

# Qualified Contract (QC) Application Checklist

Project Name: \_\_\_\_\_

Note: All documents must be uploaded to the MFA Secure File Transfer portal at <https://mfa.internal.housingnm.org/FileTransferHD/>

<b>Part 1: Eligibility Review (90 Days)</b>			
	<i>Check if Present</i>	<i>Applicant Submission</i>	<i>MFA Review</i>
<b><u>1.1</u></b>	<b>Applicant Letter of Intent</b> <i>Applicant must provide a Letter of Intent stating the owner’s intent to request a qualified contract for applicable project and requesting that MFA verify the project’s eligibility to submit a QC application. Letter of Intent must include documented ownership of all properties, including address and other pertinent property information, as well as an Owner Certification with an original signature in blue ink. See Attachment 1 in the QC Process Guide for required form.</i>		
<b><u>1.2</u></b>	<b>\$1,000 Application Fee</b> <i>Applicant must provide a non-refundable \$1,000 application processing fee with their Letter of Intent.</i>		
<b><u>1.3</u></b>	<b>Recorded LURA(s)</b> <i>Applicant must provide all LURAs filed against the project. Documents submitted should include original, current, and any interim amendments.</i>		
<b><u>1.4</u></b>	<b>All Other Project Loan and Regulatory Agreements</b> <i>Applicant must provide all documents for other MFA loans and copies of other LURAs Recorded and Regulatory Agreements (e.g., HOME, HTF, Risk Share etc.).</i>		
<b><u>1.5</u></b>	<b>Project 8609 Forms</b> <i>Applicant must provide the applicable project’s Year 1 8609 IRS forms with Part II completed and signed.</i>		
<b><u>1.6</u></b>	<b>Project 8823 Forms</b> <i>If applicable, applicant must provide copies of all 8823 documents and any corresponding IRS communications.</i>		
<b><u>1.7</u></b>	<b>Right of First Refusal Documentation</b> <i>Applicant must provide documentation regarding any Right of First Refusal for purchase of the project and any waivers thereof.</i>		
<b><u>1.8</u></b>	<b>Partnership Agreement and All Amendments</b> <i>Applicant must provide the current ownership Partnership agreement. Submission should include original, current, and any interim amendments.</i>		

*Eligibility Letter or Eligibility Rejection Issued by MFA (within 90 days)*

## Part 2: Qualified Contract Request (120 Days)

*\*Subsequent to Eligibility Determination*

	<i>Check if Present</i>	<i>Applicant Submission</i>	<i>MFA Review</i>
<u>2.1</u>	<p><b>Notification Letter</b>  <i>Applicant must submit a notification letter containing statements by the owner that the owner will reasonably cooperate with MFA and its agents with respect to marketing the project and acknowledges that the application materials may be disclosed to prospective purchasers, real estate brokers and other interested parties, together with any other information MFA deems reasonable to disclose to obtain a Qualified Contract. The Notification Letter requires the owner to take sole responsibility for documents and information submitted with the calculation of the QC price. See Attachment 2 in the QC Process Guide for required Notification Letter language.</i></p>		
<u>2.2</u>	<p><b>\$5,000 Qualified Contract Processing Fee</b>  <i>Applicant must provide a non-refundable \$5,000 QC processing fee with their QC Request.</i></p>		
<u>2.3</u>	<p><b>\$20,000 Third Party Report Deposit</b>  <i>Applicant must provide a \$20,000 deposit for any third-party reports. This deposit will be used to pay for accounting consulting, including CPA review regarding calculation of the QC price, MFA's outside consultant, appraisal services, and any other third party reports deemed necessary solely in MFA's discretion. The owner may submit a current appraisal, if available, but not in lieu of the deposit, and MFA retains the right to order any and all reports determined necessary, including an updated or new appraisal.</i></p>		
<u>2.4</u>	<p><b>Documentation of Qualified Contract Price per Section 42(h)(6)(f)</b>  <i>Applicant must provide a QC price determined and certified by an independent certified public accountant (CPA) in compliance with Section 4, together with copies of all documents and other information that were used to calculate the QC price (the CPA certification). The CPA shall certify that annual partnership federal income tax returns and audited financial statements for all years of operation of the project, loan documents for all secured debt, and partnership agreements and other organization documents have been reviewed in connection with determining the QC price. The CPA shall also certify that the CPA is not being compensated for the assignment based upon a predetermined outcome or a percentage of the QC price or return on sale. The CPA certification must be dated within three months of submission of the QC application and the QC price calculation must be based on documentation submitted in connection with the QC application, including audited financial statements. See Attachment 3 in the QC Process Guide for the required CPA certification form and worksheets (Worksheets A-E).</i></p>		
<u>2.5</u>	<p><b>Narrative Description of Project</b>  <i>Applicant must provide a thorough narrative description of the project, including all specifications and amenities, suitable for familiarizing prospective purchasers with the project. See Attachment 4 in the QC Process Guide for required information.</i></p>		
<u>2.6</u>	<p><b>Description of Restrictions on the Property</b>  <i>Applicant must provide a description of all income, rental and other restrictions, if any, applicable to the project, together with copies of any documents imposing such restrictions.</i></p>		

