Contract Number:

HUD IDIS #:

Loan #:

**Return after recording to:**

**Housing New Mexico | Mortgage Finance Authority**

**Attn: HOME Rehab Program Manager**

**7425 Jefferson Street NE**

**Albuquerque, NM 87109**

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**

**HOME REHABILITATION PROGRAM**

**AWARD AND RESTRICTIVE COVENANTS AGREEMENT**

**FOR USE WITH HOME INVESTMENT PARTNERSHIP ACT FUNDS**

This **AWARD AND RESTRICTIVE COVENANTS AGREEMENT** ("Agreement") is entered into this 0day of Month, 2025 between Homeowner name(s) here whose address is Homeowner Address Here

(“Owner”) securing Owner’s obligations to the **New Mexico Mortgage Finance Authority**, a public body, politic and corporate, separate and apart from but constituting a governmental instrumentality of the state of New Mexico, whose address is 7425 Jefferson St. NE, , Albuquerque, New Mexico 87109 ("MFA").

1. **Award of Funds and Restrictions on Property.**

Owner, in consideration of Owner’s receipt of Home Rehabilitation Program funds in the amount of

**Dollars ($     )**, as may be amended from time to time (“Award”) from MFA, does hereby agree to the restrictions outlined herein and for such consideration paid does hereby mortgage, grant and convey to the MFA all of the Owner’s right, title and interest in and to the following described real estate located in County Name Here County, New Mexico, which has an address of Homeowner Address Here, and which is more particularly described as follows:

*Insert TITLE PLOT INFORMATION (LEGAL DESCRIPTION) HERE*

together with all improvements now or hereafter erected on the property, and all easements, rights, appurtenances and rents, all of which shall be deemed to be and remain a part of the property covered by this Agreement; and all of the foregoing together with said property (or the leasehold estate if this Agreement is on a leasehold) are hereinafter referred to as the “Property.”

Owner covenants that Owner is lawfully in possession of the Property (estate) described above and has the right to mortgage, grant and convey the Property. Owner covenants that Owner warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

This Agreement secures the performance of the following obligations, with mortgage covenants, and is upon the statutory mortgage condition for the breach of which it is subject to foreclosure as provided by law:

1. Repayment of the Award, including all renewals, modifications and amendments of this Agreement, including any increase in the principal amount of the Award made subsequent to the date of this Agreement, and
2. The performance of all of Owner's obligations, covenants, and agreements contained in this Agreement, as may be amended from time to time, and imposed upon the use of the Property.

This Agreement secures all future advances of funds to Owner by MFA in connection with this Agreement, and the lien of each such advance will relate back to the date of recordation of this Agreement. Owner acknowledges and agrees that the Award amount shall increase by the amount of any additional advances for change orders requested by Owner and approved by MFA, and shall decrease if the total amount of the Award is not needed to complete the rehabilitation, and that an amendment to this Agreement in the form of Exhibit A (“Amendment”) shall be completed by MFA with respect to any change to the Award, and further that as a condition of the Award, Owner shall be required to execute the amendment which will be recorded in the records of clerk of County Name Here County, New Mexico. Failure to execute an Amendment shall be a breach of this Agreement for which MFA may exercise those remedies outlined in paragraph 14 of this Agreement and any other remedies available at law or in equity.

**2. Owner’s Promise to Pay; Reduction of Principal.**

Owner promises to pay the Award, as may be amended from time to time, as follows:

No interest will accrue on the Award. However, Owner shall promptly pay the entire, outstanding principal balance of the Award, as may be amended from time to time, and any other indebtedness evidenced by this Agreement if at any time during the Total Restrictive Period (defined below) Owner sells or transfers the Property to a party ineligible for assistance under the Regulations (defined below); refinances in whole or in part any mortgage against the Property that is superior to this Mortgage, provided that MFA may, in its sole discretion, approve, in writing, refinances in whole or in part of any mortgage against the property that is superior to this Mortgage, provided that a condition of any such approval will be the agreement of the senior lender to close on the refinance with this Agreement remaining in place, and provided further that MFA may agree in its sole discretion to subordinate this Agreement to a new senior lender; in any manner conveys title to the Property; fails to maintain the Property as Owner-occupied, single-family residential property during the term of the Total Restrictive Period; or otherwise fails to abide by the Restrictive Covenants and terms of this Agreement.

