



Restoring Our Communities (ROC) Program Project Application Exhibit B

There is a two-step application process under the provisions of the Notice of Funding Availability (NOFA).

Step 2 – Project Application for ROC Program Award – Upon execution of the Performance Agreement, a Service Provider can complete and submit individual project application forms with all required documents included in the *Project application checklist*. MFA staff will evaluate the project application using the Project evaluation scoring criteria listed below. Service Providers will be allowed up to three (3) open project awards at any one time. Complete project applications will be accepted on a first come, first served basis, and will be evaluated in chronological order based on the date received. Awards will be granted in order of receipt of complete project application(s) with all required documents and available funding.

ROC Program awards are contingent on available funds. MFA, in its discretion, may set limits on the amount of funding to be awarded.

A project application that is denied by MFA for failing to meet ROC Program requirements, may be resubmitted for award consideration if all defects are resolved. After a denial, a new application will be required and will be reviewed in order of receipt in accordance with this NOFA.

MFA staff may contact Applicants for clarification of the information provided in each application process.

Date of Project Application:

Servicer Provider Name:

Service Provider #:

Physical Address:

City, State Zip:

Mailing Address: ☐ Check if Same as above

City, State Zip:

Website:

Service Provider Point of Contact

Name:

New Mexico Mortgage Finance Authority 334 Fourth St. SW, Albuquerque, New Mexico 87102

tel: 505.843.6880 toll free 800.444.6880 housingnm.org

Title:

Telephone Number:

Extension:

E-Mail Address:

ACQUISITION, REHABILITATION, AND RESALE OF REAL PROPERTY

ROC Program funds may be used for acquisition, rehabilitation, and resale of real property to increase affordable housing units, reduce vacant and abandoned properties that reduce values within the community, and create homeownership opportunities for low- moderate- middle income homebuyers.

Service Providers will identify vacant properties, owner(s) of record to confirm clear title of the property and obtain an appraisal to negotiate the purchase of the property. In addition, the Service Provider will be required to perform an **ROC PROGRAM NEEDS ASSESSMENT FIELD REPORT** and document the condition of the property and obtain/provide detailed cost estimates for improvements needed to meet Housing Quality Standards. (See HQS Checklist included in Project Application)

Upon completion of the rehabilitation, the Service Provider must obtain an after-rehab appraisal to market and list the property for the lesser of the total project cost or the after-rehab value. The property must be sold to an eligible homebuyer and must be the homebuyer's principal residence (owner-occupied).

The service provider is responsible for the entire process from the project acquisitions to disposition. The process includes but is not limited to the following major functions:

- Identify Potential Property
- Title Search
- Pre-Purchase Property Appraisal with "As Is" and "Subject to Repairs" values.
- Evaluation and cost estimates of rehabilitation activities (ROC Program Needs Assessment Field Report)
- Determine viability of project
- Acquisition
- Rehabilitation
- Certificate of Occupancy (if applicable)
- Updated Appraisal (after Rehabilitation)
- Marketing of the property for resale to an eligible homebuyer
- Resale
- Project Reporting/Close Out

Service Provider must satisfy the following requirements (in order of priority) prior to beginning work on the project:

- ◆ Execute the purchase agreement.

- ◆ Ensure compliance with the conditions of the purchase agreement and all federal, state, and local laws and ROC Program guidelines such as:
 - Real property acquisition requirements
 - Lead-based paint (if applicable)
 - Asbestos and Radon evaluation
 - Termite Inspection
 - Ensure cost estimates are detailed and reasonable.

Service Provider will utilize MFA's ROC system to submit project information and upload required documents when a project has been identified for purchase (Exhibit B – Project Application Form). This submission will reserve the total project cost/award amount. Any changes to the project information or project costs must be updated within 48 hours of change. Changes in costs require an approved change order.

The following criteria must be met by the Service Provider to be considered an approved ROC Program Project Award.

Applicants must score a ***minimum of 70 points*** of the total points possible.

