

Lists of New Mexico designated MainStreet areas and State-Authorized New Mexico Arts and Culture Districts can be found at https://www.nmmainstreet.org/program-directory/.

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/MFA 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 XI.

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.

If federal Historic Tax Credits are included in the financing structure of the Project, evidence that the National Park Service has received a complete Historic Certification Application – Part 2 for the Project must be included in the Project Owner's Carryover Allocation Application.

Commented [JR42]: This requirement is in Post Award Requirements Handbook

P. Blighted Buildings and Brownfield Site Reuse

Projects that include the demolition of Blighted building(s) or the remediation and reuse of a Brownfield site are eligible for points under this criterion. Blighted building(s), by the definition in the Glossary, must be demolished. The square footage of the demolished Blighted Building must account for at least 10% of the Gross Square Feet of the entire completed Project. For scattered site Projects, the total Gross Square Feet of the Blighted Buildings must equal or exceed 10% of the proposed total new construction Gross Square Feet.

Points in this criterion cannot be combined with points under Rehabilitation Projects.

Blighted Building(s): To receive points in this criterion, the Application must include a letter from the Local Government Building Division stating the proposed site meets the requirements of the QAP for blight. In the event that the Local Government will not issue a determination of blight, the Applicant must provide a letter from the Local Government stating the Local Government's policy, a third party report indicating that the site meets the QAP's definition of Blighted Building (see Glossary), and the Applicant must provide documentary support such as notices of violation of: (1) Local Government's codes or regulations or, (2) the recorded covenants, conditions and restrictions for the property or, (3) a condemnation notice from public record. The Application must also include photos of the blighted structure, neighborhood, or area. Housing New Mexico/MFA reserves the right to determine whether or not the site meets these requirements. The Applicant must also include a demolition budget.

Brownfield: To receive points in this criterion, the Application must include the Phase II Environmental Site Assessment, remediation budget and plan detailing the proposed work.

Q. 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	$28,772.00	$30,452.00	-
Low-Income Square Foot	$26.95	$29.56	-
Low-Income Unit OR	-	-	$28,772.00
Low-Income Square Foot	-	-	$26.95
Substantial Rehabilitation Projects			
-	5 points	3 points	1 point
Low-Income Unit AND	$26,673.00	$28,143.00	-
Low-Income Square Foot	$2,357.00	$25.87	-
Low-Income Unit OR	-	-	$26,673.00
Low-Income Square Foot	-	-	$2,357.00
Moderate Rehabilitation Projects			
-	5 points	3 points	1 point
Low-Income Unit AND	$24,572.00	$2,583.00	-
Low-Income Square Foot	$2,022.00	$22.16	-
Low-Income Unit OR	-	-	$24,572.00
Low-Income Square Foot	-	-	$20.22

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Permanent Supportive Housing Projects:

New Construction Projects			
-	5 Points	3 Points	1 Point
Low-Income Unit	$28,772.00	$30,452.00	N/A
Substantial Rehabilitation Projects			
-	5 points	3 points	1 point
Low-Income Unit	$26,673.00	$28,143.00	N/A
Moderate Rehabilitation Projects			
-	5 points	3 points	1 point
Low-Income Unit	$24,572.00	$25,833.00	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	$28,049.00	$29,656.00	-
Low-Income Square Foot	$26.95	$29.56	-
Low-Income Unit OR	-	-	$28,049.00

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Low-Income Square Foot	-	-	$26.95
Substantial Rehabilitation Projects			
-	5 points	3 points	1 point
Low-Income Unit AND	$26,040.00	$27,447.00	-
Low-Income Square Foot	$23.57	$25.87	-
Low-Income Unit OR	-	-	$6,040.00
Low-Income Square Foot	-	-	$23.57
Moderate Rehabilitation Projects			
-	5 points	3 points	1 point
Low-Income Unit AND	$24,030.00	$25,236.00	-
Low-Income Square Foot	$20.22	$22.16	-
Low-Income Unit OR	-	-	$24,030.00
Low-Income Square Foot	-	-	$20.22

All Other Projects:

New Construction Projects			
-	5 Points	3 Points	1 Point
Low-Income Unit AND	$28,049.00	$29,656.00	-
Low-Income Square Foot	$25.78	$28.27	-
Low-Income Unit OR	-	-	$28,049.00
Low-Income Square Foot	-	-	$25.78
Substantial Rehabilitation Projects			
-	5 points	3 points	1 point
Low-Income Unit AND	$26,040.00	$27,447.00	-
Low-Income Square Foot	$22.54	$24.76	-
Low-Income Unit OR	-	-	$26,040.00
Low-Income Square Foot	-	-	$22.54
Moderate Rehabilitation Projects			
-	5 points	3 points	1 point
Low-Income Unit AND	$24,030.00	$25,236.00	-
Low-Income Square Foot	$19.34	$21.20	-
Low-Income Unit OR	-	-	$24,030.00
Low-Income Square Foot	-	-	$19.34

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Tribal Projects:

- New construction Tribal Projects that request less than $28,772 tax credits per low-income Unit **AND** less than $26.95 tax credits per low-income square foot are eligible for 5 points.
- New construction Tribal Projects that request less than $30,452 tax credits per low-income Unit **AND** less than $29.56 tax credits per low-income square foot are eligible for 3 points.
- New construction Tribal Projects that request less than $28,772 tax credits per low-income Unit **OR** less than $26.95 tax credits per low-income square foot are eligible for 1 point.

- Substantial Rehabilitation Tribal Projects that request less than $26,673 tax credits per low-income Unit **AND** less than $23.57 tax credits per low-income square foot are eligible for 5 points.
- Substantial Rehabilitation Tribal Projects that request less than $28,143 tax credits per low income Unit **AND** less than $25.87 tax credits per low income square foot are eligible for 3 points.
- Substantial Rehabilitation Tribal Projects that request less than $26,673 tax credits per low income Unit **OR** less than $23.57 tax credits per low income square foot are eligible for 1 point.

- Moderate Rehabilitation Tribal Projects that request less than $24,572 tax credits per low income Unit **AND** less than $20.22 tax credits per low income square foot are eligible for 5 points.
- Moderate Rehabilitation Tribal Projects that request less than $25,833 tax credits per low income Unit **AND** less than $22.16 tax credits per low income square foot are eligible for 3 points.
- Moderate Rehabilitation Tribal Projects that request less than $24,572 tax credits per low income Unit **OR** less than $20.22 tax credits per low income square foot are eligible for 1 point.

PSH[8] Projects

- New construction PSH Projects that request less than $28,772 tax credits per low-income Unit.

[8] PSH is Permanent Supportive Housing

- New construction PSH Projects that request less than $30,452 tax credits per low-income Unit.

- Substantial Rehabilitation PSH Projects that request less than 26,673 tax credits per low-income Unit.
- Substantial Rehabilitation PSH Projects that request less than 28,143 tax credits per low-income Unit.

- Moderate Rehabilitation PSH Projects that request less than 24,572 tax credits per low-income Unit.
- Moderate Rehabilitation PSH Projects that request less than 25,833 tax credits per low-income Unit.

Non-PSH Projects comprised of at least 80% efficiency and one-bedroom units:

- New construction Projects that request less than $28,049 tax credits per low-income Unit **AND** less than $26.95 tax credits per low-income square foot are eligible for 5 points.
- New construction Projects that request less than $29,656 tax credits per low-income Unit **AND** less than $29.56 tax credits per low-income square foot are eligible for 3 points.
- New construction Projects that request less than $28,049 tax credits per low-income Unit **OR** less than $26.95 tax credits per low-income square foot are eligible for 1 point.

- Substantial Rehabilitation Projects that request less than $26,040 tax credits per low-income Unit **AND** less than $23.57 tax credits per low-income square foot are eligible for 5 points.
- Substantial Rehabilitation Projects that request less than $27,447 tax credits per low-income Unit **AND** less than $25.87 tax credits per low-income square foot are eligible for 3 points.
- Substantial Rehabilitation Projects that request less than $26,040 tax credits per low-income Unit **OR** less than $23.57 tax credits per low-income square foot are eligible for 1 point.

- Moderate Rehabilitation Projects that request less than $24,030 tax credits per low-income Unit **AND** less than $20.22 tax credits per low-income square foot are eligible for 5 points.
- Moderate Rehabilitation Projects that request less than $25,236 tax credits per low-income Unit **AND** less than $22.16 tax credits per low-income square foot are eligible for 3 points.
- Moderate Rehabilitation Projects that request less than $24,030 tax credits per low-income Unit **OR** less than $20.22 tax credits per low-income square foot are eligible for 1 point.

All OTHER projects:

- New construction Projects that request less than $28,049 tax credits per low-income Unit **AND** less than $25.78 tax credits per low-income square foot are eligible for 5 points.
- New construction Projects that request less than $29,656 tax credits per low-income Unit **AND** less than $28.27 tax credits per low-income square foot are eligible for 3 points.
- New construction Projects that request less than $28,049 tax credits per low-income Unit **OR** less than $25.78 tax credits per low-income square foot are eligible for 1 point.

- Substantial Rehabilitation Projects that request less than $26,040 tax credits per low-income Unit **AND** less than $22.54 tax credits per low-income square foot are eligible for 5 points.
- Substantial Rehabilitation Projects that request less than $27,447 tax credits per low-income Unit **AND** less than $24.76 tax credits per low-income square foot are eligible for 3 points.
- Substantial Rehabilitation Projects that request less than $26,040 tax credits per low-income Unit **OR** less than $22.54 tax credits per low-income square foot are eligible for 1 point.

- Moderate Rehabilitation Projects that request less than $24,030 tax credits per low-income Unit **AND** less than $19.34 tax credits per low-income square foot are eligible for 5 points.

- Moderate Rehabilitation Projects that request less than $25,236 tax credits per low-income Unit **AND** less than $21.20 tax credits per low-income square foot are eligible for 3 points.
- Moderate Rehabilitation Projects that request less than $24,030 tax credits per low-income Unit **OR** less than $19.34 tax credits per low-income square foot are eligible for 1 point.

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 lessfewer 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 which 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.

R.E. Non-Smoking Properties

Both 9% LIHTC and 4% All LIHTC Projects are required to participate in the New Mexico Smoke-Free at Home program. More information on the cCertification 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 must indicate a commitment to provide one of the following certifications and submit proof 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 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.

~~S.~~F. ~~Adaptive Reuse Projects~~Veterans Preference

~~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.~~

~~T. 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/MFA'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/MFA's list of 4% projects posted on its website on or before the Application Due Date) was made in the last five (5) calendar years and the Market Study supports need for the Project (**3 points**);

U. Other Scoring Points Available

Up to six nine 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, for which no federal assistance is existing or anticipated 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 will be rent restricted at 30% of AMI (or include a copy of the federal rental assistance contract that covers at least the minimum percentage of the total Units if in the Special Housing Needs housing priority category). (**3 points**)

(ii) Project's resident selection criteria must contain a preference for active duty, Honorably Discharged, or retired US military Veterans (**3 points**).

This ~~scoring~~ selection criterion requires pre-approval from HUD for Projects with project-~~=~~based Section 8 contracts; Applicants must provide the materials used to request the approval from HUD before closing.

~~(iii) Women and/or Minorities (see Glossary) are encouraged to participate in the ownership, development, or management of the Project. The Minority or female individual(s) must serve as either:~~

~~a. The General Partner, manager or managing member of the Ownership Entity or Responsible Owner, must have at least a 50% ownership interest in the Ownership Entity or Responsible Owner or~~

~~b. Must have at least 50% ownership interest in the participating business to qualify for the points. These businesses include any members of the development team (i.e. contractor, management company, consultant(s), architect, attorney and accountant, etc.) or~~

~~c. Minority or female individuals must comprise at least 50% of the board of directors of the Entity which qualifies the Project for points under Project Selection Criterion 1 above.~~

~~The name and address of the company and the anticipated contract amount or ownership percentage must be listed at the time of Application on the form provided by Housing New Mexico/MFA in the Application Package in order to be eligible. (3 points)~~

VI. Underwriting Criteria

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

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VII. General

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A. Additional Credits for Projects with Partial Allocations

If an Applicant receives a partial allocation in a given round and requests additional credits in a subsequent round, the minimum Project threshold requirements and the Project Selection Criteria for scoring used in the initial allocation year will be applied to the evaluation of the Project in the subsequent allocation year. The Project's ranking relative to Initial Application year Projects will be determined by calculating the Project score as a percentage of the highest score in its initial allocation round and multiplying that percentage by the highest score in the subsequent Application round to derive its subsequent Application year score and ranking among the subsequent round Applications.

If there are fewer tax credits available for a Project than the amount necessary for financial feasibility, Housing New Mexico/MFA 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/MFA 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 at Sections IV.G.6.a and IV.G.6.b 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 20, 2025 and the streamlined Application described below by the Application Deadline for the 2026 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 2026 round, as requests for supplemental tax credits will not compete against other Projects in the 2026 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/MFA 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 2026 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/MFA Board.

C.A. New Allocations to Projects Previously Subsidized with Tax Credits

Existing Projects that previously received tax credit allocations and are ~~now~~ 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**~~

Commented [JR43]: Move this process to Post Awards

~~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.~~

~~A Property Owner may return a valid allocation of tax credits between October 1st and December 31st15th to receive an allocation of tax credits from the following current year's tax credit ceiling in the same amount of the returned allocation if:~~

- ~~The Project Owner pays the $500 fee due for requests for changes to a Project;~~
- ~~No changes to the Project (i.e., design, financing, etc.) have occurred without Housing New Mexico/MFA's approval;~~
- ~~None of the returned Project's Principals are participating in the following year's 9% LIHTC round (e.g., Principals returning tax credits in 2025 will not participate in the 2026 round);~~
- ~~The Project demonstrates that all financing necessary to place the Project in service is secured;~~
- ~~The Project will place in service by December 31, 2026 st of the year of the newly allocated credits and receive no further opportunity to recycle the tax credits (e.g., if 2023 LIHTC are returned in December 2025 in exchange for 2025 tax credits, the Project will place in service by December 31, 2026).~~
- ~~Housing New Mexico/MFA must be notified of any request to recycle an allocation of tax credits by November 15th, when the Placed In Service submission would have been due.~~

~~Notwithstanding the foregoing, if a Project has previously returned tax credits in exchange for a new allocation of tax credits, any return of tax credits for a new allocation shall be at Housing New Mexico/MFA's sole discretion.~~

~~E.~~B. Property Standards

All Projects must conform to the 2026 Mandatory Design Standards for Multifamily Housing, which are hereby incorporated into this QAP at Appendix D.

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~~F.~~C. Termination of ~~Reservations~~ Determination of Qualification 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/MFA'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. ~~of Section III.C and IV.G above or in the Reservation Letter~~

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/MFA 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/MFA

8. Debarment from HUD, Housing New Mexico/MFA or other federal programs, bankruptcy, criminal indictments or convictions, poor performance on prior Housing New Mexico/MFA 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.~~D. Notifications to Housing New Mexico/MFA of Change to the Project

It is Applicant's responsibility to notify Housing New Mexico/MFA 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/MFA's approval of such changes. Failure to notify Housing New Mexico/MFA 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/MFA's sole discretion and the change may result in a change in the tax credit amount or other action by Housing New Mexico/MFA. A $500 fee payment is required at the time of the request for approval of any changes in accordance with Section III.C. ~~In addition to this fee, Applicant agrees it shall pay Housing New Mexico/MFA any legal fees it may incur in processing the request.~~ 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 ~~awarded~~, unless extraordinary and well-documented circumstances would warrant it, and changes must be approved by Housing New Mexico/MFA. 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 ~~in the case of 9% Projects or never issued in the case of 4% Projects~~.

Commented [JR44]: Redundant - see Legal Fees section below

Examples of changes of which Housing New Mexico/MFA 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 (for 9% Projects) or~~ subsequent to Initial Application submission ~~(for 4% Projects)~~;

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 (for 9% Projects) or subsequent to~~ Initial Application submission ~~(for 4% Projects)~~;

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 (for 9% Projects) or subsequent to~~ Initial Application submission ~~(for 4% Projects)~~;

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/MFA in its reasonable judgment.

~~H.~~E. Notice Provisions

Housing New Mexico/MFA 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/MFA will not be responsible for any consequences that may result from the Applicant's inability to receive notice from Housing New Mexico/MFA 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/MFA.**

~~I.~~F. Applications are Public Records

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

After award, all Applications are ~~will be~~ 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/MFA.

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

~~J.~~G. Attorney Fees

Any and all attorney fees incurred by Housing New Mexico/MFA 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/MFA, 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/MFA 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/MFA'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/MFA 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/MFA 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.~~H. Audit Requirements

Beginning with issuance of the Reservation Contract and Reservation Letter by Housing New Mexico/MFA and during the entire term of the Compliance and Extended Use Periods, Housing New Mexico/MFA may ~~reserves the right, under the provisions of the Code, the Project's LURA, and in accordance with its inherent~~

~~discretion, to~~ 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/MFA's discretion.

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

- ~~,~~an on-site inspection of all buildings~~,~~;
- ~~and~~ 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. ~~In addition, Housing New Mexico/MFA reserves the right to~~
- 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;~~.~~
- ~~Additionally, all Projects must maintain~~ an audit of records of the process used to select general contractors (including any RFPs and Proposals).
- A review of ~~W~~written communication with selected general contractor regarding required Cost Certification upon Project completion ~~should be retained~~.

~~N.~~I. Compliance Plan

Federal law requires Housing New Mexico/MFA 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/MFA's website, www.housingnm.org.

VIII. Tax Credit Monitoring and Compliance Plan Summary

A. General Requirements

Federal law requires Housing New Mexico/MFA 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/MFA's website, www.housingnm.org. Compliance Monitoring is required for a minimum 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/MFA 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/MFA's approval. Project Owners will be required to submit to Housing New Mexico/MFA 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/MFA. Housing New Mexico/MFA reserves the right, in its sole discretion, to require such additional reports and/or records as Housing New Mexico/MFA 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/MFA 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/MFA 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/MFA will provide the owner written notification at least 15 days in advance of scheduled inspections.

Housing New Mexico/MFA 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/MFA 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/MFA, through Housing New Mexico/MFA'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/MFA

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/MFA 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.

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

~~2. 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.~~

~~3. 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.~~

~~4. Each Low-Income Unit is rent restricted under the Code~~

~~5. 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.~~

~~6. 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 judgement from a federal court.~~

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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).

13. If the Project Owner received its credit allocation from the portion of the state ceiling set-aside for a Project involving "qualified nonprofit organizations" under Section 42(h)(5) of the Code and its nonprofit Entity materially participated in the operation of the development within the meaning of Section 469(h) of the Code.

14. There has been no change in ownership or management of the Project.

15. 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.

16. For the preceding 12-month period (pursuant to IRS Revenue Ruling 2004-82) the owner has complied with Section 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.

17. The Project Owner has complied with Section 42(h)(6)(E)(ii)(II) of the Code and not increased the gross rent above the maximum allowed under the Code with respect to any Low-Income Unit.

18. 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.

19. The owner has received an annual Student Self Certification for each low-income household.

20. 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.

21. The property has not suffered a Casualty loss resulting in the current displacement of residents.

22. 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. If yes, include the number of hours and the number of residents served with coordinated services in the next section.

23. The property has completed PSH Commitment to Quality checklist for every Permanent Supportive Housing for each qualified household if applicable.

24. The property has provided all required service enrichments according to the schedule listed in the LURA if applicable.

~~25.The property is in compliance with the Smoke Free at Home Program.~~

~~24. The building identification number, first year of Credit Period and Applicable Fraction of each building.~~

As an exception, only for RD Projects, Housing New Mexico/MFA 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/MFA. 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/MFA'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/MFA. 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/MFA certifications annually, verifying that Projects are in compliance with the Code, as well as any other data that Housing New Mexico/MFA may require per our monitoring and compliance guidelines.

The Project Owner of any exempted Project must certify to Housing New Mexico/MFA 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/MFA of any noncompliance or if Project Owner is unable to make one or more of the required certifications.

E. Compliance Review

Housing New Mexico/MFA may elect to subcontract the monitoring procedure to other agents. In doing so, Housing New Mexico/MFA would designate the subcontractor as the compliance-monitoring agent who would perform Housing New Mexico/MFA'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/MFA 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/MFA 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/MFA that there is good cause for granting the extension.

Housing New Mexico/MFA 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 2025, 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 2025, 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/MFA 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/MFA'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/MFA 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/MFA).

Allocation Review Committee (ARC) - a committee appointed by the Chairman of the Housing New Mexico/MFA 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/MFA 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/MFA's file sharing site https://mfa.internal.housingnm.org/SFT_HD/ any additional documentation requested in the Initial Application Package, ~~Carryover~~ Placed In Service~~Allocation~~ package and Final Allocation package, as well as any supplemental materials requested by Housing New Mexico/MFA. They must be submitted to Housing New Mexico/MFA 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, except for tax-exempt bond financed Projects, for which t~~The submission date ~~is~~ specified in Section ~~VI~~III.B.1.

Application Package - the forms, schedules, checklists, exhibits uploaded to Housing New Mexico/MFA's file sharing site: https://mfa.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/MFA as described in Section IV.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/MFA and an Applicant by which Housing New Mexico/MFA allocates and the Applicant accepts tax credits in accordance with Section 42(h)(1)(C) of the Code. Housing New Mexico/MFA'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/MFA's Board of Directors.

Brownfield – land where the development, redevelopment or reuse may be complicated by presence of hazardous substance, pollutant or contaminant including petroleum. Brownfield sites require a remediation plan based on a Phase II Environmental Site Assessment.

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/MFA, 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/MFA'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, ~~Content and Format~~.