Provided that Owner is in compliance with the Restrictive Covenants and other requirements set forth in Paragraph 3 of this Agreement, the Principal balance due on this Award shall be reduced on an annual basis on the anniversary of the date of this Agreement (“Period of Forgiveness”) as follows:

1. If the Award amount is between $1,000 and $24,999, the Total Restrictive Period will be five (5) years, and no forgiveness shall occur within the five-year Total Restrictive Period.
2. If the Award amount is between $25,000 and $49,999, the Total Restrictive Period will be ten (10) years, and the repayment amount will decrease at a rate of twenty percent (20%) per year for the following five years, beginning on the 6th anniversary of the date of the commencement of the Total Restrictive Period.
3. If the Award amount is more than $50,000, the Total Restrictive Period will be fifteen (15) years, and the repayment amount will decrease at a rate of twenty percent (20%) per year for the following five years, beginning on the 11th anniversary of the date of the commencement of the Total Restrictive Period.

**3. Restrictive Covenants.**

This Agreement restricts the use of the Property and is in consideration of the Award from MFA to Owner as evidenced by this Agreement. The Award has been made to Owner through MFA's HOME Rehabilitation Program and can be made to Owner only if Owner promises to comply with the restrictions and requirements set forth herein, and those restrictions and requirements set forth under the HOME Investment Partnership Act, 42 USC 12701 et seq., and the federal regulations at 24 CFR Part 92 "HOME Investments Partnership Program," as amended (collectively, the "Regulations").

In consideration of the Award and of the mutual covenants and understandings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, MFA and Owner agree as follows:

**A. Restrictive/Owner Occupied Requirement.** Owner shall maintain the Property as Owner-occupied, single family residential property for residential purposes only, until the expiration of the Total Restrictive Period (defined in this paragraph) or so long as any or all of the Award is unpaid and outstanding, whichever is later. The Total Restrictive Period is Choose an item. years. The Total Restrictive Period will begin on the date of this Agreement.

**B. Rehabilitation.** Owner agrees that the entire amount of the Award, as may be amended from time to time, will be used to perform the rehabilitation work including any change orders (the "Work") on the Property. Owner expressly authorizes inspection of the Property by MFA or MFA's agent prior to or following completion of the Work.

**C. Owner Occupied.** Except as set forth in Paragraph 3E of this Agreement, if, at any time during the Total Restrictive Period, the Property ceases to be the principal residence of Owner, whether through sale of the Property or otherwise, then the entire outstanding amount of the Award will be immediately due and payable to MFA without demand.

**D. No Transfer.** Owner promises that the Property may not be sold, transferred or title to the Property conveyed, and Owner promises that the entire balance due on the Award will be due and payable upon any such sale or transfer, except as provided for in Paragraph 3E of this Agreement. If Owner fails to pay these sums upon the sale, transfer or conveyance of the Property, MFA may invoke any remedies permitted by law or this Agreement without further notice or demand on Owner.

**E. Exception to Transfer Restriction.** Notwithstanding any other provision of this Agreement, the Property may be transferred if the transfer is to a person or family (“the Transferee”) or Heir (defined below) who covenants and promises in writing to maintain the Property as the Transferee's or Heir’s principal residence for the remainder of the Total Restrictive Period and otherwise to comply with and assume all the terms and conditions of this Agreement; and,

1. the transfer is to a Transferee who is a Low Income or Very Low-Income Person or Family as defined in 24 CFR 92.2, who MFA has determined qualifies for assistance under section 24 CFR 92.203; or
2. the transfer is the result of the death of the Owner and the transfer is by devise or operation of law to a member of the Owner’s immediate family (“Heir”). Immediate family, for the purposes of this Agreement, is defined as a spouse, children (including stepchildren), mother, father, brother, sister, grandparent, mother-in-law, father-in-law, brother-in-law, sister-in-law, aunt, or uncle. Such a transfer upon the death of the Owner will cause an immediate termination of the Total Restrictive Period.