SCORING CRITERIA

| Criteria | Maximum Points |
|--|----------------|
| Project Application The ROC Project Application includes a complete application and all required documentation with date and signatures and is well organized according to the ROC Program Checklist. Projects that do not meet this criterion will be rejected. The Service Provider will be required to re-submit a project application and it will be evaluated based on the date resubmitted. | 10 |
| Project Location The ROC Program encourages projects located in rural areas throughout the State. (Rural Areas are outside Albuquerque, Las Cruces, Rio Rancho, and Santa Fe) Please provide a map of showing the property (google maps) | 5 |
| Project Budget Service Provider submitted a detailed project budget including all eligible costs to acquire, rehabilitate and resell the property to include homebuyer assistance if applicable. Describe the financial feasibility and sustainability of this project. Projects that demonstrate a viable plan for covering the cost of the project will receive full points. Utilize the ROC Program Feasibility Tool to enter project information to establish project viability. | 20 |
| Project Management Plan Service Provider submitted a comprehensive project management plan for the completion of the project. | 15 |

| | |
|--|------------|
| Project Building Standards and Energy Efficiency Service Provider will describe in detail how they will incorporate building standards and energy efficiency into the project. ROC Program Building Standards and Energy Efficiency Plan | 15 |
| Project Readiness to Proceed Service Provider will provide a narrative on the project's readiness and their ability to start the project immediately upon award. Please provide a start date. | 15 |
| Project Timeline The Service Provider has submitted the projected completion date, based on the Project Management Plan and the ROC Program Completion Schedule | 15 |
| Project Funding Support Service Provider has utilized other funding sources into the project. Please identify and include all additional funding sources in the budget. | 5 |
| | |
| Total Possible Points | 100 |

Project Application Checklist

| Applicants Initials | Items Required |
|------------------------|---|
| | Complete Project Application with all requested information |
| | ROC Program Set Up and Completion Form w/supporting documents (appraisal, cost estimates, etc.) |
| | Map of property |
| | ROC Program feasibility tool |
| | ROC Project Budget |
| | ROC Program Building Standards and Energy Efficiency Plan |
| | ROC Program Completion Schedule |
| | Project File Checklist – For Service Provider |

ROC Program Project Set Up/Completion Form Exhibit E

The ROC Program Set Up/Completion Form is a separate form (Exhibit E)

ROC Program Feasibility Tool Guide

Any variables that are displayed in blue can be adjusted to see different project outcomes. The purpose of this is to measure the feasibility of projects based expected sale price, unrecoverable loss, and line of credit values for different acquisition prices, locations, and rehab investments. **The ROC Program Feasibility Tool is a separate form. Exhibit D**

Quick Legend

| |
|------------|
| Good |
| Good |
| Caution |
| Not Viable |

Rehab cost (% of acquisition cost) – This is the total projected rehab cost divided by the Acquisition cost of the property.

- Any rehab percentage displayed in yellow exceeds the National Association of Home Builders costs reasonableness (87% of home value) and should be adjusted accordingly.
 - More information on Reasonable Rehab Costs tab

Acquisition Cost – Acquisition cost must be at least a 1 percent discount of list price.

Actual Rehab Cost – Projected Rehab costs that will go into the house.

- Can be adjusted to see different project outcomes.
- \$85,000 Cap on Rehab for each project

Project Management Fee – Addition of Acquisition cost and rehab cost multiplied by PM Fee

- Rural Projects – 15% Project Management Fee with a cap at \$25,000
- Urban Projects – 10% Project Management Fee with a cap at \$15,000

Total Project Cost – Addition of Acquisition cost, actual rehab cost, and project management fee

% Price Increase – Derived from sample of 62 ROC PROGRAM Properties from 2000 – 2022

- 2nd Order Polynomial Forecast which explains the relationship between the amount of rehab work put into the house and the sale price increase.
- More information on Average Price Increase tab

Sale Price – Acquisition cost plus the % Price increase

Closing Costs – Projected at 3%

Realtor Fees – Projected at 7%

Net Proceeds – Closing Costs and Realtor Fees Subtracted from the Sale Price

0% Interest Line of Credit - Primero Loan to cover acquisition and rehab that the unrecoverable loss does not cover.

- Any project with Line of Credit showing red is not viable. Primero loan is larger than net proceeds.
- Any project displayed in yellow is uncertain. Line of credit is within \$10,000 of net proceeds which leaves for minimal error.

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Unrecoverable Loss -

- Projects displayed in green meet the unrecoverable loss requirements.
- Projects displayed in yellow are uncertain. Unrecoverable loss is less than \$5,000 over set loss.
- Projects displayed in red are not viable. Projected unrecoverable loss is much greater than set unrecoverable loss.

Homebuyer Assistance – Amount left over after primero Loan is paid off and unrecoverable funds are used. If additional funds are available from the set unrecoverable loss, they are used for homebuyer assistance.

- Projects displayed in yellow have a projected homebuyer assistance lower than homebuyer assistance at 8 percent. Additionally, if a project has homebuyer assistance greater than 50,000 it is displayed in yellow. Set unrecoverable loss should be adjusted accordingly to bring homebuyer assistance below 50,000.
- Projects displayed in red do not have any homebuyer assistance, as the unrecoverable loss was too large and there is no money left over. This means that it is most likely not a viable project.