Compliance Monitoring – the Agency's procedure, as required by the Code and detailed in Housing New Mexico/MFA'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/MFA 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/MFA, 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/MFA 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.

Eligible Partners or **Eligible Households** – one or more natural Persons or a household, irrespective of race, creed, national origin or sex, determined by the Agency to be of low- or very low-income. In determining the income standards of eligible Persons for its various programs, the Agency shall take into account the following factors:

1. Requirements mandated by federal law
2. Variations in circumstances in the different areas of the state
3. Whether the determination is for rental housing
4. The need for household size adjustments

Commented [JR45]: Consider removing if this term is not in Post Award or UW Supp

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/MFA 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/MFA 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/MFA.

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.)

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/MFA 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/MFA pursuant to Section 42(m)(1)(D) of the Code advising the Project Owner that Housing New Mexico/MFA 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 MFA 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 Notice – Housing New Mexico/MFA'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/MFA 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 New Mexico Housing/MFA (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/MFA'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.

~~**Minority** - For purposes of Scoring Criterion 21(vi), a Minority is a racial or ethnic group, members of which have been subjected to prejudice or cultural bias by virtue of belonging to the group, without regard to individual qualities. Such racial or ethnic groups include, but are not limited to:~~

> ~~(1) African Americans. Persons having origins in any of the African racial groups of Africa.~~
>
> ~~(2) Hispanic Americans. All Persons of Mexican, Puerto Rican, Cuban, South or Central American, Caribbean and other Spanish or Portuguese culture or origin.~~
>
> ~~(3) Native Americans. Persons having origins in any of the original peoples of North America or the Hawaiian Islands, in particular, American Indians, Eskimos, Aleuts and Native Hawaiians.~~
>
> ~~(4) Asian-Pacific Americans. Persons having origins in Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the U.S. Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, Taiwan and India.~~

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.

Permit Ready Drawings - the bare minimum drawings required to obtain a construction permit from local authorities. This may include but is not limited to: Site Plan, Architectural Plans, Structural Plans, Mechanical (HVAC), Plumbing, Electrical, Product Approval documentations, Energy Calculations and Structural Calculations.

Commented [JR46]: Consider removing this term if it is not used in the 4% QAP or Design StandardsP

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.C.8**), 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/MFA 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/MFA 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.

~~**Single Room Occupancy** – housing consisting of single room dwelling Units. The Unit must contain either food preparation and/or sanitary facilities.~~

Commented [JR47]: Removed. This term is not used in the 2026 QAP.

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/MFA, 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 III.E.15 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. Post-Award Processes and Requirements Handbook

C. 2026 Housing New Mexico/MFA Universal Multifamily Underwriting Supplement
D. 2026 Housing New Mexico/MFA Design Standards
E. 2026 Housing New Mexico/MFA Design Standards – Supplement A – NHTF Requirements
~~C.~~F. 2026 4% LIHTC Universal Rental Development Application Form and Schedules
~~D.~~A. ~~2026 Housing New Mexico/MFA Universal Multifamily Underwriting Supplement~~
~~E. 2026 Housing New Mexico/MFA Universal Rental Development Application~~
~~F. 2026 Housing New Mexico/MFA Universal Rental Development Schedules A – F~~
~~G.~~A. ~~2026 Housing New Mexico/MFA Design Standards~~
~~H.~~A. ~~2026 Housing New Mexico/MFA Design Standards – Supplement A – NHTF Requirements~~
~~I.~~G. NCHMA Model Content Standards
~~J.~~H. ~~2026 Carryover Allocation & 10% Test Instructions & Checklist~~RESERVED
~~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~~
~~K.~~I. 2026 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/MFA 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. Sample LIHTC LURA
m. Sample Equity Certification Letter

~~L.~~J. Low-Income Housing Tax Credit Compliance Plan and Appendices, December 2021 as may be amended

~~M.~~K. Annual Owners Certification of Continuing Program Compliance, ~~December 2022~~ as may be amended

STATE OF NEW MEXICO

9% LOW-INCOME HOUSING TAX CREDIT PROGRAM

POST-AWARD PROCESSES AND REQUIREMENTS HANDBOOK

Effective as of December 1, 2025

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Approved by Board of Directors on October --, 2025
Approved by the Honorable Governor Michelle Lujan Grisham on October --, 2025

Table of Contents:

I. Introduction

This Post-Award Processes and Requirements Handbook ("Handbook") is an appendix to the 2026 9% Low Income Housing Tax Credit Qualified Allocation Plan.

Successful Applicants will be notified of Housing New Mexico/MFA's allocation decision in the form of a ~~Reservation~~ 42(m) Letter. ~~Housing New Mexico/MFA anticipates Reservation Letters will be delivered in May 2026, shortly after approval of tax credit awards at the May 2026 Board meeting.~~

~~Reservation Letters and/or Carryover Allocations~~42(m) Letters 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/MFA, it being the explicit intention of the QAP to prevent one party from obtaining such a ~~Reservation and/or Carryover Allocation~~42(m) Letter 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/MFA, it is not expected that Housing New Mexico/MFA'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.

II. Post Award Submittals

~~Affirmative actions after Reservation.~~ From the date of the ~~Reservation~~issuance of a draft 42(m) Letter, the Applicant must continue to timely remit all tax credit program related fees and meet each of the deadlines specified below for follow up activity in order to maintain its ~~Reservation or Carryover Allocation~~compliance with the 2026 4% QAP. **Housing New Mexico/MFA 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~~42(m) Letter to be rescinded.** ~~Applicants must further agree to voluntarily return their Reservations or tax credit allocations for reallocation to other Projects by Housing New Mexico/MFA if any of the deadlines below are not met.~~ All submissions must be uploaded to Housing New Mexico/MFA's Secure File Transfer-HD file sharing site following the "Form of Submission" requirements shown in Section III.B.3 of the 2026 4% QAP. The requirements shown in the 2026 4% QAP, the Design Standards and the Underwriting Supplement (as defined in the 2026 4% QAP) also apply to submittals described in this Handbook.

A. ~~At Reservation~~Upon Receipt of 42(m) Letter

The processing fee ~~must be paid at this time~~ and any other conditions noted in the ~~Reservation~~ 42(m) Letter~~,~~ ~~which may include evidence of continued site control,~~ must be satisfied by the deadlines stipulated in the ~~Reservation~~ 42(m) letter. The draft 42(m) Letter will expire three months after it is issued. The final 42(m) Letter will remain valid, so long as the allocation of private activity bond volume cap remains valid. Beginning six months after the date the final 42(m) Letter is issued, a $1,000 per week extension fee will be assessed until the Project closes on all construction period financing and begins construction.

B. Quarterly Progress Reports

All 9% Projects must submit a quarterly progress report to Housing New Mexico/MFA on or before March 31st, June 30th, September 30th, and December 31st each year, beginning with March 31st after the allocation year, and continuing until the Final Allocation Application has been submitted. ~~All 4% Projects must submit a quarterly progress report to Housing New Mexico/MFA following the issuance of a Final Determination letter, starting with the next quarter end, March 31st, June 30th, September 30th, and December 31st each year.~~ The information to be covered in the progress reports will be provided on Housing New Mexico/MFA's website. Any failure to provide a timely progress report, or failure to provide a complete and accurate report containing the required information, may result in a loss of tax credits.

~~C. By November 15th[1] following a LIHTC Reservation~~

~~The following documents are due by November 15th of the year a LIHTC Reservation Contract is issued:~~

~~1. Carryover Allocation Application~~

~~If the Project will not be Placed In Service during the calendar year in which the Reservation is made, the Applicant must request a Carryover Allocation by November 15th of the year the Project is awarded. This allows for 24 additional months to complete the Project. The complete Carryover Allocation package must contain all items on the Carryover Allocation requirements checklist (available for download from Housing New Mexico/MFA's website) including: The checklist includes, among other requirements:~~

~~a. Updated Development Project Application Form and Schedules A-F, dated as of the submission date.~~

~~[1] If November 15th falls on a weekend or holiday, the deadline shall be the first following business day.~~

a. Any changes from the Initial Application must be highlighted in yellow. Any change to the development team, construction drawings or changes in costs greater than 5 percent requires submission of a narrative discussing each change (from $XX to $YY) and the reason(s) for the change. Rents on Schedule B must be updated. If the costs as identified on Schedule D of the original Application have changed more than 5%, then a detailed narrative description of the changes made in the construction drawings and/or Schedule D between Application and Carryover must be provided.

b. Columns A and B of the Assignment of Building Identification Numbers form.

c. Architect Certification: The Project architect must certify that the Project's final plans and specifications meet the Design Standards and contain all commitments made in the Initial Application regarding design and building. Any Material Design Cchanges to the initial commitments made in the iinitial Project Application must be described in detail and be approved by Housing New Mexico/MFA in writing.

d. HERS information: statement that the Project will achieve either a certified HERS score not greater than 55 (new construction) or 65 (rehabilitation).

e. Copy of the Certificate of Partnership/Certificate of Good Standing.

f. Copy of the Limited Partnership Agreement or Operating Agreement.

g. Zoning: Applicants whose Projects were not required to meet threshold requirement number two (zoning) at the Application Deadline must submit evidence that all required zoning approvals for the proposed Project have been obtained.

h. Contractor's Resume: if not included in the Initial Application.

i. Financing Commitments for construction and permanent financing and any other rental or other subsidy, as applicable. Financing Commitments must be submitted from all funding and subsidy sources including construction and first mortgage lender(s), all secondary financing sources (i.e., grants, loans, in-kind contributions) and a letter of intent from the equity provider.

j. HUD financed Projects (e.g., HUD 221(d)(4)): evidence that site appraisal and market analysis (SAMA) application (new construction) or feasibility application (rehabilitation) were submitted to HUD.

k. HUD 542(c) Risk Share financed Projects: HUD firm approval letter

l. Rehabilitation Projects and Adaptive Reuse Projects: Capital Needs Assessment (CNA) dated no earlier than November 15th of the year immediately prior to the Application Deadline. Professionals performing the CNA must meet the minimum qualification/certification requirements set forth

in Housing New Mexico's Mandatory Design Standards for Multifamily Housing (Design Standards).

m. Rehabilitation Projects: "As-Is" appraisal completed by an MAI appraiser licensed in New Mexico that is dated no earlier than July 20th of the year immediately prior to the Application Deadline.

n. Eventual Tenant Ownership Projects: Letter from Local Government evidencing that the Project's design meets the subdivision and building code requirements, including fire department requirements of the Local Government in effect as of November 15th during the calendar year in which the Reservation of LIHTC is made.

o. If federal historic tax credits are included in the financing structure of the Project, evidence that the National Park Service has received a complete part 2 of the Historic Preservation Certification Application ("Description of Rehabilitation").

Concurrent with, or subsequent to the Carryover Application, If there is a change to a key member of the development team (Developer, Project Owner, General Partner, contractor, management company, consultant(s), architect, attorney and accountant, etc.), the project must supply Housing New Mexico/MFA with a written explanation of the reason behind the change, materials supporting the benefit to the Project in making the change (including resumes) in order to assess whether or not the Project is negatively impacted by the change.

2. Relocation Plan

A full and final version of a Uniform Relocation Act displacement/relocation plan is due at the time of submission of a Carryover Application. Requirements, forms, and reference materials are available to download from Housing New Mexico/MFA's website: https://housingnm.org/developers/federal-regulations/uniform-relocation-act

Commented [JR1]: Include this in the 4% QAP

D. March 1st of the year following Carryover

If applicable, the Housing New Mexico/MFA 542(c) Risk Sharing commitment must be fully executed.

E.C. No later than June 30th of the year following CarryoverDesign Review and Construction Inspections

Design Review and Construction Inspections

All Projects will be subject to Housing New Mexico/MFA's design review and construction inspections to determine compliance with the Design Standards. ~~On or before June 30th[2] of the year following the Carryover Application~~Before beginning construction, the Applicant must submit complete final construction drawings, specifications and construction documents for Housing New Mexico/MFA review for compliance with the Design Standards. Housing New Mexico/MFA 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.

For Rehabilitation and Adaptive Reuse Projects, Housing New Mexico/MFA will review the CNA for completeness, consistency with the Application and compliance with the Design Standards.

1. **Prior to commencing construction:**

a. **Applicant must have Housing New Mexico/MFA's written approval of complete construction documents;**

b. Applicants must request and receive Housing New Mexico/MFA-provided signs/banners in English and Spanish featuring Housing New Mexico/MFA's fraud hotline at the Project work site(s), which shall remain in place throughout the duration of construction.

c. Applicants must close on all Project financing (except the permanent mortgage).

2. **Material Design Changes**
   Differences between the plans and specifications submitted with the Application and those contained in the final construction documents must be approved by Housing New Mexico/MFA. The Applicant must submit a detailed narrative of Material Design Changes made to final plans and specifications along with the Change Fee described in Section III.C.8 of the 2026 QAP.

3. **Post Construction**
   Housing New Mexico/MFA must approve the final construction inspection in writing prior to issuance of IRS Form 8609.

[2] ~~If June 30th falls on a weekend or holiday, the deadline shall be the first following business day.~~

F.D. ~~August 31st[3] of the year following Carryover~~Construction Start:

~~1. 10% Test~~

~~Certification by a CPA is required to certify compliance with the 10% test as defined in Code Section 42(h)(1)(E). The Applicant must submit evidence that the basis in the Project exceeds 10% of the reasonable expected total basis in the Project. Such evidence shall include an independent auditor's report expressing an opinion on the attached cost certification, using Housing New Mexico/MFA's designated forms and Cost Certification, a Project Owner's attorney's opinion, in the form required by Housing New Mexico/MFA, and any other documentation required by Housing New Mexico/MFA. If the Housing New Mexico/MFA form of independent auditor's report is not used, the Project Owner must provide an opinion signed by the certified public accountant certifying that the alternative format meets the requirements of Section 42 of the Code, as amended and all other applicable laws, rules, and regulations.~~

~~2. TConstruction Start~~

~~a.~~1. ~~T~~The Applicant must deliver evidence acceptable to Housing New Mexico/MFA that construction of the Project has begun. This will include, at a minimum, building permits and site photographs. If available, Applicant shall also submit a copy of the general contractor's application and certificate for payment.

~~b.~~2. The Applicant must deliver an executed partnership agreement.

~~c. Qualified Nonprofit Organization Eligible Projects included in the federal set-aside (as defined in the Code Section 42(h)(5)(C)) must deliver the recorded Right of First Refusal Agreement using Housing New Mexico/MFA's form of Right of First Refusal Agreement. (Required for all Projects awarded points under Section V.A of the 2026 QAP.)~~

~~d.~~3. If federal historic tax credits are included in the financing structure of the Project, evidence of National Park Service approval of the Project's historic certification – part 2 must be submitted.

~~e.~~4. The Applicant must deliver evidence that the Project Owner has taken ownership of the land and, if applicable, depreciable real property, that is expected to be part of the Project. For tribal Projects, this would include fully

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[3] ~~If August 31st falls on a weekend or holiday, the deadline shall be the first following business day.~~

executed master and sub-lease agreements with evidence of filing with the Bureau of Indian Affairs.

~~f.~~5. Applicant must deliver evidence of written approval to begin construction from Housing New Mexico/MFA's Architectural Services Representative.

~~G.~~E. At or around the 50% construction completion mark

The Applicant must organize a meeting with Housing New Mexico/MFA staff (both Asset Management and Housing Development departments). The Developer, owner, nonprofit representative, management company staff, and any service providers involved in the Project must be in attendance. This meeting will be required ahead of lease-up. The following materials must be submitted prior to this meeting:

- Related Party Affidavit for the Management Agent
- Compliance Affidavit for the Property Management Agent
- Property Management Agent resume
- Schedule I for the Property Management Agent
- Memorandums of Understanding (MOUs) or service contracts memorializing the service commitments in the Initial Application, if not previously provided. ~~required under Section V.H.1.f will be required for this meeting, as applicable.~~
- Updated Service Provider resumes

~~H.~~F. October 15th of the second year following the initial Allocation

Applicants must submit Housing New Mexico/MFA's Land Use Restriction Agreement Request form. Housing New Mexico/MFA will use the information provided to prepare the LURA.

~~I. 30 days after the Project is Placed in Service or November 15th of the second year following the initial Allocation, whichever comes first:~~

~~The Project Owner must place the buildings in service and claim tax credits within certain time periods. Project Owner must forward written notice and copies of all Certificates of Occupancy (for new construction) or Certificates of Substantial Completion (for rehabilitation) to the tax credit program manager within 30 days of issuance. to ensure that all necessary administrative actions are taken in a timely manner. Otherwise, tax credits may not be able to be claimed as desired.~~

~~J.~~G. ~~November 15th of the second year following the initial allocation~~30 days after the Project is Placed In Service

Commented [JR2]: Formerly titled: Other Project Owner responsibilities and elections

~~**Final Allocation and**~~ **Placed In Service Application** ~~**requirements**~~. ~~On or before November 15th of the second year following the initial allocation~~Thirty days following completion of construction, a Placed In Service Application ~~or a Final Allocation Application~~ must be submitted. ~~**Failure to meet this requirement will result in the loss of tax credits.**~~ ~~If the Project is to be Placed In Service but Applicant is not yet ready to request LIHTC allocation certification (IRS Form 8609), the Placed In Service portion of the Final Allocation package must still be submitted on or before November 15th of the second year following the initial allocation. A complete Final Allocation package shall be submitted no later than 120 days following the close of the Project's first taxable year of the Credit Period.~~

The Placed In Service Application includes:

- Updated Housing New Mexico/MFA Universal Rental Development Application;
- Copies of all Certificates of Occupancy (for new construction) or Certificates of Substantial Completion (for rehabilitation) ~~Certificate of Occupancy for each building in the Project (New Construction Projects);~~
- ~~Certificate of Completion, and i~~If acquisition tax credits are in the capital stack, evidence of the date the Project was Placed In Service for acquisition purposes (Rehabilitation Projects), if not previously submitted;
- Color photos of each of the complete building(s) identified by address and Building Identification Number (BIN);
- A completed Project Ownership Profile (on Housing New Mexico's form);
- A completed Form 8609 Certification (on Housing New Mexico's form);
- A recorded Consent and Agreement to Recording of Land Use Restriction Agreement (LURA) from every lien holder (original signature).

~~K.~~H. Prior to December 31st of the year the Project is Placed In Service

LURA. Prior to December 31st of the year in which the buildings are Placed In Service, the Project Owner must submit an executed and recorded LURA, satisfactory to Housing New Mexico/MFA in form and content

Subordination Agreements from all lenders giving lien priority to the tax credit restrictions in the LURA must be received by Housing New Mexico before IRS Form 8609 will be issued.

~~L.~~I. February 15th of the year following the Placed In Service Date

If the Project Owner anticipates returning any portion of the allocated tax credits, updated Schedules A-F are due no later than February 15th of the year following the Placed In Service date to ensure that the returned credits can be awarded to another Project or Housing New Mexico/MFA's loans can be adjusted prior to the Final Allocation Application ~~package~~ submission. If the Project Owner fails to notify Housing New Mexico/MFA and submit the updated Schedules A-F by February 15th of the year following the Placed In Service date and the tax credits are not able to be allocated to another Project, the Principals involved in the Project will be ineligible to participate in the 9% LIHTC round the year after the Final Allocation package is submitted.

~~M.~~J. 120 calendar days following the close of the Project's first taxable year of the Credit Period

Prior to the issuance of IRS Form 8609 certifications for the Project, and no later than 120 calendar days following the close of the Project's first taxable year of the Credit Period, the Project Owner must submit a complete Final Allocation Application ~~package~~, containing all items in the Final Allocation checklist, which include, among other items, the following:

1. Payment to New Mexico Mortgage Finance Authority (with tax credit project number and "HTC Compliance Fee") noted on payment, in the amount of the total number of LIHTC Units multiplied by $50, for the first year's compliance monitoring fee (Owner may also elect to pay Compliance Fees for the entire 15-year Compliance Period).

2. Complete an updated MFA Universal Rental Development Application for Final Allocation with schedules (A-1, B, C, D and F) indicating in yellow highlight all changes that have occurred or are being proposed subsequent to the time of the last application. Any change greater than 5 percent requires submission of a "narrative" discussing each change (from $XX to $YY) and the reason(s) for the change. All changes are subject to approval by Housing New Mexico/MFA.

3. A completed and fully executed Schedule "M" Addendum for Final Allocation.

4. Written certification from the equity investor of a) total gross funds raised (or to be raised) from sale of the tax credits, b) itemization of all costs associated with the syndication, c) total equity payment to the partnership, d) pay-in schedule and relevant benchmarks, e) amount of tax credit expected, and f) gross price paid per dollar of tax credit.

5. Cost Certification. Cost Certifications are required to be prepared as described in Section III of this Handbook. The CPA-prepared Cost Certification must be delivered by the Project Owner prior to the issuance of IRS Form 8609 certifications; the general contractor-prepared Cost Certification (if applicable) may be held in escrow by the project or general contractor, but would be required for audit purposes, as outlined in Section II.S. The cost certification consists of the following:

   a. Project Owner's certification, on Final Cost Certification, Housing New Mexico/MFA Form A (and, if Tax Exempt Bond Financed, Form A2), of actual total Project costs and eligible basis incurred, signed and attested;

   b. Accountant's Independent Auditor's Report, Housing New Mexico/MFA Form B with correct federal tax identification number, prepared by an independent certified public accountant; and

   c. Completed Costs Incurred by Building, MFA Form C, showing costs incurred separately for each building.

6. Copy of the signed cost certifications submitted to FHA, lenders, or RD (FmHA), as applicable.

7. Completed Project Owner's attorney's opinion. A Project Owner's independent tax attorney opinion submitted on the firm's letterhead with required text as set forth in the Final Allocation Application package.