MFA reserves the right to deny approval of a request to assume or transfer this Agreement and the Award.

**F. Termination of Total Restrictive Period.** Owner understands that the Total Restrictive Period will not terminate prior to the termination date indicated by this Agreement, except under the circumstances indicated in Paragraph 3E (ii) or in the event of foreclosure and sale of the Property pursuant to an order of a court of competent jurisdiction; transfer to MFA in lieu of foreclosure; or assignment of an FHA insured prior or subordinate mortgage to the US Department of Housing and Urban Development. The Total Restrictive Period will continue through any change in ownership, and a Transferee deemed eligible by the MFA pursuant to the terms of this Agreement shall be required to assume in writing the balance of the prior Owner’s obligation under this Agreement. MFA’s determination that a Transferee is ineligible will cause Owner to be immediately liable for full repayment of the Award as may be amended from time to time.

**G. Abandonment.** If the Owner leaves the Property unoccupied for a continuous period of thirty (30) days or more during the Total Restrictio Period, and fails to pay utilities bills and/or mortgage payments, absent circumstances of the Owner’s grave illness or death, the Property will be deemed Abandoned for the purposes of this Agreement. Upon MFA’s determination that the Property has been Abandoned, MFA will deliver Owner a written Notice of Abandonment, in the manner prescribed in Paragraph 11 of this Agreement, at the Property address and at any other address Owner has provided MFA for receipt of notice. Owner will have thirty (30) days from receipt of MFA’s Notice of Abandonment to remedy the utilities and/or mortgage payment deficiencies, or Owner shall become immediately liable for full repayment of the balance of the Award.

**4. Prior or Subsequent Mortgages and Deeds of Trust; Charges; Liens.** Owner shall perform all of Owner's obligations under any mortgage or encumbrance on the Property, whether superior or junior to this Agreement. Owner shall pay or cause to be paid all taxes, assessments, and other charges, fines, and impositions attributable to the Property, and leasehold payments or ground rents, if any. Any default by Owner under a prior or subordinate mortgage or encumbrance against the Property or by Owner’s failure to pay all taxes, assessments and other charges, fines, and impositions attributable to the Property shall constitute a default under this Agreement and shall entitle the MFA to all legal and equitable relief as set forth herein.

**5. Hazard Insurance.** Owner shall keep the improvements now existing or hereafter erected on the Property insured for the full replacement value, against loss by fire, structural collapse, earthquake, lightening, explosion, riot or civil commotion, aircraft or vehicles, wind or hail, and sonic boom. If the Property is in a flood plain, Owner promises to obtain flood insurance for the full replacement value of the improvements to the Property. All insurance policies for the Property, and renewals thereof, shall list MFA or its designated agent as loss payee on the policies. In the event of loss, Owner shall give prompt notice to the insurance carrier and MFA. MFA may give proof of loss if not promptly provided by the Owner.

If the Property is Abandoned by Owner, or if Owner fails to respond to MFA within 30 days from the date MFA mails notice to Owner that the insurance carrier offers to settle a claim for insurance benefits, MFA is authorized to collect and apply the insurance proceeds at MFA's option either to restoration or repair of the Property, or to the sums secured by this Agreement. Each insurance company concerned is hereby authorized and directed to make payment of such insurance proceeds directly to MFA, as mortgagee, instead of to Owner and MFA jointly.

**6. Preservation and Maintenance of Property; Leaseholds; Condominiums; Planned Unit Developments.** Owner shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall comply with the provisions of any lease if this Agreement is on a leasehold. If this Agreement is on a unit in a condominium or a planned unit development, Owner shall perform all of Owner's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and constituent documents.

**7. Protection of MFA's Security.** If Owner fails to perform the covenants and agreements contained in this Agreement, or if any action or proceeding is commenced which materially affects MFA's interest in the Property, then MFA may at its option and upon notice to Owner, make such appearances, disburse such sums, including reasonable attorneys' fees and costs, and take such action as is necessary to protect MFA's interest. Any amounts disbursed by MFA pursuant to this paragraph, including any reasonable attorneys’ fees and costs incurred by MFA, with interest thereon, at the statutory rate, shall become additional indebtedness of Owner secured by this Agreement. Unless Owner and MFA agree to other terms of payment, such amounts shall be payable upon notice from MFA to Owner requesting payment thereof. Nothing contained in this Paragraph 7 shall require MFA to incur any expense or take any action hereunder.