ROC PROGRAM PROJECT BUDGET FORM

Provide the project budget:

| Project Budget | | | |
|-----------------------|--------------------|--|-------|
| Project Cost Activity | Construction Costs | Professional Services (inspections, assessments, title work, closing costs) | Total |
| | | | |
| | | | |
| | | | |
| | | | |
| Labor | | | |
| Total | | | |

Optional budget narrative:

Cost Considerations:

Site Construction

- Earthwork
- Irrigation & Planting
- Exterior Improvements (except Irrigation & Planting)
- Site Utilities
- Existing Conditions (other – e.g., Unusual Site Conditions)

Building and Structures

- Concrete
- Masonry
- Metals
- Woods, Plastics, Composites
- Thermal Moisture Protection
- Openings
- Finishes
- Specialties
- Equipment
- Furnishings
- Special Construction
- Conveying Equipment
- Fire Suppression

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Plumbing

Heating, Ventilating, and Air Conditioning

Electrical

Other Costs

Hard Costs Only – (i.e., divisions not included above)

Additional Considerations

General Requirements

Gross Receipts Tax (GRT) If applicable

Contractor's or Builder's Insurance

ROC Program Building Standards and Energy Efficiency Standards

COST REASONABLNESS

All projects must be evaluated and certified for cost reasonableness before proceeding. These three steps are crucial in the initial process of all rehab projects and must be performed with attention to detail, looking for any potential or suspected hidden issues or problems that could develop into expensive and time-consuming change orders. A contingency factor of at least 10 percent is a good precaution to help ensure against cost overruns and enable completing a project successfully within available funding, subsidy limits and time allotments.

AFTER REHABILITATION VALUE

To use ROC PROGRAM funds, the value of the ROC PROGRAM-assisted property *after rehabilitation* must not exceed **95** percent of the median purchase price for the area, as determined locally through market analysis.

GREEN BUILDING MEASURES FOR REHABILITATION

The Service Provider should carefully evaluate rehabilitation costs and budget to meet as many of the following green building measures as possible.

High Efficiency Toilets:

If replacing existing toilets with new models, they must be high efficiency toilets (HETs), which use less than 1.6 gpf, including pressure-assisted toilets that consume as little as 1.0 gpf, gravity-flush toilets that consume 1.28 gpf, and dual-flush toilets that offer two flush volumes. If possible, choose a toilet that has been through third-party MaP (maximum performance) testing and is rated in grams; look for MaP test results of 350 grams or higher or for toilets that meet the new Environmental Protection Agency WaterSense program requirements.

Low-Flow Fixtures:

If replacing faucets in the kitchen or bathroom, or showerheads in the bathroom, these fixtures must meet or exceed the following standard:

- ◆ Kitchen faucets – install a low-flow faucet aerator to 1.5 gpm. These can be of the fixed type or the flip type.
- ◆ Bathroom faucets – install a low-flow faucet aerator to 1.0 gpm. These should be fixed.
- ◆ Showerheads – install showerheads that use 2.0 gpm.

Appliances:

If replacing the following appliances, replacement units must carry Energy Star certification for the following:

- ◆ Refrigerators and freezers
- ◆ Dishwashers
- ◆ Clothes washers
- ◆ Room air conditioners

- ◆ Central air conditioners
- ◆ Ceiling and ventilating fans
- ◆ Boilers, furnaces, or heat pumps
- ◆ Programmable thermostats

HVAC:

If replacing components of the HVAC system of a home, new HVAC systems must be properly sized to ensure energy efficiency. To ensure proper sizing and installation, follow the Energy Star/ACCA Quality Installation Standards (www.acca.org/quality).

Water Line and Water Heater Insulation:

If replacing or repairing water lines or water heaters, provide proper insulation of these components to improve energy efficiency. Select durable pipe insulation and tightly insulate as many water lines, hot and cold, as possible. For water heaters, use water heater blankets, and ensure that the air flow beneath gas-fired natural draft water heaters is not blocked. Follow the manufacturer's instructions for installation of all water pipe and water heater insulation.