8. Completed "As Built" Architect's certification from the Project architect with required text as set forth in the Final Allocation Application package, certified by the Project Owner, that the Project has been built in conformance with the Design Standards, all applicable codes and commitments made in the Initial Application regarding design and building, unless otherwise approved in writing by Housing New Mexico/MFA.

9. As-Built Site Plan, Building Floor Plans, and Unit Plans

10. Fully executed final contractor's application and certificate for payment, AIA doc. G702 or equivalent, ~~A fully executed copy~~ indicating all hard Construction Costs for the Project. ~~must be submitted with the Final Allocation package~~

11. Updated cash flow analysis (15-year pro forma).

12. Complete (with all exhibits attached) copy of the executed partnership or operating agreement.

13. Compliance Training Certificates for both owner and management company with each labelled accordingly for training completed no earlier than two years prior to the date the Applicant submits the Final Allocation Application to Housing New Mexico/MFA.

14. Certification identifying all sources of funds, including, but not limited to, federal, state, local funds, GP contributions and third-party loans with details on each source including type (whether it is a loan, grant, rent subsidy, etc.), terms and amount.

15. Copy of the Recorded Land Use Restriction Agreement (LURA).

16. ~~Updated copy of the Social Services Plan including contracts with service providers and service provider resumes~~.

17. Fully executed promissory note between Project Owner and Developer for deferred developer fee, if any.

18. HERS Report/Certification prepared and executed by a qualified third-party HERS rater.

19. Copy of the current rental assistance contract, if applicable.

20. Copy of New Mexico Smoke Free at Home certification, as applicable.

21. Evidence that the Project is located within a 2026 QCT/DDA, if applicable.

22. F~~or 4 percent LIHTC bond projects, f~~inal executed financing documents from all sources

~~Cost Certification~~. ~~Cost Certifications are required to be prepared as described in Section V. The CPA-prepared Cost Certification must be delivered by the Project Owner prior to the issuance of IRS Form 8609 certifications; the general contractor-prepared Cost Certification (if applicable) may be held in escrow by the project or general contractor, but would be required for audit purposes, as outlined in Section II.S.~~

~~Architect's certification~~. ~~A certification from the Project architect with required text as set forth in the Final Allocation package, certified by the Project Owner, that the Project has been built in conformance with the Design Standards, all applicable codes and commitments made in the Initial Application regarding design and building, unless otherwise approved in writing by Housing New Mexico/MFA.~~

Commented [JR3]: Required at 50% Construction Completion

~~**Project Owner's attorney's opinion**. A Project Owner's attorney opinion submitted on the firm's letterhead with required text as set forth in the Application Package.~~

~~**Final contractor's application and certificate for payment, AIA doc. G702 or equivalent**. A fully executed copy indicating all the hard Construction Costs for the Project must be submitted with the Final Allocation package.~~

~~**LURA**. Prior to December 31st of the year in which the buildings are Placed In Service, the Project Owner must submit an executed and recorded LURA, satisfactory to Housing New Mexico/MFA in form and content.~~

III. Cost Certification

A. Applicability of Cost Certification

Prior to the issuance of a LIHTC certification (IRS Form 8609), Housing New Mexico/MFA will require two Cost Certifications to be prepared, one by an independent CPA and executed by both the CPA and Project Owner, and a second Cost Certification prepared and executed by the general contractor The Cost Certification prepared and executed by the general contractor should reflect real costs to the general contractor, but those costs may not be reflected in the CPA-prepared Cost Certification if the project entered into a Maximum Guaranteed Price or Stipulated Sum Contract for example. In those cases, the owner-incurred costs should be reflected in the CPA-prepared document, regardless of the general contractor costs. The general contractor Cost Certification may not meet Housing New Mexico/MFA cost requirements if a Maximum Guaranteed Price or Stipulated Sum Contract was utilized. Therefore, if the project entered into a Stipulated Sum Contract or a Maximum Guaranteed Price, a Cost Certification does not need to be prepared by the general contractor.

B. Cost Certification Requirements

The Form 8609 Cost Certification must meet the following requirements:

1. The CPA preparing the Cost Certification must certify that all costs are related to the Project's development and do not include costs for organization, syndication, professional or consultant fees related to syndication. The CPA shall "test" a minimum of 20% of all costs listed therein. Both the CPA and Project Owner must execute the Cost Certification. In addition, a Cost Certification is required to be prepared and executed by the general contractor if the project is not utilizing a stipulated sum contract. Each Cost Certification must specifically identify those costs listed in any general or "Other" category. The general contractor Cost Certification (if applicable) may be held in escrow

by the project or general contractor but must be produced in the event of an audit as outlined in Section IV of this Handbook.

2. All fees, including the developer fee, paid to the Project Owner or Developer or to an Entity with an Identity of Interest with the Project Owner or Developer, must be clearly identified. If all or a portion of the developer fee is deferred, copies of the promissory note or other substantiation of the validity of the fee must be reviewed.
3. If the land is purchased from a related party, the Project Owner must submit an appraisal to substantiate fair market value, which appraisal must include a determination of value based upon any land use restrictions per HUD or other Entity, including Housing New Mexico/MFA.
4. Legal fees related to land acquisition must be clearly identified.
5. Interest expense related to land must be clearly identified.
6. The sources of all funding including loans, tax credit proceeds, Project Owner/Developer equity and all other sources must be certified.

C. Authority to Determine Maximum Qualified Basis

Housing New Mexico/MFA may challenge the costs provided in the Cost Certification, impose the limitations set forth in this QAP and in its sole discretion, determine the maximum Qualified Basis against which credit is allocated.

IV. Audit Requirements

Beginning with issuance of the ~~Reservation Contract and Reservation~~42(m) Letter by Housing New Mexico/MFA and during the entire term of the Compliance and Extended Use Periods, Housing New Mexico/MFA ~~reserves the right, under the provisions of the Code, the Project's LURA, and in accordance with its inherent discretion, to~~ 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/MFA's discretion. An audit or other related procedure may include, but is not limited to, an on-site inspection of all buildings, and 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. In addition, Housing New Mexico/MFA ~~reserves the right to~~ may audit 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.

Additionally, all Projects must maintain records of the process used to select general contractors (including any RFPs and Proposals). Written communication with selected general contractor regarding required Cost Certification upon Project completion should be retained.

~~V. Recycled Allocations~~

~~A Property Owner may return a valid allocation of tax credits between October 1st and December 31st15th to receive an allocation of tax credits from the following current year's tax credit ceiling in the same amount of the returned allocation if:~~

- ~~The Project Owner pays the $500 fee due for requests for changes to a Project;~~
- ~~No changes to the Project (i.e., design, financing, etc.) have occurred without Housing New Mexico/MFA's approval;~~
- ~~None of the returned Project's Principals are participating in the following year's 9% LIHTC round (e.g., Principals returning tax credits in 2025 will not participate in the 2026 round);~~
- ~~The Project demonstrates that all financing necessary to place the Project in service is secured;~~
- ~~The Project will place in service by December 31, 2026 st of the year of the newly allocated credits and receive no further opportunity to recycle the tax credits (e.g., if 2023 LIHTC are returned in December 2025 in exchange for 2025 tax credits, the Project will place in service by December 31, 2026).~~
- ~~Housing New Mexico/MFA must be notified of any request to recycle an allocation of tax credits by November 15th, when the Placed In Service submission would have been due.~~

~~Notwithstanding the foregoing, if a Project has previously returned tax credits in exchange for a new allocation of tax credits, any return of tax credits for a new allocation shall be at Housing New Mexico/MFA's sole discretion.~~

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STATE OF NEW MEXICO

~~LOW-INCOME HOUSING TAX CREDIT PROGRAM~~HOUSING DEVELOPMENT PROGRAMS

UNIVERSAL MULTIFAMILY UNDERWRITING SUPPLEMENT

Effective as of December 1, 2025

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Approved by Board of Directors on October --, 2025
Approved by the Honorable Governor Michelle Lujan Grisham on October --, 2025

I. ~~Housing New Mexico/MFA 2025 Universal Multifamily Initial Underwriting Supplement~~Introduction

This underwriting supplement outlines the standards that Housing New Mexico/MFA will use when underwriting ~~Initial~~ Applications submitted for consideration for ~~2025~~ 2026 LIHTC and gap funding allocations. Housing New Mexico/MFA underwrites ~~Initial~~ Applications for two purposes: 1) to determine the amount of credits that may be allocated to each proposed Project and 2) to determine the financial feasibility of each proposed Project. Housing New Mexico/MFA will use the most conservative of the financing terms listed in this underwriting supplement, the ~~2025~~ 2026 QAP (if applicable) and the proposed Project's Financing Commitment(s) or letters of interest.

Capitalized terms in this document are defined in the 2026 QAP Glossary. References to schedules refer to the schedule in part II of the Application.

II. General ~~Guidelines~~

A. Awards

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

B. Feasibility Analysis and Financial Considerations

In addition to the threshold review process described in the applicable 2026 QAP, all Projects will undergo financial analysis by Housing New Mexico/MFA 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/MFA's judgment may be rejected without further processing.

All Low Income Housing Tax Credit (LIHTC) Projects will be evaluated at the following times to determine the amount of applicable tax credits:

- Upon receipt of an Application for LIHTC; and
- Prior to granting a tax credit allocation; and
- No earlier than 30 days prior to awarding the tax credit certification, IRS Form 8609.

All financing sources must be clearly identified in the Initial Application, and their terms specified in a letter of interest from the financing source. Initial Applications for any tax credits (4 or 9%)

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must include a letter of interest from a tax credit syndicator or direct investor stating the terms and pricing for the purchase of tax credits allocated to the Project. Final Financing Commitments (see Glossary) will be required as a "subsequent requirement" after the initial Reservation award is made.

In addition, all Projects will be underwritten using the more conservative of the standards indicated in this QAP, those in an underwriting supplement to be published by Housing New Mexico/MFA at least one month prior to the Application Deadline, the terms listed in any Financing Commitment or letter of interest, or the Project's market study.

C. Minimum Apartment Unit Set-Asides

In order for a Project to qualify for tax credits, the Project Owner must make an irrevocable minimum Set-aside Election under Code Section 42(g)(1). Housing New Mexico/MFA further restricts the election under Code Section 42(g)(1)(C) (Average Income) as follows: If the Project fails to meet its elected minimum set-aside standard at the end of each year, it is not a qualified low-income housing project for the year under IRC Section 42(g)(1)(C) and this noncompliance must be reported on IRS Form 8823. The Project Owner may be subject to the recapture of low income housing tax credits.

1. Income and rent limits must be in ten percent increments, and may include 20% AMI, 30% AMI, 40% AMI, 50% AMI, 60% AMI, 70% AMI, or 80% AMI.
2. If the Project has an existing LIHTC Land Use Restriction Agreement (LURA) on the property, both initial election (20/50 or 40/60) and AI election must be met.
3. The average of the imputed income limitations designated cannot exceed 60% AMI.
4. Those Projects electing AI must include at least 5% of their Units above 60% AMI.
5. All Units must be designated with a specific AMI percentage at the time of Application.
6. Unit designations may float but are subject to the Next Available Unit Rule and the original designations must be maintained throughout the Affordability Period. Average Income applies to rent and income limits. If a Unit has a designated limit of 80% AMI, the maximum rent that can be charged to a household for that Unit is 30% of 80% of AMI. Similarly, if a Unit has a limit of 40% AMI, the maximum rent that may be charged is 30% of 40% of AMI.
7. Skewing of Unit designations is not permitted. Project Owners must disperse unit types across chosen rent/income limits in a way that does not violate Fair Housing. Housing New Mexico/MFA will require reasonable parity between different bedrooms sizes at each income band utilized on the Project.

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8. The market study must demonstrate sufficient need at each income level chosen.

9. Project Owners of Projects with more than one building must elect to treat all of them as part of a multiple building project (checking "Yes" on line 8b of the 8609 form).

10. AI Projects may be subject to an increased Compliance Monitoring fee.

11. Housing New Mexico/MFA shall only accept an Application that chooses the AI election if all Units in the Project are rent-restricted to and occupied by households whose income is at or below 80% of AMI. In other words, Housing New Mexico/MFA will not accept an Application that chooses the AI election if the Project includes unrestricted Market Rate Units.

12. An Application for an AI Project must include within its equity and debt commitment letters confirmation of the utilization and approval of the AI election.

13. Projects that receive an allocation of 4% LIHTC in conjunction with the issuance of tax-exempt bonds must meet the set-aside requirements of both Section 42 and Section 142 of the IRS Code

The IRS makes the ultimate determination regarding whether or not the Project is in compliance with this and/or any other election made by the Project Owner. Acceptance by Housing New Mexico/MFA does not guarantee acceptance by the IRS. Project Owners should consult with their legal counsel. These requirements are subject to change in the event the IRS issues further guidance on the AI election.

~~Only Low Income Units as determined by the Project's Set-aside Election are eligible for tax credits. For example, if the 20/50 election is chosen, only Units that are rent restricted and set aside for tenants whose income does not exceed 50% of AMI are qualified as Low Income Units. If the 20/50 election is chosen, Units with income and rent limits above 50% of AMI are not eligible for tax credits. Similarly, if the AI election is chosen, only Units that are rent restricted and set aside for tenants whose income does not exceed 80% of AMI are qualified as Low Income Units. The minimum Set-aside Election is irrevocable under the Code.~~

D. Unit Distributions

For Projects with more than one income and rent tier, all Unit types must be distributed proportionately among each of the multiple tiers. That is, if 30% of the Units are to be set-aside for tenants earning no more than 50% of median income, then the Units used for this income group must include 30% of all one-bedroom Units, 30% of all two-bedroom Units, etc. This also applies to Market Rate Units in the Project. This is intended to prevent allocation of all of the high rent Units to the higher income groups, thereby maximizing income while potentially violating the intent of fair housing law.

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E. General Public Use – Management Units

Housing New Mexico/MFA-approved Management Units (~~see Glossary, Management Units~~) set-aside for Project employees (i.e., property managers, maintenance staff, etc.) are not considered residential Units, even if rent is collected on the Unit, but as facilities "reasonably required" for the Project not included in the Applicable Fraction as low-income residential space. Before excluding them from the Applicable Fraction, Management Units must be approved by the Housing New Mexico/MFA Asset Management Department. **This approval may only be requested after the Project has been Placed In Service. Applicants may include an intent to request Management Units in the Project Narrative submitted in the Initial Application but should include those Units as 60% AMI Units (either revenue or non-revenue producing) in the Application because they are not yet approved as Management Units.**

F. Subsidy Layering Review

Pursuant to Section 911 of the Housing and Community Development Act of 1992, HUD is required to determine that Projects receiving tax credits and federal, state or local assistance do not obtain subsidies in excess of that which is necessary to produce affordable housing. Requests for subsidy layering reviews may be made to the HUD Field Office with a copy of the review provided to Housing New Mexico/MFA.

An essential component of this review is an analysis of the reasonableness of fees paid to sponsors, Project Owners, Developers and builders. Consequently, for purposes of Section 911 reviews, fees used to calculate tax credit amounts will not exceed the limits stated in Section IV.B.6 of this Universal Multifamily Underwriting Supplement regarding Developer Fees. Some of these maximum fees allowed by Housing New Mexico/MFA may exceed the "safe harbor" fee amounts that apply to Section 911 reviews. Special factors that justify these published higher fees (which do exceed "ceiling" amounts) include but are not limited to: the relatively high cost of construction and land within the state of New Mexico; the lack of state- or locally-funded soft second financing or operating subsidies; and the general inability of Local Governments to donate land and/or other services to worthy Projects due to the state's "anti-donation" clause. Housing New Mexico/MFA will perform an internal Subsidy Layering Review only if required by a Housing New Mexico/MFA funding source.

Housing New Mexico/MFA may ~~reserves the right to~~ include or consider other criteria to justify exceeding safe harbor limits for fees associated with Projects requiring subsidy layering reviews. Housing New Mexico/MFA also may ~~reserves the right to~~ limit Projects to safe harbor limitations for any reason that, in its sole discretion, deems reasonable.

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Construction ~~Guidelines~~ Criteria

III.

A. Development Costs

Development Costs will be evaluated against the average costs of competing Projects. In the case of rehabilitation Projects and Adaptive Reuse Projects an appraisal and CNA of the existing project will be required and used by Housing New Mexico/MFA to evaluate Development Costs. ~~See Section II.J and Glossary for further details regarding the CNA.~~

Applicants submitting costs atypical in the marketplace must provide information acceptable to Housing New Mexico/MFA, justifying such costs. Projects with excessive costs will be subject to adjustments to the amount of tax credits and/or gap financing requested. Housing New Mexico/MFA, in the course and scope of its underwriting, will examine how costs are categorized /allocated in Schedules A and D. Housing New Mexico/MFA ~~reserves the right to~~ may re-categorize/allocate costs to different categories should Housing New Mexico/MFA determine, in its sole discretion, that costs have been categorized incorrectly. Applicants shall describe all costs contained in any category labelled "other" with sufficient specificity so that it is clear what these costs encompass.

1. Acquisition Cost Limits

The acquisition cost on which tax credits are calculated will be held to the lowest among the purchase price, the Applicant's procured appraisal and the construction lender's appraisal. If the acquisition is bridged before selling the real estate to the Project Owner, the purchase price used to determine the acquisition cost limit will be the lesser of the amount paid at the time of the bridge financing, the Applicant's procured appraisal and the construction lender's appraisal. An appraisal is due with the Initial Application for tax exempt bond financed projects and with the Carryover Application for 9% Projects not claiming points under the Leveraging Resources scoring criterion.

2. Total Development Cost Limits

Total Development Costs for various types of Projects may not exceed the following:

a. New construction and Adaptive Reuse Projects. The Total Development Cost per Unit must not exceed 120% of the average Total Development Cost per Unit for all new construction and Adaptive Reuse Projects submitted in the same round. Similarly, the hard Construction Cost plus architect and engineering fees per square foot must not exceed 120% of the average cost per square foot for all new construction and Adaptive Reuse Projects submitted in the same round.

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b. Acquisition/rehabilitation Projects. The Total Development Cost must not exceed 100% of the average Total Development Cost per Unit for all new construction and Adaptive Reuse Projects submitted in the same round. Similarly, the hard Construction Cost plus architect and engineering fees per square foot must not exceed 100% of the average cost per square foot for all new construction and Adaptive Reuse Projects submitted in the same round.

c. Tax-exempt bond financed Projects. Total Development Cost must not exceed the limits established for new construction, Adaptive reuse or acquisition/rehabilitation Projects, as appropriate, submitted in the most recent allocation round. Variances from these limits will be considered on a case-by-case basis.

d. Combined Rehabilitation and New construction Projects. For Projects that involve rehabilitation of existing Units, the construction of new Units and/or the Adaptive reuse of an existing building, the costs will be evaluated based on the track/category selected by the project as described in Section I.D.2 of the 9% QAP and~~, above to~~ the limits established in Sections III.A.2.a. and b. of this Underwriting Supplement above.

Any Project with extenuating circumstances around the hard construction in their Project may submit additional material justifying those costs and requesting a waiver from that limit either in the initial Application, or through the supplemental information process, during the underwriting review. Waivers may be granted at Housing New Mexico/MFA's sole discretion.

Recognizing that Tax Credit Projects require soft costs above and beyond traditional development, when determining the average per square foot cost for each Project, only hard costs as found on Schedule D and any architect and engineer fees will be used.

~~See the Glossary Section XI for the definition of the terms "Unit," "Total Development Cost," and "Hard Construction Costs" as they apply to the cost limit calculations in this section.~~ Costs that exceed ~~these~~ the limits in this section will be excluded when calculating the tax credit amount. These limits are binding through Final Allocation~~s~~.

B. Builder profit, overhead and general requirements

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

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Where an Iidentity of Iinterest exists between or among the Developer/Project Owner, builder (i.e., the general contractor and/or subcontractors), and/or design professionals ~~and/or subcontractors~~, builder profit shall not exceed 4 percent of ~~c~~Construction C~~c~~osts. ~~An identity of interest means any relationship that is based on shared family or financial ties between or among the Developer/Project Owner, builder (general contractor), design professionals and/or subcontractors that would suggest that one entity may have control over or a financial interest in another.~~ An Identity of Interest will be presumed if any of the following factors are present as between or among the Developer/Project Owner, builder (general contractor and/or subcontractors), design professionals; common or shared ownership of any of the above-listed entities; common family members as owners or investors in any of the above-listed entities; common Control of the above-listed entities even if the Control is not exercised by a common owner or common investor.

For LIHTC purposes, any amount of fee that exceeds the combined percentage limitations will be excluded from the Project's Eligible Basis when calculating the tax credit allocation.

C. Architecture and Engineering Fees

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

For LIHTC purposes, this 3.3 percent of Total Development Cost fee limit is a soft cap and any amounts in excess of this cap will not be included in Eligible Basis. Exceptions to the above rules governing Architect and Engineering fees may be granted based on site or Project specifics and in Housing New Mexico/MFA's sole discretion. Supporting documentation shall be provided to justify any increase in request. Although the same standards will apply for Projects subject to subsidy layering review, such Projects will require Board approval for subsidy layering purposes whenever they exceed the federally-defined ceiling standard limits and only five such excess fee amounts can be approved in any given year. See Section II.G. for information on subsidy layering reviews.

Refer to Total Development Cost Limits in Section II.A.2. above for limits per square foot for Architectural and Engineering fees plus hard development costs.

Increases in Project costs subsequent to the Application Deadline may not result in an increase in any of the fees calculated above for tax credit allocation purposes. Any changes in the amount of fees through the course of development will require prior approval of Housing New Mexico/MFA and must be justified by a change in scope of the Project. Any change in the scope of the Project that results in increased fees for which an exception is being requested constitutes a change to that Project.