**8. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to MFA, subject to the terms of any mortgage, deed of trust or other security agreement with a lien that has priority over this Agreement.

**9. Owner Not Released; Forbearance by MFA Not a Waiver.** Any forbearance by MFA in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

**10. Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements contained herein shall bind, and the rights hereunder shall inure to, the respective successors and assigns of MFA and Owner, subject to the provisions of Paragraph 3 hereof. All covenants and agreements of Owner shall be joint and several.

**11. Notice.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Owner provided for in this Agreement shall be given by delivering it or by mailing such notice by certified mail addressed to Owner at the Property Address or at such other address as Owner may designate by notice to MFA as provided herein, and (b) any notice to MFA shall be given by certified mail to MFA’s address stated herein or to such other address as MFA may designate by notice to Owner as provided herein. Any notice provided for in this Agreement shall be deemed to have been given to Owner or MFA when given in the manner designated herein.

**12. Governing Law; Severability.** The state and local laws applicable to this Agreement shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of Federal law to this Agreement. In the event that any provision or clause of this Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Agreement, which can be given effect without the conflicting provision, and to this end the provisions of this Agreement are declared to be severable.

**13. Owner’s Copy.** Owner shall be furnished a fully executed copy of this Agreement, and any amendments at the time of execution or after recordation thereof.

**14. Acceleration; Remedies.** Except as provided in Paragraph 3E hereof, upon Owner's breach of any covenant in this Agreement, including the covenants to pay when due any sums secured by and under this Agreement, MFA shall give notice to Owner as provided in Paragraph 11 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than ten (10) days from the date the notice is mailed to Owner, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Agreement, foreclosure by judicial proceeding, and sale of the Property. The notice shall further inform Owner of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the nonexistence of a default or any other defense of Owner to foreclosure. If the breach is not cured on or before the date specified in the notice, MFA, at MFA's option, may declare all of the sums secured by this Agreement to be immediately due and payable without further demand, and may foreclose this Agreement by judicial proceeding. MFA shall be entitled to collect in such proceeding all expenses of foreclosure, including, but not limited to, reasonable attorneys' fees, and costs of documentary evidence, abstracts and title reports.

**15. Owner's Right to Reinstate.** Notwithstanding MFA's acceleration of the sums secured by this Agreement due to Owner's breach, Owner shall have the right to have any proceedings begun by MFA to enforce this Agreement discontinued at any time prior to entry of a judgment enforcing this Agreement if: (a) Owner cures all breaches of any covenants or agreements of Owner contained in this Agreement; (b) Owner pays all reasonable expenses incurred by MFA in enforcing the covenants and agreements of Owner contained in this Agreement, and in enforcing MFA's remedies as provided in Paragraph 14 hereof, including, but not limited to, reasonable attorneys' fees and costs; and (c) Owner takes such action as MFA may reasonably require to assure that the lien of this Agreement, MFA's interest in the Property and Owner's obligations secured by this Agreement shall continue unimpaired. Upon such cure by Owner, this Agreement and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

**16. Release.** Upon payment of all sums secured by this Agreement, MFA shall release this Agreement without charge to Owner.

**17. Redemption Period.** If this Agreement is foreclosed, the redemption period after judicial sale shall be one month in lieu of nine months.

REQUEST FOR NOTICE OF DEFAULT

------------------------------AND FORECLOSURE UNDER SUPERIOR------------------------------

MORTGAGES OR DEEDS OF TRUST

Owner and MFA request the holder of any mortgage, deed of trust or other encumbrance with a lien which has priority over this Agreement to give Notice to MFA, at MFA's address set forth on page one of this Agreement of any default under the superior encumbrance and of any sale or other foreclosure action.

IN WITNESS WHEREOF, Owner has executed this Agreement

          \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Homeowner Signature**

**Acknowledgment**

STATE OF NEW MEXICO )

) ss

COUNTY OF           )

The foregoing instrument was acknowledged before me this         day of       20    by .