<u>2.7</u>	<b>Title Commitment</b> <i>Applicant must provide a current title commitment agreeing to issue a Standard Owner's Policy of Title Insurance to a "to be determined" purchaser.</i>		
<u>2.8</u>	<b>Documentation Allowing Sale and/or Prepayment of Mortgages</b> <i>Applicant must provide confirmation that any existing mortgages on the project will permit the sale or transfer of the property and/or that prepayment of any existing financing is allowable, including copies of the existing mortgages with age numbers referenced and pertinent language highlighted in yellow.</i>		
<u>2.9</u>	<b>Digital Photographs of Project</b> <i>Applicant must provide a detailed set of color photographs of the project, including the interior and exterior of representative apartment units and buildings, the main project entrance, the project grounds, and all built amenities.</i>		
<u>2.10</u>	<b>Operating Statements (Previous 12 Months)</b> <i>Applicant must provide monthly operating statements for the project for the 12 months preceding the QC application.</i>		
<u>2.11</u>	<b>Rent Roll and Occupancy Report (Previous 12 Months)</b> <i>Applicant must provide a current rent roll and occupancy report for the 12 months preceding the QC application.</i>		
<u>2.12</u>	<b>Audited Project Financial Statements for All Years of Operation</b> <i>Applicant must provide audited annual project financial statements for all years of operation since the start of the compliance period.</i>		
<u>2.13</u>	<b>Leases for any Leased Property</b> <i>If any portion of the land or improvements is leased, applicant must provide copies of the leases.</i>		
<u>2.14</u>	<b>Current As-Built ALTA Survey</b> <i>Applicant must provide current, signed and sealed "as built" ALTA survey of the property and buildings.</i>		
<u>2.15</u>	<b>All Partnership Tax Returns</b> <i>Applicant must provide copies of fully executed annual Partnership tax returns for all years since the start of the project compliance period.</i>		
<u>2.16</u>	<b>Copies Of All Amendments to The Original Limited Partnership Agreement, or Signed Statement</b> <i>Applicant must provide copies of all amendments to the original Limited Partnership Agreement or, if not applicable, a signed statement verifying that no such amendments exist.</i>		
<u>2.17</u>	<b>Use Restriction Memo Prepared by a Third-Party Attorney</b> <i>Applicant must provide a use restriction memo prepared by a third-party attorney and in a form acceptable to MFA. See Attachment 5 in the QC Process Guide for required information</i>		
<u>2.18</u>	<b>Phase I Environmental</b> <i>Applicant must provide a Phase I environmental for the project. Applicant may be required to provide a Phase II analysis if conditions from the Phase I analysis determine a Phase II is necessary.</i>		