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D. Construction Contingency

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

IV. Mortgagor ~~Guidelines~~Criteria

A. LIHTC Sources~~Credit Pricing~~

1. Credit Pricing

Housing New Mexico/MFA will not use a single credit pricing factor for ~~2025~~ 2026 Initial Applications. Housing New Mexico/MFA has a recommended range of credit of $.85 and $.95 for the credit pricing factor and will underwrite the Project using the factor contained in the letter of interest (LOI) from the proposed credit syndicator or investor. ~~*(For LIHTC Projects)*~~

2. Investor Letters of Interest

The Project Owner must deliver a written letter of intent (LOI) from a syndicator or equity provider that clearly states the equity pricing factor. In addition to stating a credit pricing factor, investor letters of interest must include standard underwriting terms such as minimum DSCR, minimum reserve requirements, income and expense inflation factors, investor fees, equity pay-in schedule, and anticipated debt service for Housing New Mexico/MFA loans. ~~*(For LIHTC Projects)*~~

3. Credit Calculation Method

a. **Tax credit calculations:** During each evaluation, Housing New Mexico/MFA will determine the amount of tax credits to be reserved, committed or allocated by considering factors specific to each Project including, but not limited to, the following:

i. Development Costs

ii. Funding sources available to the Project for construction and permanent financing:

- First mortgage loans
- Grants
- Tax credit proceeds
- Project Owner equity

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- Subordinate debt

iii. Projected operating income and expenses, cash flow and tax benefits
iv. Maximum tax credit eligibility
v. Debt service coverage ratio
vi. Project reserves
vii. Developer fees and builder overhead and profit
viii. Per Unit and per square footage cost limits (section IV.C.2)

b. **Amount of tax credits for Reservation or Carryover Allocation:** To estimate the amount of tax credit allocation for a Project at Initial Application or at Carryover, Housing New Mexico/MFA will use the Applicable Credit Percentage of the Qualified Basis, as adjusted by Housing New Mexico/MFA, or the amount needed to fill the financing gap. The procedure to determine the amount to fill the financing gap is outlined in Section IV.A.3.d.ii below.

c. **Tax Credit Proceeds:** The Applicable Credit Percentage will be used along with the equity-pricing factor to estimate the tax credit proceeds. Any ownership split other than 99.99% (Limited Partner) and 0.01% (General Partner) requires written Housing New Mexico/MFA approval ahead of application submission, which approval shall be given in Housing New Mexico/MFA's sole discretion. The equity-pricing factor in the LOI described above in Section IV.A.2, along with the Applicable Credit Percentage will be used to estimate the tax credit proceeds until the actual equity-pricing factor contained in the Project's syndication agreement at equity closing is available.

d. **Other factors limiting the credit Reservation**. The amount of credit reserved, committed and finally allocated to a Project shall be the lesser of:

i. The maximum tax credit eligibility of the Project
   - Maximum tax credit eligibility is the maximum amount of tax credit justified by a Project's Qualified Basis, as adjusted by Housing New Mexico/MFA and taking into consideration any increase in Eligible Basis approved by Housing New Mexico/MFA and the Applicable Credit Percentage; or
   - The amount requested in the Application; or
   - The amount necessary to fill the funding gap.

ii. The funding gap is the difference between Total Development Cost (exclusive of syndication-related costs) and all available funding sources, including Housing New Mexico/MFA financing awarded in conjunction with the tax credit allocations, excluding anticipated tax credit proceeds. The terms of all proposed sources must be within reasonable industry norms, and financing for the Project has to be maximized when evaluating rate, term, debt service coverage, loan-to-value, etc. The maximum 9% tax credit amount allowed based on the funding gap will be determined by Housing New Mexico/MFA limits stated in the 9% QAP Section II.B.

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e. **Adjustments to credit allocations:** When actual tax credit proceeds are confirmed and final financial Feasibility Analysis is performed during review of Final Allocation packages, there may be adjustments to the tax credit allocation. Adjustments may also be made at Carryover for rehabilitation Projects when the CNA and appraisal are provided. If actual Project costs or funding sources differ substantially from the projections submitted in the Application, Housing New Mexico/MFA may adjust the final tax credit allocation or the Project Owner may establish Project reserves to offset the deficit, if in Housing New Mexico/MFA's reasonable judgment the Project has sufficient tax credit eligibility. The conditions for such reserve accounts will be determined by Housing New Mexico/MFA on a case-by-case basis.

B. Non-LIHTC Sources

1. First Mortgage:

First mortgage permanent must-pay debt: At the initial application, all sources of first mortgage permanent must pay debt, excluding Housing New Mexico/MFA financing, will be underwritten using the interest rate contained in the LOI from the proposed financing source plus a 50-basis point contingency factor, which shall not cause the all-in rate to exceed the Conservative Interest Rate defined in this section. Housing New Mexico/MFA may also add a 50-basis point contingency factor at subsequent underwritings based on market trends at that time.

All sources of financing identified on Schedule A-1 must have a Letter of Interest that includes all terms and conditions of the financing.

The Conservative Interest Rate is defined as the 20-Year Constant Maturity Treasury (Daily Treasury Yield Curve) plus 4%. The date of the 20-Year Constant Maturity Treasury (Daily Treasury Yield Curve) is the later of: 1) 60 calendar days prior to the 9% Application Deadline or 2) 60-days prior to the date the 4% LIHTC Initial Application is submitted to Housing New Mexico/MFA. The 20-Year Constant Maturity Treasury may be found at the following URL: https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value_month=202311

For example:
The 20-Year Constant Maturity date as of August 1, 2024 was 4.35%.

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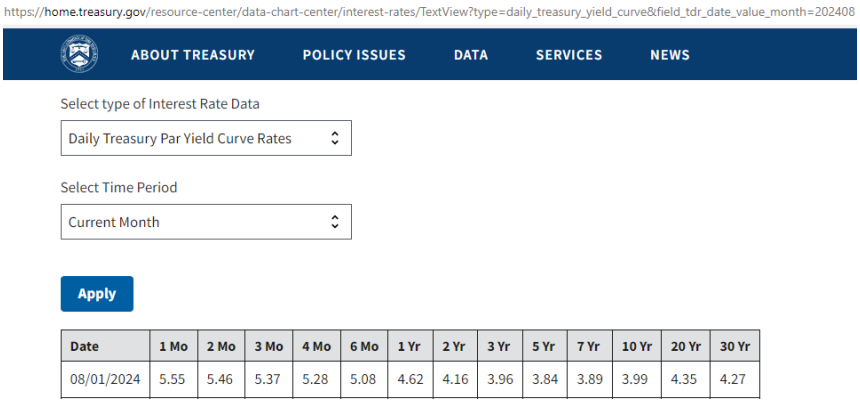

Date	1 Mo	2 Mo	3 Mo	4 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
08/01/2024	5.55	5.46	5.37	5.28	5.08	4.62	4.16	3.96	3.84	3.89	3.99	4.35	4.27

The Conservative Interest Rate would be 8.35% (4.35% on August 1, 2024 + 4%).

2. Housing New Mexico/MFA 542(c) Risk Sharing, other HUD MAP loans, and USDA RD

During underwriting, Housing New Mexico/MFA will add a 50-basis point contingency factor, which shall not cause the interest rate to exceed the Conservative Interest Rate defined above, to the calculation of any Housing New Mexico/MFA HUD 542 (c) Risk Sharing Program loan, as the formula for such rate is based, in part, on a floating index. Housing New Mexico/MFA will underwrite to a maximum 30-year amortization for bank loans, or the amortization in the LOI up to 40 years. Federal financing provided by USDA Rural Development, HUD MAP Lenders or Housing New Mexico/MFA 542(c) Risk Sharing loans will be underwritten to a maximum of 40-year amortization for new construction or 35 years for rehabilitation unless otherwise stated in an LOI.

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

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

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

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

3. Assumed Debt (Rehabilitation Projects)

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Any assumed debt must be reflected in Schedule A-1 and Schedule C-1 (cash flow). Any debt to be paid off must be reflected as a use in Schedule A-1. If the debt is in the form of outstanding bonded indebtedness, explain whether bonds are redeemable, callable, and/or refundable. Housing New Mexico/MFA may require a legal opinion in the case of redeemable bond debt.

4. Subordinate Permanent Must-Pay Debt:

All sources of subordinate permanent must-pay debt, excluding pending Housing New Mexico/MFA financing, must be supported by a Letter of Intent, or other commitment, or Housing New Mexico/MFA will not underwrite that source. Housing New Mexico/MFA NM Housing Trust Fund loans may be underwritten at 3% interest and up to a 40-year amortization. Housing New Mexico/MFA HOME loans will be underwritten per the ~~2025~~ 2026 HOME/LIHTC terms (provided below) (i.e., as necessary for financing gap) but not to exceed 0% interest and 80-year amortization maturing in 40 years. Both sources may be used during construction for up to two additional years. HOME funds provided by the cities of Albuquerque or Las Cruces will be underwritten to terms provided by those jurisdictions.

5. Soft Debt and Grants:

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

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

~~1. Investor Letters of Interest~~

~~1. In addition to stating a credit pricing factor, investor letters of interest must include standard underwriting terms such as minimum DSCR, minimum reserve requirements, income and expense inflation factors, investor fees, equity pay in schedule, and anticipated debt service for Housing New Mexico/MFA loans. (For LIHTC Projects)~~

~~1.~~

6. Developer fees

Developer fees for 9% LIHTC projects shall not exceed: 1) $25,000 per low-income unit for the first 30 units, plus 2) $22,500 per low-income unit for units 31 – 60, plus 3) $20,000 per low-income unit for Units 61+, which shall not cause the total Developer Fee to exceed the lesser of $2,500,000 or 14% of Total Development Cost. Developer Fee for 4% LIHTC Projects shall not exceed 14% of Total Development Cost. 9% Projects utilizing Housing New Mexico/MFA-issued

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Section 811 Project Rental Assistance (Section 811 PRA) are eligible for a 5% boost to the capped developer fee as calculated above.

Donations of land and waived fees are excluded from Total Development Cost when calculating maximum allowable developer fees. Developer fees include all consulting costs for services typically rendered by a Developer. Any reserve, excluding any Housing New Mexico/MFA-required Project reserve (see below), may be considered as part of the developer fee, if it is not held for the benefit of the Project for a minimum of 15 years. For the purposes of these calculations, Total Development Cost is adjusted to exclude developer fees, consultant fees and all reserves.

Notwithstanding the Developer Fee amounts described in the ~~preceding~~ first paragraph of this section, where an Identity of Interest exists between the Developer/Project Owner and the builder, the above-mentioned fee may be further reduced if Housing New Mexico/MFA, in its discretion, determines the fee to be excessive. In a proposed sale transaction where there is an Identity of Interest in any Principal of the seller and buyer, the Project will be subject to reduced developer fees. Where there is such an Identity of Interest, the developer fee percentages will be calculated on Total Development Cost reduced by Acquisition Costs. Also, an "as-is" appraisal dated no earlier than six months prior to the Application date and completed by a MAI licensed in New Mexico must be submitted. The value in the appraisal must assume that any existing use restrictions will remain in place.

Housing New Mexico/MFA will generally not consider the repayment of deferred developer fees when underwriting for feasibility but removes any deferred fee that can't be repaid during the Compliance Period from Eligible Basis and may consider a Project infeasible if the deferred fee represents a financial burden to the Project.

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

7. Acquisition/Rehabilitation Developer Fee Split

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

Assume the following amounts:

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

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

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

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8. Deferred Developer Fee

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

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V. Operating Pro Forma ~~Guidelines~~Criteria

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Housing New Mexico/MFA will review the projected operating expenses, replacement reserves and loan terms and may, in its determination of economic feasibility, make adjustments based upon industry standards, its own underwriting parameters, the CNA or facts obtained from other appropriate sources. Applicants are urged to carefully review operating cost pro formas. Applicants must include real estate taxes in their operating expenses unless evidence of a perpetual real estate tax waiver (throughout the term of permanent financing) is submitted with the Application.

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Rehabilitation projects must supply both a current operating expense budget and an anticipated, post-rehabilitation budget with their application materials. The current operating expense budget may not meet Housing New Mexico/MFA's underwriting requirements, but the projected budget must.

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Replacement reserves for the first 15 years may be capitalized in the development budget assuming there is a source of funds that can be used to establish the reserve account. Capitalized reserves are a non-Eligible Basis project cost and establishing reserve accounts may not be an eligible expense for some Housing New Mexico/MFA funding sources. If the capitalization results in projected excess cash flow, Housing New Mexico/MFA may reduce the subsidy for the Project.

A qualified CPA or tax attorney should be used to determine the appropriate accounting treatment of capitalized reserves.

A. Project Operating Assumptions

Proposed Project operating expenses (excluding reserves and resident social service expenses) should be between $5,300 per unit and $7,600 per unit, as supported by the Market Study. Applicants proposing operating expenses below $5,300 must provide historical documentation supporting their ability to successfully operate similar affordable housing Projects at that level. Applicants proposing operating costs above $7,600 per unit must provide documentation justifying higher expenses.

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

B. Minimum Debt Service Coverage

Cash flow proformas, during each of the first 15 years, must reflect the ability to repay all must-pay debt with an all-in minimum debt service coverage ratio (DSCR) of 1.20:1 or the debt service coverage ratio (DSCR) minimum within the LOI but shall not be underwritten at less than 1.15:11. Projects that fail to produce sufficient cash flow may be deemed financially infeasible and may be rejected. Conversely, Housing New Mexico/MFA may reduce the Tax Credit award and/or other loans and/or subsidies, increase the interest rate on Housing New Mexico/MFA subordinate loans or shorten loan amortization if a Project has a DSCR on all must-pay debt in excess of 1.40:1. Housing New Mexico/MFA will consider total annual cash flow as well as DSCR when making this determination.

Housing New Mexico/MFA may ~~reserves the right to~~ deviate from the DSCR standard described herein on a case-by-case basis for permanent supportive housing projects.

C. Management Fee

[1] While Housing New Mexico/MFA may consider a DSCR between 1.15:1 and 1.20:1 on other financing structures, all 9% LIHTC Projects must have a minimum all-in DSCR of 1.20:1 during each of the first 15 years, and no higher than 1.40:1 all-in DSCR in Year 1 unless it trends downwards and is necessary to meet the minimum all-in DSCR of 1.20:1 in at least one of the first 15 years.

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

D. Income in Addition to Base Rent

All features located within the net square footage of the Unit and private open space must be included in the base rent (e.g., Project Owners may not lock any closets or other amenities behind a paywall.)

Surface parking must be included in base rent. Costs associated with covered parking spaces must be excluded from Eligible Basis, if the Project Owner wishes to charge a fee for parking in addition to the base rent for the apartment Unit.

Project Owners may include fees per load charged for use of common laundry facilities and monthly rent for laundry appliances that are stored off-site until the tenant elects to rent them from the Project Owner.

~~Project Operating Assumptions~~

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

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

E. Operating Reserves

Operating reserves must be a minimum of six months of operating expenses (including replacement reserve payments and social service delivery costs) and six months of must-pay debt service ~~is required~~. Replacement reserve levels must be shown in the operating budget at the

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minimum of $250 per unit per year for senior housing (new construction Projects only) and $300 per unit per year for all other new construction and rehabilitation and adaptive reuse Projects.

Larger operating reserves may be required for Projects which show a declining debt coverage ratio in 15-year cash flow projections, have rental assistance contracts included in their income projections or have other factors that MFA determines in its discretion to warrant larger reserves. Project reserves of any kind in the development budget will not be included in Housing New Mexico/MFA's calculation of Eligible Basis for tax credit purposes.

F. Adjusted Gross Median Income and Rents (AGMI & AGMR)

Housing New Mexico/MFA will underwrite using the LIHTC AGMI & AGMR in effect as of its most recent Qualified Allocation Plan (QAP) training. Income and rent limits may be found on the Housing New Mexico/MFA website via the following URL: https://housingnm.org/property-owners-agents-and-managers/tools-resources-1/rent-and-income-limits/

G. Rent and income Restrictions

~~Set-aside Units must only be rented to households meeting certain income restrictions. Furthermore, rents charged for Set-aside Units may not exceed 30% of the applicable income limit(s) designated by Applicant. Gross rent limits provided annually by HUD (found on Housing New Mexico/MFA's website) must be reduced by a utility allowance that accurately reflects the cost of tenant-paid utilities by unit size.~~ While the Code excludes any payments made under section 8 of the United States Housing Act of 1937 or any comparable rental assistance program (with respect to such Unit or occupant thereof) from the gross rent calculation, only rents that do not exceed the Tax Credit Ceiling Rents ~~(as defined in the Glossary)~~ and are supported by the market study will be used for underwriting purposes. Exceptions may be made for Projects with project-based subsidies when the program governing the project-based subsidy allows higher rents. ~~More detail regarding rental assistance payments and qualifying tenants can be found in the Housing New Mexico/MFA Tax Credit Monitoring and Compliance Plan, which is issued under a separate cover and summarized in Section X.~~

H. Projects with Rental Subsidies

Housing New Mexico/MFA will underwrite rents in excess of the maximum LIHTC rent for projects with Project Based rental subsidies provided the subsidy has been fully awarded at time of application, a federally approved rent schedule is available, and the tenant paid portion is no

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greater than 30% of their income. If project-based vouchers have been awarded, but a federally approved rent schedule is unavailable, proof of the award is required, and Housing New Mexico/MFA will underwrite to HUD FMR. Tenant Based Vouchers will not be underwritten. If there is no documentation in the application documenting a higher rent, such as a Rent Comparability Study, Housing New Mexico/MFA will underwrite to FMR.

HOME TERM SHEET

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

Funding is subject to availability.

Underwriting:

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

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

PROJECT READINESS STANDARDS - Housing New Mexico/MFA intends to make HOME awards only to projects that are significantly ready to proceed. At the time of application, the project must have all required zoning in place and evidence of site control. Preference will be

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given to projects that have all funding commitments, other than Housing New Mexico/MFA resources, in place. The applicant must be able to represent to Housing New Mexico/MFA that there are no unusual circumstances that would delay a loan closing.

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

Please note that, for 9% LIHTC purposes, as of the ~~2025~~ 2026 QAP, property must be purchased by August 31st of the year following reservations, therefore it is crucial to obtain HUD environmental clearance in sufficient time to meet this acquisition deadline. Purchase agreements must incorporate language allowing for the purchase to be cancelled in the event environmental clearance cannot be obtained.

SITE AND NEIGHBORHOOD STANDARDS (NEW CONSTRUCTION ONLY) - Housing New Mexico/MFA is responsible for making the determination that proposed sites for new construction meet the requirements in 24 CFR 983.57(e). Housing New Mexico/MFA will utilize the market study to determine if a site meets these standards, which relate to concentrations of low-income/minority persons in census tracts, substandard dwelling conditions, and accessibility to jobs and services. Developers are advised to review these requirements prior to investing time and money in a specific site. Please confer with Housing New Mexico/MFA as needed.

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

BUILD AMERICA BUY AMERICA (BABA) Act – Depending upon the date the HOME funds awarded to the Project were allocated to Housing New Mexico/MFA by HUD, the Buy America Preference (BAP) may apply to the Project. The Build America, Buy America Act (BABA) is a law that requires the use of US-made materials and products for federally-funded projects. Specifically, when BABA is triggered, all iron, steel, manufactured products and construction materials must be manufactured in the US. Further info: https://www.hud.gov/program_offices/general_counsel/build_america_buy_america

HOME LOAN AMOUNTS - In accordance with the approved 2024 State of New Mexico Action Plan, the maximum HOME loan amount for the 9% LIHTC round will be the lesser of (a) a maximum

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of $1,250,000 per project for CHDOs/$500,000 for non-CHDOs or (b) 80 percent of the project's Housing New Mexico/MFA-approved total development cost.

In accordance with the approved 2024 State of New Mexico Action Plan, the maximum HOME loan amount for rental assistance ***without*** the 9% LIHTC round will be the lesser of (a) a maximum of $1,250,000 per project for CHDOs/$1,000,000 for non-CHDOs or (b) 80 percent of the project's Housing New Mexico/MFA-approved total development cost.

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

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FOR FURTHER INFORMATION:

HOME Underwriting Criteria: Justin Carmona, Development Loan Manager (505) 767-2211 jcarmona@housingnm.org	Relocation: Sherry Stephens, Preservation Program Mgr. (505) 767-2250 sstephens@housingnm.org
Environmental Review Michelle Wherley, Regulatory Compliance Specialist II (505) 308-4230 mwherley@housingnm.org	Site & Neighborhood Standards Miguel Rivera, Architectural Services Rep. (505) 767-2218 mrivera@housingnm.org

NATIONAL HOUSING TRUST FUND TERM SHEET

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

Underwriting:

- ✓ Awards of the NHTF funds are limited by the maximum per-unit subsidy limits and the Housing New Mexico/MFA's underwriting guidelines. Awards of NHTF funds to projects that receive 9% LIHTC are limited to a maximum of $400,000 per project. Awards of NHTF funds to all other projects are limited to a maximum of $1,500,000 per project.
- ✓ **Maximum Per-Unit Subsidy Limits** - To allow maximum flexibility, the maximum per-unit subsidy limits for NHTF will be set at HUD's applicable limits for the HOME Program effective at the time of commitment of NHTF funds. The maximum per-unit subsidy limits change annually, and applicant should contact Housing New Mexico/MFA for the most recent data.
- ✓ **Developer and Consultant Fees** - Developer fees, inclusive of consultant fees, will be restricted to the maximum limits as described beginning on page 3 above.
- ✓ **Builder Fees** - "Builder Fees" generally cover builder overhead, profit and general requirements and are limited to a percentage of improvements and hard construction costs. Builder Fees will be restricted to the maximum limits as described beginning on page 1 above, unless further restricted by other funding sources.