Wall and Roof Insulation:

If repairing or replacing wall or ceiling/attic/roof insulation, ensure that new insulation adheres to the following standards and is formaldehyde-free:

- ◆ Wood frame wall insulation:
 - 2006 IECC Climate Zone 3: ≥ 13 R-value
 - 2006 IECC Climate Zone 4: ≥ 13 R-value
 - 2006 IECC Climate Zone 5: ≥ 19 R-value
- ◆ Ceiling/attic/roof insulation:
 - 2006 IECC Climate Zone 3: ≥ 30 R-value
 - 2006 IECC Climate Zone 4: ≥ 38 R-value
 - 2006 IECC Climate Zone 5: ≥ 38 R-value

Flooring:

Hard surfaced flooring – when replacing flooring, utilize hard-surfaced, resilient flooring materials, such as tile, wood, wood laminate, bamboo, cork, natural linoleum or finished concrete. When installing flooring using glues, use only low-VOC, formaldehyde-free adhesives.

Carpet – when removing carpet, replace it with hard-surfaced flooring when possible. When carpet is installed, it should be located only in low-moisture areas. All carpet should be tacked down, not glued. When possible, choose carpet products that are made from natural materials, such as wool, cotton, jute, or hemp, but which have not been treated with pesticides or contain residues from dyes and finishes used in manufacturing.

Windows and Exterior Doors:

When replacing windows and exterior doors, adhere to the following standards set by Energy Star for minimum National Fenestration Rating Council ratings for U-Factor and Solar Heat Gain Coefficient (SHGC) for the particular geographic region:

- ◆ 2006 IECC Climate Zone 3: U-factor ≤ 0.40 and SHGC ≤ 0.40

- ◆ 2006 IECC Climate Zone 4: U-factor S 0.40 and SHGC S 0.55
- ◆ 2006 IECC Climate Zone 5: U-factor S 0.35 and any SHGC

The following are the 2006 IECC Climate Zones in New Mexico:

| 2006 IECC Climate Zone | New Mexico Counties |
|----------------------------|---|
| CZ3 (south/central) | Chaves, Doña Ana, Eddy, Hidalgo, Lea, Luna, Otero |
| CZ4 (north/central) | Bernalillo, Curry, De Baca, Grant, Guadalupe, Lincoln, Quay, Roosevelt, Sierra, Socorro, Union, Valencia |
| CZ5 (northern) | Catron, Cibola, Colfax, Harding, Los Alamos, McKinley, Mora, Rio Arriba, San Juan, San Miguel, Sandoval, Santa Fe, Taos, Torrance |

Paints and Finishes:

When painting or applying finishes, use only low- or zero-volatile organic compound (VOC) paints, primers, sealants, adhesives, coatings, and other finishes. Also, avoid plastic-coated paper and vinyl wall coverings.

Composite Wood:

When installing or replacing composite wood, such as particle board and medium-density fiberboard (MDF), ensure that products are free of urea-formaldehyde, and do not install these materials in high humidity or high moisture areas. When composite wood must be used, choose products that are moisture resistant, such as particle board and MDF produced with MDI (polyurethane) or phenol-formaldehyde binders. This standard also applies to cabinetry and furniture made with composite wood.

Integrated Pest Management:

Do not use any insecticides. Use integrated pest management methods to control pests. Seal all cracks, holes and crevices on interior surfaces and exterior surfaces to prevent access by pests. Use copper mesh to plug larger holes prior to finishing with plaster or drywall. Do not use steel wool. Place a thin dusting of 98 percent boric acid under kitchen cabinets, in wall cavities, cracks and crevices in the kitchen (www.doyourownpestcontrol.com).

Operations and Maintenance:

- ◆ Provide a guide for homeowners that explains the intent, benefits, use and maintenance of green building features, along with the location of transit stops and other neighborhood conveniences; and encourages additional green activities such as recycling, gardening and use of healthy cleaning materials, alternate measures for pest control and purchase of green power.
- ◆ Provide a walk-through and orientation to the homeowner or new resident using the guide for homeowners from above that reviews the building's green features, operations, and maintenance along with neighborhood conveniences.

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ROC PROGRAM HUSING QUALITY STANDARDS WORKSHEET

HOUSING QUALITY STANDARDS

All units assisted with ROC Program funds must meet the housing quality standards **defined in table** in **24 CFR 982.401**. In rehabilitation projects where the work is performed on a portion of the home, the entire home must pass the Housing Quality Standard inspection criteria. **The ROC Program HQS Unit Inspection Form is a separate form. Exhibit F**

ROC Program Project Completion Form

Provide the project completion schedule:

| Project Budget | |
|------------------|------------------------------|
| Project Activity | Completion Date (month/year) |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

Optional schedule completion narrative:

ROC PROGRAM – PROJECT FILE PROCEDURE CHECKLIST

ROC Program Project # _____

Property Address: _____

City: _____ State: _____ Zip Code: _____

Service Provider: _____

| | |
|--|--|
| | SET UP |
| | Purchase Agreement (with any extensions, addenda) |
| | |
| | ROC Program setup form CHECK THE MATH, correct, if necessary, print in color, initial and date and deliver to Accounting |
| | Make ROC PROGRAM file folder (Red folder with label) <ul style="list-style-type: none"> • All set up documents on right hand side, with post-its and pink paper dividers between documents. • Print pages from internet for environmental package – see below |
| | Set up e-folders (insert link) |
| | Appraisal |
| | <ul style="list-style-type: none"> • Assign ROC PROGRAM Loan number |
| | Make ROC PROGRAM file folder (Red folder with label) |
| | Settlement Statement (draft) |
| | Copies of invoices to be paid at closing |
| | ROC PROGRAM Request for Reimbursement <ul style="list-style-type: none"> • To submit for purchase wire must verify costs listed on Settlement statement using Accounting approved reimbursement form. • Must have original signed version, if all ok sign and date • Attach copy of Settlement statement and wiring instructions and deliver to Accounting (electronically – at least 24 hours before closing) • |
| | Wiring instructions from title company (one for each company_ |
| | AFTER CLOSING |
| | Mortgagee Title Policy – MFA 1 st lien position w/ pending disbursement clause |
| | Certified Copies Mortgage and LURA. Original executed Note, recorded Mortgage and LURA |
| | Survey |
| | Final Settlement Statement |
| | REHAB/CONSTRUCTION |
| | Estimate of rehabilitation costs |
| | Copy of executed Construction Contract with scope of work attached as an Exhibit |

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| | |
|--------------|--|
| | Copies of Lead-Based Paint Risk Assessment, Notification Certification(s), and Clearance (if applicable) |
| | Copies of Contractor Payment Request and any material receipts |
| | FOR FINAL PAYMENT |
| | Copies of authorized change orders, if applicable |
| | HQS pass |
| | Punchlist (if applicable) |
| | Green Building Checklist |
| | Release of liens by contractor and subcontractors |
| | Request for Reimbursement with copy of contractor final invoice |
| | RESALE AND COMPLETION (SEE OTHER CHECKLIST) |
| NOTE: | If ROC PROGRAM financing, must follow directions for that activity and separate documentation package |
| | Purchaser signed Lead Based Paint Notification – Distribution of LBP Pamphlet, if applicable |
| | Housing Counseling Certificate and invoice (can be part of costs at closing) |
| | Purchaser income verification and copies of source documents |
| | Settlement Statement for sale of property |
| | ROC PROGRAM Completion Report |
| | 203(b) After Rehab Value Certification |
| | Cost recovery Reimbursement form |

ROC PROGRAM NEEDS ASSESSMENT FIELD REPORT

ROC Program Project #Enter ROC PROJECT#

ROC Program Project Address: _____
City: _____ State: _____ Zip Code: _____

| Key | 1=Standard | 2=Substandard | 3=Nonexistent |
|-----|------------|---------------|---------------|
|-----|------------|---------------|---------------|

Exterior Unit Conditions:

| | |
|---------------------------|------------------------------|
| _____ Roof | _____ Water System |
| _____ Roof Structure | _____ Sewage Disposal System |
| _____ Foundation | _____ Exterior Walls |
| _____ Foundation Drainage | _____ Exterior Doors |

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Interior Unit Conditions:

| | |
|---|--|
| <input type="checkbox"/> Wall Structural | <input type="checkbox"/> Bathroom Facilities |
| <input type="checkbox"/> Wall Finish | <input type="checkbox"/> Room Dimensions |
| <input type="checkbox"/> Floors | <input type="checkbox"/> Light and Ventilation |
| <input type="checkbox"/> Ceilings | <input type="checkbox"/> Separations and Exits |
| <input type="checkbox"/> Kitchen Facilities | <input type="checkbox"/> Smoke Detectors |

Electrical and Mechanical Systems:

| | |
|---|---|
| <input type="checkbox"/> Exterior Connections | <input type="checkbox"/> Heating System |
| <input type="checkbox"/> Electrical Systems | <input type="checkbox"/> Plumbing Equipment |

Site Conditions (check if present):

| | |
|--|---|
| <input type="checkbox"/> Nuisances as per Code | <input type="checkbox"/> Hazardous/Unsanitary Premises |
| <input type="checkbox"/> Improper Occupancy | <input type="checkbox"/> Faulty Materials of Construction |

Review performed by:

Date of Review:

Signature: _____

**ROC PROGRAM
NEEDS ASSESSMENT FIELD REPORT**

Comments Section

Exterior Unit Conditions:

Interior Unit Conditions:

Electrical and Mechanical Systems:

Site Conditions (check if present):