My commission expires:

NOTARY PUBLIC

EXHIBIT A

Contract Number:

HUD IDIS #:

**Return after recording to:**

**Housing New Mexico | Mortgage Finance Authority**

**Attn: HOME Rehab Program Manager**

**7425 Jefferson Street NE**

**Albuquerque, NM 87109**

**AMENDMENT TO**

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**

**HOME REHABILITATION PROGRAM**

**AWARD AND RESTRICTIVE COVENANTS AGREEMENT**

**FOR USE WITH HOME INVESTMENT PARTNERSHIP ACT FUNDS**

This **AMENDMENT TO AWARD AND RESTRICTIVE COVENANTS AGREEMENT** ("Amendment") amends that certain **AWARD AND RESTRICTIVE COVENANTS AGREEMENT** (defined below)and is made and entered into by Homeowner name(s) here whose address is Homeowner Address Here (“Owner”) securing Owner’s obligations to the **New Mexico Mortgage Finance Authority**, a public body politic and corporate, separate and apart from but constituting a governmental instrumentality of the state of New Mexico whose address is 7425 Jefferson St. NE, Albuquerque, New Mexico 87109 (“MFA”) this 00day of Month, 2025.

**WHEREAS,** Owner and MFA entered into that certain Award and Restrictive Covenants Agreement dated [INSERT DATE AGREEMENT SIGNED] which was recorded as Document No. [Insert County Clerk Document No. HERE] in the records of the clerk of County Name Here, New Mexico (“Agreement”) on [INSERT RECORDING DATE];

**WHEREAS**, pursuant to the Agreement, MFA made an Award to Owner in the amount of

**Dollars ($     )**(“Award”) for rehabilitation of the Property located at Homeowner Address Here and which is more particularly described as follows:

*Insert TITLE PLOT INFORMATION (LEGAL DESCRIPTION) HERE*

**WHEREAS**, subsequent to the recording of the Agreement ***additional advances*** were made by MFA on behalf of Owner for change orders in the principal amount of **Dollars ($     )**; and

**WHEREAS**, the rehabilitation of the Property is now complete and the total amount needed to complete the rehabilitation was **Dollars ($     ) *less than the Award***;

and

**WHEREAS**, pursuant to Section 1 of the Agreement, Owner and MFA are entering into this Amendment Agreement to document the total Amended Award amount (shown below) and to reaffirm Owner’s obligations under the Agreement with respect to the Award, as amended.

**NOW, THEREFORE,** MFA and Owner agree the Agreement is amended as follows:

1. The Award first defined in Section 1 and referenced throughout the Agreement shall include the total shown below:

|  |  |
| --- | --- |
| Original Award Amount | $0.00 |
| Change to Award Amount | $0.00 |
| **TOTAL AMENDED AWARD** | **$0.00** |

1. The Agreement, as amended by this Amendment Agreement, continues to secure the performance of the following obligations, with mortgage covenants, and is upon the statutory mortgage condition for the breach of which it is subject to foreclosure as provided by law:
2. Repayment of the Award, including all renewals, modifications, or amendment to this Agreement, including any increase in the principal amount of the Award made subsequent to the date of this Agreement, and
3. The performance of all of Owner's obligations, covenants, and agreements contained in this Agreement as amended and imposed upon the use of the Property.
4. Except as specifically modified and amended herein, all of the terms, provisions, requirements and specifications contained in the Agreement remain in full force and effect. Except as otherwise expressly provided herein, the parties do not intend to, and the execution of this Amendment Agreement shall not, in any manner, impair the Agreement.
5. Nothing herein contained shall be construed as a substitution or novation of the obligations of the parties under this Amendment Agreement.
6. This Amendment Agreement shall be construed and governed by the Laws of the State of New Mexico.

IN WITNESS WHEREOF, Owner has executed this Agreement

       \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Homeowner Signature**

**Acknowledgment**

STATE OF NEW MEXICO )

) ss

COUNTY OF           )

The foregoing instrument was acknowledged before me this         day of       20    by

My commission expires:

NOTARY PUBLIC