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

PROJECT READINESS STANDARDS - Housing New Mexico/MFA intends to make NHTF awards only to projects that are significantly ready to proceed. At the time of application, the project must have site control, all required zoning in place and the applicant should have all significant environmental issues identified with a plan to address such issues. Preference will be given to projects that have all funding commitments, other than Housing New Mexico/MFA

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resources, in place. The applicant must be able to represent to Housing New Mexico/MFA that there are no unusual circumstances that would delay a loan closing.

ENVIRONMENTAL REVIEW - New construction and rehabilitation projects funded with NHTF must be assessed in accordance with the NHTF Environmental Provisions described in 24 CFR 93.301(f)(1) and (2) as well as HUD Notice CPD-16-14, "Requirements for Housing Trust Fund Environmental Provisions." Copies of all NHTF Environmental Provisions are posted on Housing New Mexico/MFA website for review at: https://housingnm.org/developers/federal-regulations/environmental-reviews

BUILD AMERICA BUY AMERICA (BABA) Act –Projects receiving NHTF funds will have the Buy America Preference (BAP) apply to the Project. The Build America, Buy America Act (BABA) is a law that requires the use of US-made materials and products for federally-funded projects. Specifically, when BABA is triggered, all iron, steel, manufactured products and construction materials must be manufactured in the US. Further info: https://www.hud.gov/program_offices/general_counsel/build_america_buy_america

FOR FURTHER INFORMATION:

NHTF Underwriting Criteria: Justin Carmona, Development Loan Manager (505) 767-2211 jcarmona@housingnm.org	Relocation: Sherry Stephens, Preservation Program Mgr. (505) 767-2250 sstephens@housingnm.org
Environmental Review Michelle Wherley, Regulatory Compliance Specialist II (505) 308-4230 mwherley@housingnm.org	Site & Neighborhood Standards Miguel Rivera, Architectural Services Rep. (505) 767-2218 mrivera@housingnm.org

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NEW MEXICO HOUSING TRUST FUND TERM SHEET

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

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

Underwriting:

- ✓ **Maximum Funding Amount** - Housing New Mexico/MFA, in its discretion, may set limits on the amount of NMHTF funding to be awarded per application, per NOFA, per quarter, per year, or otherwise. See the program webpage on Housing New Mexico/MFA's website at https://housingnm.org/developers/rental/new-mexico-housing-trust-fund for current funding limits.

- ✓ **Interest Rate** – Housing New Mexico/MFA may, in its sole discretion, set interest rates on NMHTF funding. See the program webpage on Housing New Mexico/MFA's website at https://housingnm.org/developers/rental/new-mexico-housing-trust-fund for current rates according to project type.

- ✓ **Loan Term and Amortization –** Housing New Mexico/MFA offers construction loans with a maximum term of 24-months and permanent long-term amortizing loans with a maximum term of 40 years. Loans are fully amortizing according to the duration of the permanent loan term.

- ✓ **Developer and Consultant Fees** - Developer fees, inclusive of consultant fees, are limited to the following percentages of acquisition and site improvements, hard construction costs, professional fees, financing costs, and soft costs, unless further restricted by other funding sources. Exceptions will be allowed in the case of Low Income Housing Tax Credit (LIHTC) projects, in which developer and consultant fees are subject to the limits set forth in the applicable LIHTC Qualified Allocation Plan issued by Housing New Mexico/MFA.

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- Small project (five or fewer units): 15%
- Standard project (six or more units): 12%

✓ **Builder Fees** - "Builder Fees" generally cover builder overhead, profit and general requirements and are limited to 14 percent of site improvements and hard construction costs, unless further restricted by other funding sources.

CONSTRUCTION LOANS - Housing New Mexico/MFA is at risk for repayment if, and when, Housing New Mexico/MFA's Gap funding sources are expended and units are not produced. Therefore, the use of Housing New Mexico/MFA funds for construction will be allowed only when guarantors, acceptable to Housing New Mexico/MFA, provide guarantees during the construction period. During construction, multiple disbursements are permitted upon evidence of costs incurred, not more frequently than monthly.

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

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

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

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Beneficiary Income Limits and Other Requirements:

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

✓ **Owner-Occupied Housing** - Beneficiary households residing in units financed with NMHTF monies must earn either very low, low, or moderate incomes (adjusted for household size)

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as defined by the most recently amended Housing New Mexico/MFA Rules and Regulations. Currently, these limits are set at 150% or less of AMI. The home must be owned and occupied by the household as a principal residence. Title to the property must be held as fee simple or a 99-year leasehold. Homes located on Tribal Land may have a 50-year lease or alternative acceptable to Housing New Mexico/MFA.

- ✓ **Rental Housing -** Beneficiary households residing in units financed with NMHTF monies must initially have incomes at or below 60% of AMI adjusted for family size as determined by HUD. Rent rates for households residing in units financed with NMHTF monies will be rent-restricted. A unit is deemed "rent-restricted" when the maximum rent for such unit will not exceed thirty (30) percent of the maximum annual income allowable for persons or families occupying such unit. If persons or families occupying such rent-restricted units pay for their own utilities, the maximum tenant-paid rent will equal the amount, reduced by the amount of the local utility costs approved by Lender. If a unit receives Federal or State project-based rental subsidy and the family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program. Additionally, Housing New Mexico/MFA requires that 60% of all rental units in a given project be for families earning no more than 120% of AMI.

FOR FURTHER INFORMATION:

Tim Martinez, Assistant Director
(505) 767-2258 or toll-free statewide (800) 444-6880
tmartinez@housingnm.org

HUD Section 811 Project Rental Assistance (PRA) Program Term Sheet

BACKGROUND - In 2020 Housing New Mexico/MFA applied for a $3.6 million award to participate in HUD's Section 811 Project Rental Assistance (PRA) program, which provides project-based rental assistance for extremely low- income Persons with disabilities, 18-61 years of age who are linked with long-term services. An award of Section 811 funds is contingent upon Housing New Mexico/MFA entering into a Cooperative Agreement with HUD. In order to utilize these funds, projects must be in a location served by an active Local Lead Agency (LLA), through which the services will be provided. The Section 811 program will be implemented over a five-year period and will serve an estimated 58 households.

QUALIFICATIONS AND RESTRICTIONS -No more than 25 percent of the total units (a minimum of 5 Units) in an eligible multifamily property can:

- Be provided Section 811 PRA funds
- Be used for supportive housing for Persons with disabilities
- Have any occupancy preference for Persons with disabilities

OWNER CAPACITY AND EXPERIENCE - Owner and Property Management must demonstrate the capacity to participate in Section 811 PRA. This will be measured, in part, by the level of experience administering HUD rental subsidy programs, specifically with HUD's Tenant Rental Assistance Certification System (TRACS) and Enterprise Income Verification (EIV) and experience with managing a range of housing populations, with a particular emphasis on Persons with disabilities.

In the event of non-compliance, any additional developer fee received (because of the participation in the Section 811 PRA program) beyond the Developer Fee cost limits outlined in Section IV.D.2 must be returned to the project in the form of a capitalized reserve account.

In addition, units must meet program criteria for unit integration and accessibility.

Should this source become competitive, PRA allocations will be made based on score.

4% Projects looking to participate in the 811 PRA program are welcome to apply with the expectation of availability, however they are not eligible for the 5% boost to the capped developer fee.

See https://housingnm.org/property-owners-agents-and-managers/section-811-project-rental-assistance for more information.

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FOR FURTHER INFORMATION:

Carmela Arellano, Program Coordinator
(505) 767-2269 or toll-free statewide (800) 444-6880
carellano@housingnm.org

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Housing New Mexico/MFA 2026 Mandatory Design Standards for Multifamily Housing
Part A

The following Design Standards, including the Housing New Mexico/MFA 2026 Submission Instructions for Preliminary Architectural Documentation for Multifamily Housing Applications, contained herein as **Part B,** represent the minimum requirements for New Mexico Mortgage Finance Authority (Housing New Mexico/MFA) financed rental housing and are herewith incorporated by reference into Housing New Mexico/MFA's 2026 Qualified Allocation Plan (QAP). Capitalized terms are defined either herein or in the QAP.

a. Housing New Mexico/MFA values excellence in design because well designed housing meets the needs of tenants, attracts market tenants and promotes community acceptance of housing financed by Housing New Mexico/MFA. All Projects shall meet or exceed each of these standards, as well as the minimum requirements of all applicable building codes (hereinafter referred to as "Code"), regulations, and local zoning ordinances. In addition, Projects shall meet Americans with Disabilities Act (ADA) and Fair Housing Act (FHA) requirements as applicable. Depending on the funding sources and other partners' requirements, the Project may also be subject to Uniform Federal Accessibility Standards (UFAS) requirements. Projects receiving HOME and/or HOME-ARP funding must meet the property standards of 24 CFR 92.251. Projects receiving National Housing Trust Funds must meet the property standards of 24 CFR 93.301 (f) (1) and (2). Projects receiving Coronavirus State and Local Fiscal Recovery Funds pursuant to the Final Rule published May 17, 2021, as amended, must meet the property standards of HOME and/or National Housing Trust Fund, as applicable. The Project Owner shall not commence construction on a Project or request disbursements of Housing New Mexico/MFA gap financing prior to receipt of Housing New Mexico/MFA's written approval of complete construction documents. The development team is responsible to know and meet all accessibility requirements for their Project. Housing New Mexico/MFA will not be reviewing submissions with the intent to identify compliance with these various laws, codes, and ordinances governing the design of the projects. Should we find a discrepancy in a design that does not meet a law, code, or ordinance, we will, as a courtesy, inform the designer of our findings. Our review does not constitute nor represent the project's compliance with all applicable laws, codes, or ordinances; and development team members may not rely on Housing New Mexico/MFA or its agents for final determination. In light of the complexity of adherence to all various code requirements, some developers may find it beneficial to hire third-party consultants to provide additional review.

Each Project Owner and architect will be required to certify at Application that the Project design meets these Design Standards, and at completion will be required to certify that the Project was built in compliance with these Design Standards. The Design Standards have been arranged into three sections: "New Construction," "Rehabilitation," and "Special Projects" and shall be used as applicable for each type of Project or each portion of a Project.

Generally: Each Project must satisfy the desires and demands of the rental market. The physical characteristics of Projects will vary and depend on such matters as rentals, characteristics of population served, size of households, and comparable Projects. **While it is expected that all projects meet the Design Standards applicable to their form of construction, these Design Standards are not intended to add unnecessary burden to the project. In cases where it is not technically and/or economically feasible to adhere strictly to all design or submission requirements, individual requirements may be waived at Housing New Mexico/MFA's discretion.** The applicant must complete and submit the Waiver Procedure for Design Requirements form found in the 2026 Universal Rental Development Application Package. This request will be reviewed with the Application and determination of approval given following the design review process. Waiver Requests made after the project is awarded tax credits and/or any Housing New Mexico/MFA funding are considered changes to the Project, and a $500 fee payment will be required. Additionally, if any portion or access to a particular feature of the proposed unit is not included in the base rent, it will not count towards the design standards.

Design: Housing rental Projects must provide a continuing market appeal. Amenities, space and aesthetics must be competitive with other properties serving the same market segment. The Project must be visually pleasing, well suited to the needs of the residents, and of good design reflecting the architectural standards of the neighborhood and of the community in which it is situated. Site, building and dwelling unit designs must be practical and use space effectively.

Cost Concerns: The design should incorporate proven construction cost-saving techniques, durable cost-effective materials suitable for the intended use, energy saving features, and cost-efficient mechanical systems. Minimizing initial construction costs and continuing operation and maintenance costs are essential to Housing New Mexico/MFA's affordable housing programs.

For purposes of this document, the ANSI A 117.1 standard means the then-current version of the ANSI A.117.1 standard adopted by the state of New Mexico as same applies to the Project at the time of construction.

NEW CONSTRUCTION

A. GENERAL DESIGN

1. New construction Projects shall conform to the following provisions and requirements as described in the New Construction section of this Design Standard unless specific site conditions make compliance technically infeasible, in which case the Application must contain a detailed explanation of why a provision or requirement cannot be met.
2. Provisions shall be made for ACCESSIBILITY for people with disabilities in conformance with the requirements of federal and state law including the FHA and the ADA, as applicable. A minimum 5 percent of the units on a Project site shall meet the provisions of a Type A accessible unit as

described in the ANSI A117.1 standard. An additional 2 percent of the units shall meet the provisions of a "hearing impaired unit." Depending on the funding sources and other partners' requirements, the Project may also be subject to UFAS requirements. The development team is responsible to know and meet all accessibility requirements for their Project.

a. Site elements, accessible routes, buildings, and units shall be constructed in accordance with the ANSI A117.1 standard.
b. An accessible route shall be provided to all accessible units, to all public use spaces, to all common use spaces, and to site amenities (such as mail centers and dumpsters).
c. All common areas, including playgrounds and exercise rooms, shall be made accessible in accordance with FHA and ADA requirements.
d. Not less than one of the Type A units provided shall be fitted with a roll-in shower which shall be constructed in conformance with the ANSI A117.1 standard.

3. One accessible parking space shall be provided for each designated Type A accessible unit. Accessible parking, including van accessible parking, shall be provided at the community building at the ratios required by Code. Provisions shall be made for ADAPTABILITY for people with disabilities in conformance with the requirements of federal and state law including the FHA and the ADA. All units located on an accessible path shall meet the provisions of either a Type A or Type B accessible unit as described in the ANSI A117.1 standard. An accessible route shall be provided to all ground floor units (unless noted through exception as found within the FHA and ANSI standards based on site configuration – See FHA Design Manual and ANSI A117.1 for additional information.)
4. New construction properties shall be designed and constructed in such a way as to provide greater energy efficiency, decreased water usage, and increased durability over a similarly sized minimum Code compliant Project. The State of New Mexico has adopted the 2018 International Energy Conservation Code (IECC); some local government standards may exceed that standard.
   b. New construction units shall achieve a HERS certification of 55 or less.
   c. New construction units shall utilize plumbing fixtures with flow rates and flush rates at the following rates or better:
      - Toilets at 1.28 GPF;
      - Lavatory Faucets 1.0 GPM;
      - Kitchen Faucets 1.2 GPM;
      - Shower Heads 2.0 GPM.
   d. The Project team shall implement durability measures intended to extend the livability and to decrease maintenance costs of the property.

B. SITE DESIGN AND DEVELOPMENT

1. Sites shall be designed, constructed, monitored and maintained in accordance with the federal Clean Water Act. See EPA's "Managing Your Environmental Responsibilities: A Planning Guide for Construction and Development" for additional information and requirements. http://water.epa.gov/polwaste/npdes/stormwater/upload/myerguide.pdf.
2. Sites shall be constructed to drain away from buildings. Storm water recharge of groundwater is a goal. Ponding areas shall be made attractive but reduce risk to tenants.

3. Parking shall be provided at the minimum numbers as defined by local Zoning Ordinance.
4. Parking for bicycles shall be provided at all properties at the ratio of .5 bicycle parking space per unit.
    a. Senior properties so designated by the U.S. Department of Housing and Urban Development (HUD) funding definitions applicable to the property and/or the Housing for Older Persons Act (HOPA) shall be required to provide bicycle parking at the ratio of .25 spaces per unit.
    b. Bicycle parking should be provided in secure areas outside of the unit and in locations that do not compromise building safety or exiting. Bicycle parking at exterior locations shall be placed in highly visible locations and adjacent to the units the spaces serve. Bicycle parking may be congregate. Multiple spaces may be accomplished on a single rack. Bicycle parking racks should be fixed and permanent in nature.
5. Common use site areas shall include refuse collection, mail distribution, laundry, recreation, and congregation. All such areas shall be connected with an accessible route.
    a. Refuse collection areas shall be convenient to the units, shall be screened on all four sides, and shall offer room for recycling activities if such service is available in that municipality.
    b. Mail distribution areas shall be well lit and secure but shall remain open to the tenants at all times.
    c. Unless washers and dryers are provided in each individual unit, laundry facilities shall be provided for tenant use at all properties with more than 20 units on the site as follows:
        i. One each washer and dryer shall be provided for every 12 units.
        ii. If washer and dryer connections are being provided at each unit, one each washer and dryer required for every 16 units.
        iii. Laundry facilities shall be secured and well-lit from dusk until dawn.
        iv. Laundry facilities shall be centrally located onsite to allow for easy access for all tenants.
        v. An accessible clothes folding table or counter shall be provided in each laundry facility.
    d. Site recreational areas shall be provided at all properties.
        i. Site recreational facilities shall be provided on an accessible route and shall encourage physical activity and community interaction.
        ii. Site recreational facilities shall include accessible play areas, shall be provided for different age groups, and shall encourage physical activity. Activities/play areas for different age groups may be combined within a common play area as appropriate.
            a) All play areas shall be located away from high automobile traffic and shall be situated for maximum visibility from the dwelling units.
            b) A play area for children under age 5 shall be provided within direct visibility of common spaces.
            c) A play area for children ages 5 – 12 shall be provided.
            d) For children over age 12 an area of congregation that encourages physical activity shall be provided.
            e) Visible warning signs describing play area rules and warning that use is at one's own risk shall be provided at each play area.

f) A weather resistant, permanently mounted bench shall be provided at each play area and connected to the accessible path. A clear floor space shall be provided adjacent to mounted bench.

g) Senior properties so designated by HUD funding definitions applicable to the property and/or the HOPA shall be exempt from the requirement to provide play areas but shall provide areas of congregation that encourage physical activity.

6. Landscaping shall be required at all properties:
   a. A complete landscape plan which maximizes existing natural features or otherwise enhances open space is required.
   b. Native, semi-native, or drought tolerant plants shall be used.
   c. Low water use irrigation systems shall be used.
7. Interior community spaces and business offices shall be provided at all properties.
   a. All properties shall provide at least 200 square feet of office space to be utilized as on-site business office space and a maintenance room of at least 100 square feet capable of storing the necessary equipment for maintaining the project.
   b. Accessible public restrooms, at the ratios required by Code, shall be provided.
   c. Unless required by local building code, properties containing 20 or fewer units shall be exempt from the requirement to provide interior community spaces, public restrooms and business offices.

C. BUILDING DESIGN AND CONSTRUCTION

1. Exterior Building Design
   a. Buildings shall be designed to meet the local zoning requirements for that Project site, including requirements for unit densities, building heights, building setbacks, massing, colors, and materials.
   b. Definitions: The following specific terms as used in this document shall be defined as following:
      i. Building Façade: The “Building Façade” shall be defined to be: “Any elevation of a building facing a public way or space.” A Building Façade shall be inclusive of all building elements compiled to create a visual impression. This is much more inclusive than just the building skin.
      ii. Building Shape: The “Building Shape” shall be defined to be: “The primary rectilinear volume of the building structure.”
      iii. Building Shape Variations: “Building Shape Variations” shall be defined to be: “any deviation in plane from the Building Shape.”
   c. Unless more stringent local zoning requirements apply, the following minimum design requirements shall be met:
      i. Building Façades shall be multi-faced.

a) In no case shall a Building Shape be confined to a straight rectangle. Building Shape Variations shall be required at a ratio of not less than the number bedrooms situated on the ground floor plane.

ii. Building Façades shall utilize not less than three different building materials.
   a) Changes in building materials may also satisfy the requirements for shape changes if the materials are not in the same plane.
   b) Exterior building materials exposed to the elements shall be low maintenance relative to the Project's geographic location.

iii. Building Façades shall be multi-colored.
   a) Each Building Façade shall include not less than two distinct colors.
   b) Colors may be from the same hue family but shall be distinct from each other.

iv. Building Façades shall be complementary to the form and massing of existing buildings throughout the community.

v. Building Façades shall be unique to the location and shall be of attractive design.

d. Buildings shall be individually marked with visible, contrasting identifying signage to minimize the response time of emergency personnel. Building identifying signs shall be illuminated so as to be clearly visible from dusk until dawn.

2. Integrated Pest Management
   a. Building construction shall also include sealing all walls, floor and joint penetrations with low-VOC caulking or other appropriate nontoxic sealing methods to prevent pest entry.
   b. PSH are recommended to incorporate dedicated room for the treatment of bed bugs through heating to treat all incoming furniture and tenant possessions.

D. UNIT DESIGN AND CONSTRUCTION

1. All units shall be constructed to meet Code requirements and the following minimum bedroom areas and dimensions requirements:
   a. The primary bedroom in each unit shall be not less than 120 square feet.
   b. Secondary bedrooms shall not be less than 100 square feet.
   c. No bedroom shall have a dimension less than nine linear feet.
   d. Bedroom areas shall not include wall thicknesses, closets, hallways, or adjoining rooms, but shall be the area immediately surrounding the intended bed location.
2. All units shall meet the following minimum storage requirements:
   a. A clothes closet in each bedroom shall be provided. Bedroom closets shall not be dual purposed to meet other storage requirements.
   b. A mechanical closet (as appropriate for the system to be utilized) shall be provided. Mechanical closets shall not be dual purposed to meet other storage requirements.
   c. A laundry room or utility closet (if included in the unit design with the intent to provide washer and dryer hook ups) shall be provided.
   d. A multi-use storage closet or closets which total not less than 8 square feet in area shall be provided. Multi-use closets shall be equipped with shelving at multiple heights.

e. Larger units (three bedrooms or more) shall be provided with an entry or coat closet in addition to the multi-use closet(s).

3. Three- and four-bedroom units shall be provided with not less than 1.75 baths.
4. Single lever deadbolts and eye viewers are required on all entry doors to residential units.
5. Interior finishes shall be easily cleanable and durable.
6. Carpet shall not be installed in high moisture areas including entryways, bathrooms, kitchens, and laundry rooms/closets. All carpet shall be CRI Green Label Plus and hard surface flooring shall be SCS Floorscore certified.
7. Units shall be individually marked with visible contrasting identifying signage that shall be illuminated so that it is clearly visible from dusk until dawn, as well as daylight hours.
8. Every room and space intended for human occupancy shall be equipped with permanent, hardwired, energy efficient light fixtures. Switched outlets will not satisfy this requirement.
9. Sites shall be developed, and units constructed so as to include wiring and infrastructure needed to allow for access to high-speed broadband internet[1], telephone, and cable/satellite television.
10. Interior paints and sealants shall be low volatile organic compounds (VOC) or no VOC.
11. All appliances, including laundry equipment, shall be Energy Star rated. (Cooking appliances are exempt from this requirement).

REHABILITATION

A. GENERAL DESIGN

Rehabilitation Projects shall conform to the following provisions and requirements as described in the Rehabilitation section of this standard unless specific building and/or site conditions make compliance technically infeasible, in which case the Application must contain a Waiver of Procedure for Design Requirements, which can be found in the 2026 Universal Rental Development Application Package. If the housing is occupied at the time of rehabilitation, any and all life-threatening deficiencies must be identified and addressed immediately.

Appendix A removed from NHTF rehab requirements. This section is no longer applicable.

[1] Under the final HUD rule governing installation of broadband, any new and substantially rehabilitated "public housing project" of four or more units must include infrastructure capable of supporting broadband access to residents as of January 19, 2017, unless the federal fund recipient can document one of the following three grounds for waiver:

- Location of property makes it infeasible;
- Costs of broadband infrastructure deployment changes the nature of the project or is an undue financial burden; or
- Nature of the structure being rehabbed makes installation infeasible.

Under the new regulation, "broadband infrastructure" is defined to include cable and fiber optic wiring, as well as wireless infrastructure, that is capable of meeting the FCC's definition of "advanced telecommunication capability." The FCC currently defines that term as broadband with at least 25 Mbps of downstream capability and 4 Mbps of upstream capability.

1) In addition, for Projects receiving federal funding, rehabilitation Projects must comply with HUD's Uniform Physical Condition Standards and all units shall be decent, safe, sanitary, and in good repair, as described in 24 CRF 5.703.

   It is not the intent to burden a project with unnecessary work; however, we do expect the project to have a minimum 20-year life expectancy after the work is completed.

2) Provisions shall be made for ACCESSIBILITY for people with disabilities in conformance with the requirements of federal and state law including the FHA and the ADA. At minimum 5 percent of the units on a Project site shall meet the provisions of a Type A accessible unit as described in the ANSI A117.1 standard. An additional 2 percent of the units shall meet the provisions of a "hearing impaired unit." (See Special Projects "C" below for recommended practices.) Depending on the funding sources and other partner requirements, the Project may also be subject to Uniform Federal Accessibility Standards (UFAS) requirements. The development team is responsible to know and meet all accessibility requirements for their Project.
   a. Site elements, accessible routes, buildings and units shall be constructed in accordance with the ANSI A117.1 standard.
   b. An accessible route shall be provided to all accessible units, to all public use spaces, to all common use spaces and to site amenities (such as mail centers and dumpsters).
   c. All common areas, including playgrounds and exercise rooms shall be made accessible in accordance with FHA and ADA requirements.
   d. Not less than one of the Type A units provide shall be fitted with a roll-in shower which shall be constructed in conformance with the ANSI A117.1 standard.
   e. One accessible parking space shall be provided for each designated Type A accessible unit. Accessible parking, including van accessible parking, shall be provided at the community building at the ratios required by Code.

3) Rehabilitation properties shall be designed and constructed in such a way as to provide greater energy efficiency, decreased water usage, and increased durability to the buildings, units and site elements. The State of New Mexico has adopted the 2018 International Energy Conservation Code (IECC); some local government standards may exceed that standard.
   a. Rehabilitation units shall achieve a post-construction HERS score of 65 or less.
   b. Plumbing fixtures to be replaced as part of the rehabilitation scope shall be replaced with fixtures utilizing flow rates and flush rates at the following given rates or better:
      - Toilets at 1.28 GPF;
      - Lavatory Faucets 1.0 GPM;
      - Kitchen Faucets 1.2 GPM;
      - Shower Heads 2.0 GPM.

4) Hazardous materials assessment and remediation must be completed in accordance with EPA requirements and best practices.
   a. Asbestos – project will be assessed for the existence of asbestos-containing building materials by qualified professionals:

i. National Emission Standards for Hazardous Air Pollutants (NESHAP) apply.
ii. Removal of asbestos must be carried out per federal EPA and state regulations and rules.

b. Lead - Health and Safety and Lead Safe Housing:
   i. Lead-Based Paint
      - Federal and state regulations related to lead-based paint apply to target housing, which is defined as any housing constructed prior to 1978.
      - Rehabilitation of target housing must be completed in a manner which ensures the health and safety of workers and residents, especially children. A number of regulations apply when lead painted surfaces are disturbed in residential properties, primarily requiring the appropriate training of workers and the use of safe work practices. In some cases, use of federal funds for rehabilitation will trigger a higher level of lead paint treatments based on the amount of federal money being used. The following regulations must be adhered to during all rehabilitation of target housing:

   ii. Federal Regulations:
      - HUD Lead Safe Housing Rule (Title 24, Part 35) requires various levels of evaluation and treatment of lead paint hazards when federal money is used for rehabilitation of target housing. More information is available at: https://www.hud.gov/program_offices/healthy_homes/enforcement/lshr
      - EPA Renovation Repair and Painting Rule (40 CFR Part 745) – Requires contractors conducting renovation, repair or maintenance that disturbs paint in target housing or child-occupied facilities to be licensed by EPA and use lead- safe work practices to complete the work. Developers must ensure contractors are properly trained and licensed. More information is available at: http://www2.epa.gov/lead
      - HUD/EPA Disclosure Regulations (Title 24, Part 35, Subpart A) – Requires owners of target housing to disclose all lead paint records and related information to potential buyers and/or tenants. More information is available at: http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_12347.pdf
      - OSHA Lead in Construction Rule (29 CFR Part 1926.62) - Proscribes personal protection measures to be taken when workers are exposed to any lead during construction projects. More information is available at: https://www.osha.gov/Publications/osha3142.pdf

Note: Projects utilizing National Housing Trust Fund funding are also subject to the requirements of Supplement A: State of New Mexico National Housing Trust Fund Rehabilitation Standards.

B. SITE DESIGN AND DEVELOPMENT

1. Sites shall be improved, constructed, and monitored in accordance with the federal Clean Water Act.
2. Sites shall be constructed to drain away from buildings. Storm water recharge of groundwater is a goal. Ponding areas shall be made attractive but reduce risk to residents.
3. Parking for bicycles shall be provided at all properties at the ratio of .25 bicycle parking spaces per unit.

a. Senior properties so designated by HUD funding definitions applicable to the property and/or the HOPA shall be required to provide bicycle parking at the ratio of .15 spaces per unit.
b. Bicycle parking should be provided in secure areas outside of the unit area and in locations that do not compromise building safety or exiting. Bicycle parking at exterior locations shall be placed in highly visible locations and adjacent to the units the spaces serve. Bicycle parking may be congregate. Multiple spaces may be accomplished on a single rack. Bicycle parking racks should be fixed and permanent in nature.

4. Common use site areas shall include refuse collection, mail distribution, laundry, recreation and congregation. All such areas shall be connected with an accessible route.
   a. Refuse collection areas shall be screened on all four sides and shall offer room for recycling if such service is available in that municipality.
   b. Mail distribution areas shall be well lit and secure but shall remain open to the tenants at all times.
   c. If an existing Project proposed for rehabilitation has washers and dryers and/or washer/dryer hook-ups provided in each unit, then no laundry facility is required as part of the proposed rehabilitation. If existing units do not contain washer/dryer hook-ups, then laundry facilities shall be provided for tenant use at all properties with more than 20 units on the site as follows:
      i. One each washer and dryer for every 12 units.
      ii. If washer and dryer connections are being provided at each unit, one each washer and dryer required for every 16 units.
      iii. Laundry facilities shall be secured and well-lit from dusk until dawn.
      iv. An accessible clothes folding table or counter shall be provided in each laundry facility.
   d. Site recreational areas shall be provided at all properties.
      i. Site recreational facilities shall be provided on an accessible route, shall encourage physical activity, and shall encourage community interaction.
      ii. Site recreational facilities shall include accessible play areas, shall be provided for different age groups, and shall encourage physical activity. Activities for different age groups may be combined within a common play area as appropriate.
         a) All play areas shall be located away from high automobile traffic and shall be situated for maximum visibility from the dwelling units.
         b) A play area for children under age 5 shall be provided within direct visibility of common spaces.
         c) A play area for children ages 5 – 12 shall be provided.
         d) For children over age 12 an area of congregation that encourages physical activity shall be provided.
         e) Visible warning signs describing playground rules and warning that use is at one's own risk shall be provided at each play area.
         f) A weather resistant, permanently mounted bench shall be provided at each play area and connected to the accessible path. A clear floor space shall be provided adjacent to mounted bench.

g) Senior properties so designated by HUD funding definitions applicable to the property and/or the HOPA shall be exempt from the requirement to provide play areas but shall provide areas of congregation that encourage physical activity.

5. Landscaping shall be required at all properties:
   a. A complete landscape plan which maximizes existing natural features or otherwise enhances open space is required.
   b. Native, semi-native, or drought tolerant plants shall be used.
   c. Low water use irrigation systems shall be used.
6. Interior community spaces and business offices shall be provided at all properties.
   a. All properties shall provide at least 200 square feet of office space to be utilized as on-site business office space and a maintenance room of at least 100 square feet capable of storing the necessary equipment for maintaining the project.
   b. Accessible public restrooms, at ratios required by Code, shall be provided.

Unless required by local building codes, properties containing 20 or fewer units shall be exempt from the requirement to provide interior community spaces, public restrooms and business offices.

C. BUILDING DESIGN AND CONSTRUCTION

1. Exterior Building Design
   a. Unless more stringent local zoning requirements apply, the following minimum design requirements shall be met:
      i. Building Façades shall utilize not less than three different building materials.
         a) Exterior building materials exposed to the elements shall be low maintenance relative to the Project's geographic location.
      ii. Building Façades shall be multi-colored.
         a) Each Building Façade shall include not less than two distinct colors.
         b) Colors may be from the same hue family but shall be distinct from each other.
      iii. Buildings shall be individually marked with visible, contrasting identifying signage to minimize the response time of emergency personnel. Building identifying signs shall be illuminated so as to be clearly visible from dust until dawn.

D. UNIT DESIGN AND CONSTRUCTION

1. Single lever deadbolts and eye viewers are required on all entry doors to residential units.
2. Interior finishes shall be easily cleanable and durable.
3. Carpet shall not be installed in high moisture areas including entryways, bathrooms, kitchens, and laundry rooms/closets. All carpet shall be CRI Green Label Plus and hard surface flooring shall be SCS Floorscore certified. (Applies to new flooring only.)
4. All hot water lines exposed as a result of the construction shall be insulated and sealed in additional rigid pipe insulation to the insulation values required by ASHRAE standards.
5. Bathrooms must be ventilated in accordance with building codes.
6. Units shall be individually marked with visible contrasting identifying signage that shall be illuminated so that it is clearly visible from dusk until dawn, as well as daylight hours.

7. Sites shall be developed, and units constructed so as to include wiring and infrastructure needed to allow for access to high-speed broadband internet[2], telephone, and cable/satellite television.
8. Interior paints and sealants shall be low VOC or no VOC.
9. All appliances, including laundry equipment, proposed to be replaced as part of the scope of work for rehabilitation, shall be Energy Star rated.

SPECIAL PROJECTS

A. SINGLE ROOM OCCUPANCY (SRO) DEVELOPMENTS

1. Tenant rooms (units) shall be 140 square feet minimum gross heated area with a maximum size of 500 square foot gross heated area.
2. Each unit shall be provided with at least one appropriately sized bed, a lockable storage compartment or chest of drawers, and a vertical clothes closet measuring at minimum 36 inches wide.
3. Each building containing units shall provide bathroom facilities.
    a. A bathroom facility shall be provided for every 16 units or fraction thereof in that building.
    b. Each bathroom facility shall provide bathroom fixtures at a ratio of the number of units it serves.
        i. One sink, one shower with curtain or door and one toilet with a door shall be provided for every four units.
4. Each building containing units shall include a food preparation area unless provided within all units within that building.
    a. The food preparation area shall be adequately sized for the number of units it serves.
5. A community center, community living area or meeting room shall be provided on the property.
6. Laundry facilities shall be provided for tenant use at all properties with more than 20 units.
    a. Laundry facilities shall be secured and well-lit from dusk until dawn.
    b. One each washer and dryer shall be provided for every 20 units.
    c. An accessible clothes folding table or counter shall be provided in each laundry facility.

B. ADAPTIVE REUSE PROJECTS

1. Adaptive reuse Projects shall be subject to the full provisions of the Mandatory Design Standards for new construction unless it is demonstrated to Housing New Mexico/MFA's satisfaction that specific

[2] Under the final HUD rule governing installation of broadband, any new and substantially rehabilitated "public housing project" of four or more units must include infrastructure capable of supporting broadband access to residents as of January 19, 2017, unless the federal fund recipient can document one of the following three grounds for waiver:

- Location of property makes it infeasible;
- Costs of broadband infrastructure deployment changes the nature of the project or is an undue financial burden; or
- Nature of the structure being rehabbed makes installation infeasible.

Under the new regulation, "broadband infrastructure" is defined to include cable and fiber optic wiring, as well as wireless infrastructure, that is capable of meeting the FCC's definition of "advanced telecommunication capability." The FCC currently defines that term as broadband with at least 25 Mbps of downstream capability and 4 Mbps of upstream capability.

elements or requirements are technically infeasible to accomplish, in which case the Application must contain a detailed explanation of why a provision or requirement cannot be met.

C. SENSORY IMPAIRED UNITS

Projects that include units for people with sensory impairments are encouraged to incorporate the following design standards to the extent they are financially feasible. Where these standards exceed the Uniform Accessibility Standards cited in Section 504, they are recommended, but not required.

1. Lighted switches for garbage disposal, range fan, and bathroom fan. Both visual and audible notification for doorbell and fire alarm.
2. Construction materials and techniques that minimize vibration and improve sound control.
3. Open sightlines in community rooms, meeting areas, landings, stairwells, and other building areas to remove visual communication barriers.
4. Specialized lighting design and window placement that minimizes glare in order to facilitate communication in American Sign Language. Light fixtures are selected for their glare reducing design and located differently to minimize glare that can interfere with seeing hand motions or reading lips. Windows on the west and south facing walls that receive the most direct sunlight are sized and spaced differently. Exterior awnings help prevent glare and background colors are chosen to provide contrast to aid communication in sign language.
5. Loop amplification system in the community room and the management office designed for tenants with hearing aids. Loop systems that work together with hearing aids to help hard of hearing people hear better, especially in group settings. For example, a loop system could help a hard of hearing individual clearly hear a speaker giving a presentation to a large group. Installation of a loop system involves additional wiring inside building walls. Visual emergency indicators in the elevator.
6. The elevators are modified to provide information to deaf individuals trapped in a malfunctioning elevator. Emergency situations are made more stressful by a lack of information and the absence of any indication that help is on the way. Lighted buttons can be pressed from outside the elevator to signal to those inside that assistance is on the way. The interior emergency button triggers a visible response to indicate that a request for assistance has been received.
7. Wider hallways and larger community rooms and elevator lobbies. Spacing requirements between individuals are greater when communicating in American Sign Language as compared with speaking.
8. Community room furnishings that are designed and functional for deaf persons. Tables, for example, are rounded rather than rectangular to allow all persons seated at the table to see one another more easily during conversations. Accessibility features for residents with mobility impairments and physical disabilities are located throughout the building. Handrails are located on both sides of common hallways, automatic door openers have been installed at main entrances to the building, and washers and dryers are front loading.

Part B: Housing New Mexico/MFA 2026 Submission Instructions for Preliminary Architectural Documentation for Multifamily Housing Applications

All Applications shall provide at the time of submission the preliminary architectural documentation of the proposed Project. This submission shall be provided to demonstrate the intent of the Project to comply with the Housing New Mexico/MFA 2026 Mandatory Design Standards for Multifamily Housing, New Mexico building Codes, the FHA, the National Housing Trust Fund Rehabilitation Standards, and the 2010 ADA Standards for Accessible Design as applicable**. Additionally, if applicable, provide the completed Waiver Procedure for Design Requirements form or any preliminary approval granted prior to submission of the Application.**

All Applicants will be required to sign a certification stating that there have been no Material Design Changes, as defined in the QAP, between the plans and specifications submitted at Application and those contained in final construction documents. In the event there are Material Design Changes between the plans and specifications submitted at Application and those contained in final construction documents, Housing New Mexico/MFA will require Applicant to submit a detailed narrative (at time of submission of final construction documents) of the changes made to the final construction documents and the reason(s) for the change(s). Changes made to the original Application may require additional Housing New Mexico/MFA approval and payment of the applicable fees as described in the QAP. **Significant changes in the scope could result in the rescoring of the Application and the potential loss of tax credits.**

SITE INFORMATION

The Preliminary Architectural Documentation shall include the following:

1. City or jurisdiction map and detailed directions to the site.
2. Legal description of site.
3. Aerial view or satellite view of the site. The view shall show the areas adjacent to the site within a half mile of the site.
4. Location and Linkages map
   a. The map shall be scaled to show the roadways within at least a half mile radius of the site.
   b. The map shall indicate bus and/or commuter rail stops or stations within a half mile of the site.
   c. If any of the above services are not available within the half mile radius, the map shall so state.
5. Color Photos
   Current color photographs of the Project site (images obtained from a website are not acceptable); include images looking out toward each of the cardinal directions. If a rehabilitation Project, include images of each façade of the existing structure(s) as well as existing amenities.
6. Preliminary Site Plan
   a. The site plan shall show the extents of the site and shall label adjacent roadways.
   b. The site plan shall include a north arrow and scale.

c. The site plan shall show the buildings and identify the number of units to be included in each building.
d. The site plan shall include a unit matrix giving the number, type and sizes of units to be included in the Project.
e. The site plan shall show the preliminary parking layout and enumerate the number and type of parking spaces to be provided.
f. The site plan shall show the locations of bicycle parking spaces.
g. The site plan shall show the locations of site elements if required or provided, including but not limited to:
    i. Monument signs
    ii. Recreational and/or play areas with required features
    iii. Community areas
    iv. Garbage enclosures
    v. Mail centers
    vi. Laundry facilities
    vii. Office spaces
    viii. Maintenance room
    ix. Accessible features, including but not limited to:
        a) Accessible units
        b) Accessible routes
        c) Accessible parking spaces

7. Preliminary Landscape Plan
    a. The Landscape plan shall show tree and plant locations and relative sizes.
    b. The Landscape plan shall show the plant types anticipated for use.
    c. The Landscape plan shall describe the irrigation system to be used.
8. Preliminary Building Plans
    a. Building plans shall be provided showing the ground floor layouts for each building type to be included in the Project.
    b. Building plans shall be provided showing the typical upper floor layouts for each building type to be included in the Project.
    c. Building plans shall call out the following spaces, if required or provided, and show their locations relative to the remainder of the building elements on that floor:
        i. Laundry facilities
        ii. Community rooms
        iii. Accessible units
        iv. Leasing/program/special services offices
        v. Maintenance rooms
        vi. Elevators
9. Preliminary Building Exterior Elevations
    a. Building elevations shall be provided for each building type.
    b. Building elevations shall describe the following attributes:
        i. Building height

ii. Exterior materials
iii. Colors and/or color schemes
iv. Building signage
v. Building lighting
vi. Vertical circulation if provided

10. Preliminary Unit Plans
    a. Unit plans shall be provided for each typical unit type.
    b. Unit plans shall be provided for all accessible units.
    c. Unit plans shall describe the following attributes:
        i. The overall layout of the rooms or spaces
        ii. Bedroom locations, numbers and square footage
        iii. Linear dimensions for bedrooms
        iv. Storage closets
        v. Mechanical systems to be used with space requirements and space locations
        vi. Lighting layout
        vii. Kitchen cabinetry and appliances
        viii. Doors and swings
        ix. Laundry equipment and/or hook ups if provided
        x. Accessible features, clear floor spaces and clear turning spaces
11. Preliminary Specifications:
    a. Preliminary specifications shall be provided for all Projects.
    b. The preliminary specifications shall describe the following aspects of the work:
        i. Proposed building systems, including but not limited to:
            a) The exterior envelope including windows, doors, roofing and wall surface finishes
            b) The building insulation systems
            c) The structural systems
            d) The mechanical systems
            e) The plumbing and hot water systems
            f) The electrical systems
            g) The lighting systems
        i. Proposed interior fixtures, finishes and installations, including but not limited to:
            a) Cabinetry
            b) Appliances
            c) Wall and ceiling finishes
            d) Floor finishes
            e) Plumbing fixtures and trim
            f) Electrical fixtures and trim
            g) Interior doors
12. Rehabilitation Scope of Work Narrative: (Required for all rehabilitation projects)
    a. A rehabilitation scope of work shall be provided for all rehabilitation Projects.
    b. The rehabilitation scope of work shall describe the following:
        i. Proposed changes to the site to remove barriers to accessibility

ii. Proposed changes to the buildings to provide a minimum 5 percent accessible units
iii. Proposed strategy to achieve a maximum HERS certification of 65 or better
iv. Proposed changes to the site to meet the requirements of the Mandatory Design Standards: Rehabilitation Section B
v. Proposed changes to the buildings to meet the requirements of the Mandatory Design Standards: Rehabilitation Section C
vi. Proposed changes to the units to meet the requirements of the Mandatory Design Standards: Rehabilitation Section D
vii. A detailed description of all demolition activities

13. For projects utilizing National Housing Trust Fund funding, a certification that the design is in compliance with all the requirements of the State of New Mexico National Housing Trust Fund Rehabilitation Standards.

CAPITAL NEEDS ASSESSMENT (CNA) REQUIREMENTS

As required by the 2026 QAP, all rehabilitation and adaptive reuse projects must provide a CNA with the Application if requesting an exception from the 20-year requirement, prior to the issuance of the letter of determination for tax-exempt bond finance projects, or at carryover for all other projects, and may be required at Housing New Mexico/MFA's discretion for any project requesting Housing New Mexico/MFA financing. The CNA must be dated no earlier than 12 months prior to Carryover Application for 9% Projects and six months of initial Application for Private Activity Bond Volume Cap Projects.

Professionals performing the CNA must meet the following minimum qualification/certification requirements set forth by Housing New Mexico/MFA.

- Must be prepared by an independent, third-party professional not involved in the design or preparation of drawings and specifications for the project.
- Must have no financial interest in the Project and must have no identity of interest with the Developer or Co-Developer or personal interest with respect to the parties involved.
- Preparer must demonstrate a minimum of three years' experience performing CNAs. Experience may be demonstrated by submitting a resumé, list of projects, applicable AIA form, or other documentation containing information on the project and year the CNA claimed for experience was completed.
- The preparer must submit the Certification of Qualified Professional – CNA form found in the 2026 Universal Rental Development Application Package.

ARCHITECTURAL REVIEW AND INSPECTION REQUIREMENTS

All projects will be subject to a minimum of four design reviews by Housing New Mexico/MFA (upon completion of the construction documents, twice during construction and upon full completion of the Project) to determine compliance with the Design Standards. Design review will require periodic site visits to determine compliance with Design Standards. Applicants shall not commence construction on a Project prior to receipt of Housing New Mexico/MFA's written approval of complete construction

documents for each form of Housing New Mexico/MFA funding, including approval of any program-required environmental review clearances. Applicants are required to post Housing New Mexico/MFA-provided signs/banners in English and Spanish featuring Housing New Mexico/MFA's fraud hotline at the Project work site(s) throughout duration of construction. **In the event there are material design changes/differences between those plans and specifications submitted at Application and those contained in the final construction documents, Housing New Mexico/MFA will require Applicant to submit a detailed narrative of material design changes made to final plans and specifications for Housing New Mexico/MFA approval.** Housing New Mexico/MFA staff will make a good faith effort to perform an initial review of construction documents within 10 business days of submission of complete construction documents. Final approval will occur upon receipt of an approval recommendation from Housing New Mexico/MFA's architect that all outstanding issues, if any, have been resolved.

QUARTERLY PROGRESS REPORTS

All 9% Projects must submit a quarterly progress report to Housing New Mexico/MFA on or before March 31st, June 30th, September 30th, and December 31st each year, beginning with March 31st after the allocation year, and continuing until the Final Allocation Application has been submitted. All 4% Projects must submit a quarterly progress report to Housing New Mexico/MFA following the issuance of a Final Determination letter, starting with the next quarter end, March 31st, June 30th, September 30th, and December 31st each year. The information to be covered in the progress reports will be provided on Housing New Mexico/MFA's website. Any failure to provide a timely progress report, or failure to provide a complete and accurate report containing the required information, may result in a loss of tax credits.

Housing New Mexico/MFA 2026 Mandatory Design Standards for Multifamily Housing
Part A

The following Design Standards, including the Housing New Mexico/MFA 2026 Submission Instructions for Preliminary Architectural Documentation for Multifamily Housing Applications, contained herein as **Part B,** represent the minimum requirements for New Mexico Mortgage Finance Authority (Housing New Mexico/MFA) financed rental housing and are herewith incorporated by reference into Housing New Mexico/MFA's 2026 Qualified Allocation Plan (QAP). Capitalized terms are defined either herein or in the QAP.

a. Housing New Mexico/MFA values excellence in design because well designed housing meets the needs of tenants, attracts market tenants and promotes community acceptance of housing financed by Housing New Mexico/MFA. All Projects shall meet or exceed each of these standards, as well as the minimum requirements of all applicable building codes (hereinafter referred to as "Code"), regulations, and local zoning ordinances. In addition, Projects shall meet Americans with Disabilities Act (ADA) and Fair Housing Act (FHA) requirements as applicable. Depending on the funding sources and other partners' requirements, the Project may also be subject to Uniform Federal Accessibility Standards (UFAS) requirements. Projects receiving HOME and/or HOME-ARP funding must meet the property standards of 24 CFR 92.251. Projects receiving National Housing Trust Funds must meet the property standards of 24 CFR 93.301 (f) (1) and (2). Projects receiving Coronavirus State and Local Fiscal Recovery Funds pursuant to the Final Rule published May 17, 2021, as amended, must meet the property standards of HOME and/or National Housing Trust Fund, as applicable. The Project Owner shall not commence construction on a Project or request disbursements of Housing New Mexico/MFA gap financing prior to receipt of Housing New Mexico/MFA's written approval of complete construction documents. The development team is responsible to know and meet all accessibility requirements for their Project. Housing New Mexico/MFA will not be reviewing submissions with the intent to identify compliance with these various laws, codes, and ordinances governing the design of the projects. Should we find a discrepancy in a design that does not meet a law, code, or ordinance, we will, as a courtesy, inform the designer of our findings. Our review does not constitute nor represent the project's compliance with all applicable laws, codes, or ordinances; and development team members may not rely on Housing New Mexico/MFA or its agents for final determination. In light of the complexity of adherence to all various code requirements, some developers may find it beneficial to hire third-party consultants to provide additional review.

Each Project Owner and architect will be required to certify at Application that the Project design meets these Design Standards, and at completion will be required to certify that the Project was built in compliance with these Design Standards. The Design Standards have been arranged into three sections: "New Construction," "Rehabilitation," and "Special Projects" and shall be used as applicable for each type of Project or each portion of a Project.

Generally: Each Project must satisfy the desires and demands of the rental market. The physical characteristics of Projects will vary and depend on such matters as rentals, characteristics of population served, size of households, and comparable Projects. **While it is expected that all projects meet the Design Standards applicable to their form of construction, these Design Standards are not intended to add unnecessary burden to the project. In cases where it is not technically and/or economically feasible to adhere strictly to all design or submission requirements, individual requirements may be waived at Housing New Mexico/MFA's discretion.** The applicant must complete and submit the Waiver Procedure for Design Requirements form found in the 2026 Universal Rental Development Application Package. This request will be reviewed with the Application and determination of approval given following the design review process. Waiver Requests made after the project is awarded tax credits and/or any Housing New Mexico/MFA funding are considered changes to the Project, and a $500 fee payment will be required. Additionally, if any portion or access to a particular feature of the proposed unit is not included in the base rent, it will not count towards the design standards.

Design: Housing rental Projects must provide a continuing market appeal. Amenities, space and aesthetics must be competitive with other properties serving the same market segment. The Project must be visually pleasing, well suited to the needs of the residents, and of good design reflecting the architectural standards of the neighborhood and of the community in which it is situated. Site, building and dwelling unit designs must be practical and use space effectively.

Cost Concerns: The design should incorporate proven construction cost-saving techniques, durable cost-effective materials suitable for the intended use, energy saving features, and cost-efficient mechanical systems. Minimizing initial construction costs and continuing operation and maintenance costs are essential to Housing New Mexico/MFA's affordable housing programs.

For purposes of this document, the ANSI A 117.1 standard means the then-current version of the ANSI A.117.1 standard adopted by the state of New Mexico as same applies to the Project at the time of construction.

NEW CONSTRUCTION

A. GENERAL DESIGN

1. New construction Projects shall conform to the following provisions and requirements as described in the New Construction section of this Design Standard unless specific site conditions make compliance technically infeasible, in which case the Application must contain a detailed explanation of why a provision or requirement cannot be met.
2. Provisions shall be made for ACCESSIBILITY for people with disabilities in conformance with the requirements of federal and state law including the FHA and the ADA, as applicable. A minimum 5 percent of the units on a Project site shall meet the provisions of a Type A accessible unit as

described in the ANSI A117.1 standard. An additional 2 percent of the units shall meet the provisions of a "hearing impaired unit." Depending on the funding sources and other partners' requirements, the Project may also be subject to UFAS requirements. The development team is responsible to know and meet all accessibility requirements for their Project.

a. Site elements, accessible routes, buildings, and units shall be constructed in accordance with the ANSI A117.1 standard.
b. An accessible route shall be provided to all accessible units, to all public use spaces, to all common use spaces, and to site amenities (such as mail centers and dumpsters).
c. All common areas, including playgrounds and exercise rooms, shall be made accessible in accordance with FHA and ADA requirements.
d. Not less than one of the Type A units provided shall be fitted with a roll-in shower which shall be constructed in conformance with the ANSI A117.1 standard.

3. One accessible parking space shall be provided for each designated Type A accessible unit. Accessible parking, including van accessible parking, shall be provided at the community building at the ratios required by Code. Provisions shall be made for ADAPTABILITY for people with disabilities in conformance with the requirements of federal and state law including the FHA and the ADA. All units located on an accessible path shall meet the provisions of either a Type A or Type B accessible unit as described in the ANSI A117.1 standard. An accessible route shall be provided to all ground floor units (unless noted through exception as found within the FHA and ANSI standards based on site configuration – See FHA Design Manual and ANSI A117.1 for additional information.)
4. New construction properties shall be designed and constructed in such a way as to provide greater energy efficiency, decreased water usage, and increased durability over a similarly sized minimum Code compliant Project. The State of New Mexico has adopted the 2018 International Energy Conservation Code (IECC); some local government standards may exceed that standard.
   b. New construction units shall achieve a HERS certification of 55 or less.
   c. New construction units shall utilize plumbing fixtures with flow rates and flush rates at the following rates or better:
      - Toilets at 1.28 GPF;
      - Lavatory Faucets 1.0 GPM;
      - Kitchen Faucets 1.2 GPM;
      - Shower Heads 2.0 GPM.
   d. The Project team shall implement durability measures intended to extend the livability and to decrease maintenance costs of the property.
   e. ~~EV-Capable[1] parking spaces shall be provided at a minimum of .05 spaces per Unit~~.

B. SITE DESIGN AND DEVELOPMENT

1. Sites shall be designed, constructed, monitored and maintained in accordance with the federal Clean Water Act. See EPA's "Managing Your Environmental Responsibilities: A Planning Guide

[1] EV-Capable: Parking spaces that have the electrical panel capacity and conduit installed during construction to support future implementation of EV charging with 208/240-volt (or greater), 40-ampere (or greater) circuits.

for Construction and Development" for additional information and requirements. http://water.epa.gov/polwaste/npdes/stormwater/upload/myerguide.pdf.

2. Sites shall be constructed to drain away from buildings. Storm water recharge of groundwater is a goal. Ponding areas shall be made attractive but reduce risk to tenants.
3. Parking shall be provided at the minimum numbers as defined by local Zoning Ordinance.
4. Parking for bicycles shall be provided at all properties at the ratio of .5 bicycle parking space per unit.
    a. Senior properties so designated by the U.S. Department of Housing and Urban Development (HUD) funding definitions applicable to the property and/or the Housing for Older Persons Act (HOPA) shall be required to provide bicycle parking at the ratio of .25 spaces per unit.
    b. Bicycle parking should be provided in secure areas outside of the unit and in locations that do not compromise building safety or exiting. Bicycle parking at exterior locations shall be placed in highly visible locations and adjacent to the units the spaces serve. Bicycle parking may be congregate. Multiple spaces may be accomplished on a single rack. Bicycle parking racks should be fixed and permanent in nature.
5. Common use site areas shall include refuse collection, mail distribution, laundry, recreation, and congregation. All such areas shall be connected with an accessible route.
    a. Refuse collection areas shall be convenient to the units, shall be screened on all four sides, and shall offer room for recycling activities if such service is available in that municipality.
    b. Mail distribution areas shall be well lit and secure but shall remain open to the tenants at all times.
    c. Unless washers and dryers are provided in each individual unit, laundry facilities shall be provided for tenant use at all properties with more than 20 units on the site as follows:
        i. One each washer and dryer shall be provided for every 12 units.
        ii. If washer and dryer connections are being provided at each unit, one each washer and dryer required for every 16 units.
        iii. Laundry facilities shall be secured and well-lit from dusk until dawn.
        iv. Laundry facilities shall be centrally located onsite to allow for easy access for all tenants.
        v. An accessible clothes folding table or counter shall be provided in each laundry facility.
    d. Site recreational areas shall be provided at all properties.
        i. Site recreational facilities shall be provided on an accessible route and shall encourage physical activity and community interaction.
        ii. Site recreational facilities shall include accessible play areas, shall be provided for different age groups, and shall encourage physical activity. Activities/play areas for different age groups may be combined within a common play area as appropriate.
            a) All play areas shall be located away from high automobile traffic and shall be situated for maximum visibility from the dwelling units.
            b) A play area for children under age 5 shall be provided within direct visibility of common spaces.
            c) A play area for children ages 5 – 12 shall be provided.

d) For children over age 12 an area of congregation that encourages physical activity shall be provided.
e) Visible warning signs describing play area rules and warning that use is at one's own risk shall be provided at each play area.
f) A weather resistant, permanently mounted bench shall be provided at each play area and connected to the accessible path. A clear floor space shall be provided adjacent to mounted bench.
g) Senior properties so designated by HUD funding definitions applicable to the property and/or the HOPA shall be exempt from the requirement to provide play areas but shall provide areas of congregation that encourage physical activity.

6. Landscaping shall be required at all properties:
   a. A complete landscape plan which maximizes existing natural features or otherwise enhances open space is required.
   b. Native, semi-native, or drought tolerant plants shall be used.
   c. Low water use irrigation systems shall be used.
7. Interior community spaces and business offices shall be provided at all properties.
   a. All properties shall provide at least 200 square feet of office space to be utilized as on-site business office space and a maintenance room of at least 100 square feet capable of storing the necessary equipment for maintaining the project.
   b. Accessible public restrooms, at the ratios required by Code, shall be provided.
   c. Unless required by local building code, properties containing 20 or fewer units shall be exempt from the requirement to provide interior community spaces, public restrooms and business offices.

C. BUILDING DESIGN AND CONSTRUCTION

1. Exterior Building Design
   a. Buildings shall be designed to meet the local zoning requirements for that Project site, including requirements for unit densities, building heights, building setbacks, massing, colors, and materials.
   b. Definitions: The following specific terms as used in this document shall be defined as following:
      i. Building Façade: The "Building Façade" shall be defined to be: "Any elevation of a building facing a public way or space." A Building Façade shall be inclusive of all building elements compiled to create a visual impression. This is much more inclusive than just the building skin.
      ii. Building Shape: The "Building Shape" shall be defined to be: "The primary rectilinear volume of the building structure."
      iii. Building Shape Variations: "Building Shape Variations" shall be defined to be: "any deviation in plane from the Building Shape."

c. Unless more stringent local zoning requirements apply, the following minimum design requirements shall be met:
    i. Building Façades shall be multi-faced.
        a) In no case shall a Building Shape be confined to a straight rectangle. Building Shape Variations shall be required at a ratio of not less than the number bedrooms situated on the ground floor plane.
    ii. Building Façades shall utilize not less than three different building materials.
        a) Changes in building materials may also satisfy the requirements for shape changes if the materials are not in the same plane.
        b) Exterior building materials exposed to the elements shall be low maintenance relative to the Project's geographic location.
    iii. Building Façades shall be multi-colored.
        a) Each Building Façade shall include not less than two distinct colors.
        b) Colors may be from the same hue family but shall be distinct from each other.
    iv. Building Façades shall be complementary to the form and massing of existing buildings throughout the community.
    v. Building Façades shall be unique to the location and shall be of attractive design.
d. Buildings shall be individually marked with visible, contrasting identifying signage to minimize the response time of emergency personnel. Building identifying signs shall be illuminated so as to be clearly visible from dusk until dawn.

2. Integrated Pest Management
    a. Building construction shall also include sealing all walls, floor and joint penetrations with low-VOC caulking or other appropriate nontoxic sealing methods to prevent pest entry.
    b. PSH are recommended to incorporate dedicated room for the treatment of bed bugs through heating to treat all incoming furniture and tenant possessions.

D. UNIT DESIGN AND CONSTRUCTION

1. All units shall be constructed to meet Code requirements and the following minimum bedroom areas and dimensions requirements:
    a. The primary bedroom in each unit shall be not less than 120 square feet.
    b. Secondary bedrooms shall not be less than 100 square feet.
    c. No bedroom shall have a dimension less than nine linear feet.
    d. Bedroom areas shall not include wall thicknesses, closets, hallways, or adjoining rooms, but shall be the area immediately surrounding the intended bed location.
2. All units shall meet the following minimum storage requirements:
    a. A clothes closet in each bedroom shall be provided. Bedroom closets shall not be dual purposed to meet other storage requirements.
    b. A mechanical closet (as appropriate for the system to be utilized) shall be provided. Mechanical closets shall not be dual purposed to meet other storage requirements.
    c. A laundry room or utility closet (if included in the unit design with the intent to provide washer and dryer hook ups) shall be provided.

d. A multi-use storage closet or closets which total not less than 8 square feet in area shall be provided. Multi-use closets shall be equipped with shelving at multiple heights.
e. Larger units (three bedrooms or more) shall be provided with an entry or coat closet in addition to the multi-use closet(s).

3. Three- and four-bedroom units shall be provided with not less than 1.75 baths.
4. Single lever deadbolts and eye viewers are required on all entry doors to residential units.
5. Interior finishes shall be easily cleanable and durable.
6. Carpet shall not be installed in high moisture areas including entryways, bathrooms, kitchens, and laundry rooms/closets. All carpet shall be CRI Green Label Plus and hard surface flooring shall be SCS Floorscore certified.
7. Units shall be individually marked with visible contrasting identifying signage that shall be illuminated so that it is clearly visible from dusk until dawn, as well as daylight hours.
8. Every room and space intended for human occupancy shall be equipped with permanent, hardwired, energy efficient light fixtures. Switched outlets will not satisfy this requirement.
9. Sites shall be developed, and units constructed so as to include wiring and infrastructure needed to allow for access to high-speed broadband internet[2], telephone, and cable/satellite television.
10. Interior paints and sealants shall be low volatile organic compounds (VOC) or no VOC.
11. All appliances, including laundry equipment, shall be Energy Star rated. (Cooking appliances are exempt from this requirement).

REHABILITATION

A. GENERAL DESIGN

Rehabilitation Projects shall conform to the following provisions and requirements as described in the Rehabilitation section of this standard unless specific building and/or site conditions make compliance technically infeasible, in which case the Application must contain a Waiver of Procedure for Design Requirements, which can be found in the 2026 Universal Rental Development Application Package. If the housing is occupied at the time of rehabilitation, any and all life-threatening deficiencies must be identified and addressed immediately.

[2] Under the final HUD rule governing installation of broadband, any new and substantially rehabilitated "public housing project" of four or more units must include infrastructure capable of supporting broadband access to residents as of January 19, 2017, unless the federal fund recipient can document one of the following three grounds for waiver:

- Location of property makes it infeasible;
- Costs of broadband infrastructure deployment changes the nature of the project or is an undue financial burden; or
- Nature of the structure being rehabbed makes installation infeasible.

Under the new regulation, "broadband infrastructure" is defined to include cable and fiber optic wiring, as well as wireless infrastructure, that is capable of meeting the FCC's definition of "advanced telecommunication capability." The FCC currently defines that term as broadband with at least 25 Mbps of downstream capability and 4 Mbps of upstream capability.

Appendix A removed from NHTF rehab requirements. This section is no longer applicable.

1) In addition, for Projects receiving federal funding, rehabilitation Projects must comply with HUD's Uniform Physical Condition Standards and all units shall be decent, safe, sanitary, and in good repair, as described in 24 CRF 5.703.

   It is not the intent to burden a project with unnecessary work; however, we do expect the project to have a minimum 20-year life expectancy after the work is completed.

2) Provisions shall be made for ACCESSIBILITY for people with disabilities in conformance with the requirements of federal and state law including the FHA and the ADA. At minimum 5 percent of the units on a Project site shall meet the provisions of a Type A accessible unit as described in the ANSI A117.1 standard. An additional 2 percent of the units shall meet the provisions of a "hearing impaired unit." (See Special Projects "C" below for recommended practices.) Depending on the funding sources and other partner requirements, the Project may also be subject to Uniform Federal Accessibility Standards (UFAS) requirements. The development team is responsible to know and meet all accessibility requirements for their Project.
   a. Site elements, accessible routes, buildings and units shall be constructed in accordance with the ANSI A117.1 standard.
   b. An accessible route shall be provided to all accessible units, to all public use spaces, to all common use spaces and to site amenities (such as mail centers and dumpsters).
   c. All common areas, including playgrounds and exercise rooms shall be made accessible in accordance with FHA and ADA requirements.
   d. Not less than one of the Type A units provide shall be fitted with a roll-in shower which shall be constructed in conformance with the ANSI A117.1 standard.
   e. One accessible parking space shall be provided for each designated Type A accessible unit. Accessible parking, including van accessible parking, shall be provided at the community building at the ratios required by Code.

3) Rehabilitation properties shall be designed and constructed in such a way as to provide greater energy efficiency, decreased water usage, and increased durability to the buildings, units and site elements. The State of New Mexico has adopted the 2018 International Energy Conservation Code (IECC); some local government standards may exceed that standard.
   a. Rehabilitation units shall achieve a post-construction HERS score of 65 or less.
   b. Plumbing fixtures to be replaced as part of the rehabilitation scope shall be replaced with fixtures utilizing flow rates and flush rates at the following given rates or better:
      - Toilets at 1.28 GPF;
      - Lavatory Faucets 1.0 GPM;
      - Kitchen Faucets 1.2 GPM;
      - Shower Heads 2.0 GPM.

4) Hazardous materials assessment and remediation must be completed in accordance with EPA requirements and best practices.

a. Asbestos – project will be assessed for the existence of asbestos-containing building materials by qualified professionals:
   i. National Emission Standards for Hazardous Air Pollutants (NESHAP) apply.
   ii. Removal of asbestos must be carried out per federal EPA and state regulations and rules.

b. Lead - Health and Safety and Lead Safe Housing:
   i. Lead-Based Paint
      - Federal and state regulations related to lead-based paint apply to target housing, which is defined as any housing constructed prior to 1978.
      - Rehabilitation of target housing must be completed in a manner which ensures the health and safety of workers and residents, especially children. A number of regulations apply when lead painted surfaces are disturbed in residential properties, primarily requiring the appropriate training of workers and the use of safe work practices. In some cases, use of federal funds for rehabilitation will trigger a higher level of lead paint treatments based on the amount of federal money being used. The following regulations must be adhered to during all rehabilitation of target housing:

   ii. Federal Regulations:
      - HUD Lead Safe Housing Rule (Title 24, Part 35) requires various levels of evaluation and treatment of lead paint hazards when federal money is used for rehabilitation of target housing. More information is available at: https://www.hud.gov/program_offices/healthy_homes/enforcement/lshr
      - EPA Renovation Repair and Painting Rule (40 CFR Part 745) – Requires contractors conducting renovation, repair or maintenance that disturbs paint in target housing or child-occupied facilities to be licensed by EPA and use lead- safe work practices to complete the work. Developers must ensure contractors are properly trained and licensed. More information is available at: http://www2.epa.gov/lead
      - HUD/EPA Disclosure Regulations (Title 24, Part 35, Subpart A) – Requires owners of target housing to disclose all lead paint records and related information to potential buyers and/or tenants. More information is available at: http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_12347.pdf
      - OSHA Lead in Construction Rule (29 CFR Part 1926.62) - Proscribes personal protection measures to be taken when workers are exposed to any lead during construction projects. More information is available at: https://www.osha.gov/Publications/osha3142.pdf

Note: Projects utilizing National Housing Trust Fund funding are also subject to the requirements of Supplement A: State of New Mexico National Housing Trust Fund Rehabilitation Standards.

B. SITE DESIGN AND DEVELOPMENT

1. Sites shall be improved, constructed, and monitored in accordance with the federal Clean Water Act.
2. Sites shall be constructed to drain away from buildings. Storm water recharge of groundwater is a goal. Ponding areas shall be made attractive but reduce risk to residents.
3. Parking for bicycles shall be provided at all properties at the ratio of .25 bicycle parking spaces per unit.

a. Senior properties so designated by HUD funding definitions applicable to the property and/or the HOPA shall be required to provide bicycle parking at the ratio of .15 spaces per unit.
b. Bicycle parking should be provided in secure areas outside of the unit area and in locations that do not compromise building safety or exiting. Bicycle parking at exterior locations shall be placed in highly visible locations and adjacent to the units the spaces serve. Bicycle parking may be congregate. Multiple spaces may be accomplished on a single rack. Bicycle parking racks should be fixed and permanent in nature.

4. Common use site areas shall include refuse collection, mail distribution, laundry, recreation and congregation. All such areas shall be connected with an accessible route.
   a. Refuse collection areas shall be screened on all four sides and shall offer room for recycling if such service is available in that municipality.
   b. Mail distribution areas shall be well lit and secure but shall remain open to the tenants at all times.
   c. If an existing Project proposed for rehabilitation has washers and dryers and/or washer/dryer hook-ups provided in each unit, then no laundry facility is required as part of the proposed rehabilitation. If existing units do not contain washer/dryer hook-ups, then laundry facilities shall be provided for tenant use at all properties with more than 20 units on the site as follows:
      i. One each washer and dryer for every 12 units.
      ii. If washer and dryer connections are being provided at each unit, one each washer and dryer required for every 16 units.
      iii. Laundry facilities shall be secured and well-lit from dusk until dawn.
      iv. An accessible clothes folding table or counter shall be provided in each laundry facility.
   d. Site recreational areas shall be provided at all properties.
      i. Site recreational facilities shall be provided on an accessible route, shall encourage physical activity, and shall encourage community interaction.
      ii. Site recreational facilities shall include accessible play areas, shall be provided for different age groups, and shall encourage physical activity. Activities for different age groups may be combined within a common play area as appropriate.
         a) All play areas shall be located away from high automobile traffic and shall be situated for maximum visibility from the dwelling units.
         b) A play area for children under age 5 shall be provided within direct visibility of common spaces.
         c) A play area for children ages 5 – 12 shall be provided.
         d) For children over age 12 an area of congregation that encourages physical activity shall be provided.
         e) Visible warning signs describing playground rules and warning that use is at one's own risk shall be provided at each play area.
         f) A weather resistant, permanently mounted bench shall be provided at each play area and connected to the accessible path. A clear floor space shall be provided adjacent to mounted bench.

g) Senior properties so designated by HUD funding definitions applicable to the property and/or the HOPA shall be exempt from the requirement to provide play areas but shall provide areas of congregation that encourage physical activity.

5. Landscaping shall be required at all properties:
   a. A complete landscape plan which maximizes existing natural features or otherwise enhances open space is required.
   b. Native, semi-native, or drought tolerant plants shall be used.
   c. Low water use irrigation systems shall be used.
6. Interior community spaces and business offices shall be provided at all properties.
   a. All properties shall provide at least 200 square feet of office space to be utilized as on-site business office space and a maintenance room of at least 100 square feet capable of storing the necessary equipment for maintaining the project.
   b. Accessible public restrooms, at ratios required by Code, shall be provided.

Unless required by local building codes, properties containing 20 or fewer units shall be exempt from the requirement to provide interior community spaces, public restrooms and business offices.

C. BUILDING DESIGN AND CONSTRUCTION

1. Exterior Building Design
   a. Unless more stringent local zoning requirements apply, the following minimum design requirements shall be met:
      i. Building Façades shall utilize not less than three different building materials.
         a) Exterior building materials exposed to the elements shall be low maintenance relative to the Project's geographic location.
      ii. Building Façades shall be multi-colored.
         a) Each Building Façade shall include not less than two distinct colors.
         b) Colors may be from the same hue family but shall be distinct from each other.
      iii. Buildings shall be individually marked with visible, contrasting identifying signage to minimize the response time of emergency personnel. Building identifying signs shall be illuminated so as to be clearly visible from dust until dawn.

D. UNIT DESIGN AND CONSTRUCTION

1. Single lever deadbolts and eye viewers are required on all entry doors to residential units.
2. Interior finishes shall be easily cleanable and durable.
3. Carpet shall not be installed in high moisture areas including entryways, bathrooms, kitchens, and laundry rooms/closets. All carpet shall be CRI Green Label Plus and hard surface flooring shall be SCS Floorscore certified. (Applies to new flooring only.)
4. All hot water lines exposed as a result of the construction shall be insulated and sealed in additional rigid pipe insulation to the insulation values required by ASHRAE standards.
5. Bathrooms must be ventilated in accordance with building codes.
6. Units shall be individually marked with visible contrasting identifying signage that shall be illuminated so that it is clearly visible from dusk until dawn, as well as daylight hours.

7. Sites shall be developed, and units constructed so as to include wiring and infrastructure needed to allow for access to high-speed broadband internet[3], telephone, and cable/satellite television.
8. Interior paints and sealants shall be low VOC or no VOC.
9. All appliances, including laundry equipment, proposed to be replaced as part of the scope of work for rehabilitation, shall be Energy Star rated.

SPECIAL PROJECTS

A. SINGLE ROOM OCCUPANCY (SRO) DEVELOPMENTS

1. Tenant rooms (units) shall be 140 square feet minimum gross heated area with a maximum size of 500 square foot gross heated area.
2. Each unit shall be provided with at least one appropriately sized bed, a lockable storage compartment or chest of drawers, and a vertical clothes closet measuring at minimum 36 inches wide.
3. Each building containing units shall provide bathroom facilities.
    a. A bathroom facility shall be provided for every 16 units or fraction thereof in that building.
    b. Each bathroom facility shall provide bathroom fixtures at a ratio of the number of units it serves.
        i. One sink, one shower with curtain or door and one toilet with a door shall be provided for every four units.
4. Each building containing units shall include a food preparation area unless provided within all units within that building.
    a. The food preparation area shall be adequately sized for the number of units it serves.
5. A community center, community living area or meeting room shall be provided on the property.
6. Laundry facilities shall be provided for tenant use at all properties with more than 20 units.
    a. Laundry facilities shall be secured and well-lit from dusk until dawn.
    b. One each washer and dryer shall be provided for every 20 units.
    c. An accessible clothes folding table or counter shall be provided in each laundry facility.

B. ADAPTIVE REUSE PROJECTS

1. Adaptive reuse Projects shall be subject to the full provisions of the Mandatory Design Standards for new construction unless it is demonstrated to Housing New Mexico/MFA's satisfaction that specific

[3] Under the final HUD rule governing installation of broadband, any new and substantially rehabilitated "public housing project" of four or more units must include infrastructure capable of supporting broadband access to residents as of January 19, 2017, unless the federal fund recipient can document one of the following three grounds for waiver:

- Location of property makes it infeasible;
- Costs of broadband infrastructure deployment changes the nature of the project or is an undue financial burden; or
- Nature of the structure being rehabbed makes installation infeasible.

Under the new regulation, "broadband infrastructure" is defined to include cable and fiber optic wiring, as well as wireless infrastructure, that is capable of meeting the FCC's definition of "advanced telecommunication capability." The FCC currently defines that term as broadband with at least 25 Mbps of downstream capability and 4 Mbps of upstream capability.

elements or requirements are technically infeasible to accomplish, in which case the Application must contain a detailed explanation of why a provision or requirement cannot be met.

C. SENSORY IMPAIRED UNITS

Projects that include units for people with sensory impairments are encouraged to incorporate the following design standards to the extent they are financially feasible. Where these standards exceed the Uniform Accessibility Standards cited in Section 504, they are recommended, but not required.

1. Lighted switches for garbage disposal, range fan, and bathroom fan. Both visual and audible notification for doorbell and fire alarm.
2. Construction materials and techniques that minimize vibration and improve sound control.
3. Open sightlines in community rooms, meeting areas, landings, stairwells, and other building areas to remove visual communication barriers.
4. Specialized lighting design and window placement that minimizes glare in order to facilitate communication in American Sign Language. Light fixtures are selected for their glare reducing design and located differently to minimize glare that can interfere with seeing hand motions or reading lips. Windows on the west and south facing walls that receive the most direct sunlight are sized and spaced differently. Exterior awnings help prevent glare and background colors are chosen to provide contrast to aid communication in sign language.
5. Loop amplification system in the community room and the management office designed for tenants with hearing aids. Loop systems that work together with hearing aids to help hard of hearing people hear better, especially in group settings. For example, a loop system could help a hard of hearing individual clearly hear a speaker giving a presentation to a large group. Installation of a loop system involves additional wiring inside building walls. Visual emergency indicators in the elevator.
6. The elevators are modified to provide information to deaf individuals trapped in a malfunctioning elevator. Emergency situations are made more stressful by a lack of information and the absence of any indication that help is on the way. Lighted buttons can be pressed from outside the elevator to signal to those inside that assistance is on the way. The interior emergency button triggers a visible response to indicate that a request for assistance has been received.
7. Wider hallways and larger community rooms and elevator lobbies. Spacing requirements between individuals are greater when communicating in American Sign Language as compared with speaking.
8. Community room furnishings that are designed and functional for deaf persons. Tables, for example, are rounded rather than rectangular to allow all persons seated at the table to see one another more easily during conversations. Accessibility features for residents with mobility impairments and physical disabilities are located throughout the building. Handrails are located on both sides of common hallways, automatic door openers have been installed at main entrances to the building, and washers and dryers are front loading.

Part B: Housing New Mexico/MFA 2026 Submission Instructions for Preliminary Architectural Documentation for Multifamily Housing Applications

All Applications shall provide at the time of submission the preliminary architectural documentation of the proposed Project. This submission shall be provided to demonstrate the intent of the Project to comply with the Housing New Mexico/MFA 2026 Mandatory Design Standards for Multifamily Housing, New Mexico building Codes, the FHA, the National Housing Trust Fund Rehabilitation Standards, and the 2010 ADA Standards for Accessible Design as applicable**. Additionally, if applicable, provide the completed Waiver Procedure for Design Requirements form or any preliminary approval granted prior to submission of the Application.**

All Applicants will be required to sign a certification stating that there have been no Material Design Changes, as defined in the QAP, between the plans and specifications submitted at Application and those contained in final construction documents. In the event there are Material Design Changes between the plans and specifications submitted at Application and those contained in final construction documents, Housing New Mexico/MFA will require Applicant to submit a detailed narrative (at time of submission of final construction documents) of the changes made to the final construction documents and the reason(s) for the change(s). Changes made to the original Application may require additional Housing New Mexico/MFA approval and payment of the applicable fees as described in the QAP. **Significant changes in the scope could result in the rescoring of the Application and the potential loss of tax credits.**

SITE INFORMATION

The Preliminary Architectural Documentation shall include the following:

1. City or jurisdiction map and detailed directions to the site.
2. Legal description of site.
3. Aerial view or satellite view of the site. The view shall show the areas adjacent to the site within a half mile of the site.
4. Location and Linkages map
   a. The map shall be scaled to show the roadways within at least a half mile radius of the site.
   b. The map shall indicate bus and/or commuter rail stops or stations within a half mile of the site.
   c. If any of the above services are not available within the half mile radius, the map shall so state.
5. Color Photos
   Current color photographs of the Project site (images obtained from a website are not acceptable); include images looking out toward each of the cardinal directions. If a rehabilitation Project, include images of each façade of the existing structure(s) as well as existing amenities.
6. Preliminary Site Plan
   a. The site plan shall show the extents of the site and shall label adjacent roadways.
   b. The site plan shall include a north arrow and scale.

c. The site plan shall show the buildings and identify the number of units to be included in each building.
d. The site plan shall include a unit matrix giving the number, type and sizes of units to be included in the Project.
e. The site plan shall show the preliminary parking layout and enumerate the number and type of parking spaces to be provided.
f. The site plan shall show the locations of bicycle parking spaces.
g. The site plan shall show the locations of site elements if required or provided, including but not limited to:
    i. Monument signs
    ii. Recreational and/or play areas with required features
    iii. Community areas
    iv. Garbage enclosures
    v. Mail centers
    vi. Laundry facilities
    vii. Office spaces
    viii. Maintenance room
    ix. Accessible features, including but not limited to:
        a) Accessible units
        b) Accessible routes
        c) Accessible parking spaces

7. Preliminary Landscape Plan
    a. The Landscape plan shall show tree and plant locations and relative sizes.
    b. The Landscape plan shall show the plant types anticipated for use.
    c. The Landscape plan shall describe the irrigation system to be used.
8. Preliminary Building Plans
    a. Building plans shall be provided showing the ground floor layouts for each building type to be included in the Project.
    b. Building plans shall be provided showing the typical upper floor layouts for each building type to be included in the Project.
    c. Building plans shall call out the following spaces, if required or provided, and show their locations relative to the remainder of the building elements on that floor:
        i. Laundry facilities
        ii. Community rooms
        iii. Accessible units
        iv. Leasing/program/special services offices
        v. Maintenance rooms
        vi. Elevators
9. Preliminary Building Exterior Elevations
    a. Building elevations shall be provided for each building type.
    b. Building elevations shall describe the following attributes:
        i. Building height

ii. Exterior materials
iii. Colors and/or color schemes
iv. Building signage
v. Building lighting
vi. Vertical circulation if provided

10. Preliminary Unit Plans
    a. Unit plans shall be provided for each typical unit type.
    b. Unit plans shall be provided for all accessible units.
    c. Unit plans shall describe the following attributes:
        i. The overall layout of the rooms or spaces
        ii. Bedroom locations, numbers and square footage
        iii. Linear dimensions for bedrooms
        iv. Storage closets
        v. Mechanical systems to be used with space requirements and space locations
        vi. Lighting layout
        vii. Kitchen cabinetry and appliances
        viii. Doors and swings
        ix. Laundry equipment and/or hook ups if provided
        x. Accessible features, clear floor spaces and clear turning spaces
11. Preliminary Specifications:
    a. Preliminary specifications shall be provided for all Projects.
    b. The preliminary specifications shall describe the following aspects of the work:
        i. Proposed building systems, including but not limited to:
            a) The exterior envelope including windows, doors, roofing and wall surface finishes
            b) The building insulation systems
            c) The structural systems
            d) The mechanical systems
            e) The plumbing and hot water systems
            f) The electrical systems
            g) The lighting systems
        i. Proposed interior fixtures, finishes and installations, including but not limited to:
            a) Cabinetry
            b) Appliances
            c) Wall and ceiling finishes
            d) Floor finishes
            e) Plumbing fixtures and trim
            f) Electrical fixtures and trim
            g) Interior doors
12. Rehabilitation Scope of Work Narrative: (Required for all rehabilitation projects)
    a. A rehabilitation scope of work shall be provided for all rehabilitation Projects.
    b. The rehabilitation scope of work shall describe the following:
        i. Proposed changes to the site to remove barriers to accessibility

ii. Proposed changes to the buildings to provide a minimum 5 percent accessible units
iii. Proposed strategy to achieve a maximum HERS certification of 65 or better
iv. Proposed changes to the site to meet the requirements of the Mandatory Design Standards: Rehabilitation Section B
v. Proposed changes to the buildings to meet the requirements of the Mandatory Design Standards: Rehabilitation Section C
vi. Proposed changes to the units to meet the requirements of the Mandatory Design Standards: Rehabilitation Section D
vii. A detailed description of all demolition activities

13. For projects utilizing National Housing Trust Fund funding, a certification that the design is in compliance with all the requirements of the State of New Mexico National Housing Trust Fund Rehabilitation Standards.

CAPITAL NEEDS ASSESSMENT (CNA) REQUIREMENTS

As required by the 2026 QAP, all rehabilitation and adaptive reuse projects must provide a CNA with the Application if requesting an exception from the 20-year requirement, prior to the issuance of the letter of determination for tax-exempt bond finance projects, or at carryover for all other projects, and may be required at Housing New Mexico/MFA's discretion for any project requesting Housing New Mexico/MFA financing. The CNA must be dated no earlier than 12 months prior to Carryover Application for 9% Projects and six months of initial Application for Private Activity Bond Volume Cap Projects.

Professionals performing the CNA must meet the following minimum qualification/certification requirements set forth by Housing New Mexico/MFA.

- Must be prepared by an independent, third-party professional not involved in the design or preparation of drawings and specifications for the project.
- Must have no financial interest in the Project and must have no identity of interest with the Developer or Co-Developer or personal interest with respect to the parties involved.
- Preparer must demonstrate a minimum of three years' experience performing CNAs. Experience may be demonstrated by submitting a resumé, list of projects, applicable AIA form, or other documentation containing information on the project and year the CNA claimed for experience was completed.
- The preparer must submit the Certification of Qualified Professional – CNA form found in the 2026 Universal Rental Development Application Package.

ARCHITECTURAL REVIEW AND INSPECTION REQUIREMENTS

All projects will be subject to a minimum of four design reviews by Housing New Mexico/MFA (upon completion of the construction documents, twice during construction and upon full completion of the Project) to determine compliance with the Design Standards. Design review will require periodic site visits to determine compliance with Design Standards. Applicants shall not commence construction on a Project prior to receipt of Housing New Mexico/MFA's written approval of complete construction

documents for each form of Housing New Mexico/MFA funding, including approval of any program-required environmental review clearances. Applicants are required to post Housing New Mexico/MFA-provided signs/banners in English and Spanish featuring Housing New Mexico/MFA's fraud hotline at the Project work site(s) throughout duration of construction. **In the event there are material design changes/differences between those plans and specifications submitted at Application and those contained in the final construction documents, Housing New Mexico/MFA will require Applicant to submit a detailed narrative of material design changes made to final plans and specifications for Housing New Mexico/MFA approval.** Housing New Mexico/MFA staff will make a good faith effort to perform an initial review of construction documents within 10 business days of submission of complete construction documents. Final approval will occur upon receipt of an approval recommendation from Housing New Mexico/MFA's architect that all outstanding issues, if any, have been resolved.

QUARTERLY PROGRESS REPORTS

All 9% Projects must submit a quarterly progress report to Housing New Mexico/MFA on or before March 31st, June 30th, September 30th, and December 31st each year, beginning with March 31st after the allocation year, and continuing until the Final Allocation Application has been submitted. All 4% Projects must submit a quarterly progress report to Housing New Mexico/MFA following the issuance of a Final Determination letter, starting with the next quarter end, March 31st, June 30th, September 30th, and December 31st each year. The information to be covered in the progress reports will be provided on Housing New Mexico/MFA's website. Any failure to provide a timely progress report, or failure to provide a complete and accurate report containing the required information, may result in a loss of tax credits.