Agenda

HOUSING NEW MEXICO| MORTGAGE FINANCE AUTHORITY
Board Meeting
7425 Jefferson St. NE Albuquerque, NM 87109
Wednesday, October 15, 2025- 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 9/10/22 Special Board Meeting Minutes- Board Action
- Approval of 9/17/25 Board Meeting Minutes – Board Action
- Executive Director Updates

Presentation

Ventana Fund (Todd Clarke)

Board Action Items	**Action Required**
Other	
1 Legislative Priorities (Robyn Powell)	YES
2 Proposed Changes to MFA Rules and Regulations (Robyn Powell)	YES
Consent Agenda	
3 Bi-Annual Mortgage Operations Compliance Report- 10.2025 (Jackie Nutima)	YES
Finance Committee	
4 Housing New Mexico AP & Cash Disbursements Internal Audit Final Reports (Jackie Nutima & Claire Hilleary, Baker Tilly)	YES
5 2026 Qualified Allocation Plan (Jeanne Redondo & Jacobo Martinez)	YES
Contracted Services/Credit Committee	
6 Desert Willow – New Mexico Housing Trust Fund Loan Request (Clarissa Aragon & George Maestas)	YES
7 Housing Innovation Award Recommendation – La Casa (Daniela Freamon & Robyn Powell)	YES
8 RFP for Financial Advisory Services (Alex Lundy)	YES

Other Board Items	**Information Only**
9 **(Staff is available for questions)**	
▪ Staff Actions Requiring Notice to Board	
▪ 2025 Series E/F Bond Pricing Summary	

Monthly Reports	**Non-Action Required**
10 **(Staff is available for questions)**	
▪ Marketing & Communications Monthly Update	
▪ New Mexico Housing Trust Fund Update	
▪ 8/31/2025 Financial Statements	

Announcements and Adjournment **Discussion Only**

Confirmation of Upcoming Board Meetings

- October 30, 2025- Thursday- 3:00 p.m. Investment Committee Meeting. Please RSVP to Dominique Zuni
- November 12, 2025 – Wednesday- 10:00 a.m. Contracted Services, 1:00p.m. Finance Committee
- November 19, 2025 - Wednesday- 9:30 a.m. Housing New Mexico | MFA Board of Directors Meeting
- December 4, 2025- Thursday- 3:00 p.m. Investment Committee Meeting. Please RSVP to Dominique Zuni
- December 9, 2025 - Tuesday- 10:00 a.m. Contracted Services, 1:00p.m. Finance Committee
- December 17, 2025 – Wednesday – 9:30 a.m. Housing New Mexico | MFA Board of Directors Meeting
- January 8, 2026- Thursday- 3:00 p.m. Investment Committee Meeting. Please RSVP to Dominique Zuni
- January 13, 2026- Tuesday- 10:00 a.m. Contracted Services, 1:00p.m. Finance Committee
- January 21, 2026 – Wednesday 9:30 a.m. Housing New Mexico | MFA Board of Directors Meeting

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Board Action Items **Action Required**

Other

1 **Legislative Priorities (Robyn Powell)** – Presentation of 2026 Regular Session legislative priorities and draft legislation. YES

2 **Proposed Changes to MFA Rules and Regulations (Robyn Powell)** - Housing New Mexico | MFA may modify the Mortgage Finance Authority Rules and Regulations from time to time with approval of the Board of Directors and the Legislative Oversight Committee. Upon Board approval, changes will be recommended to the MFA Legislative Oversight Committee at the next scheduled meeting on October 23, 2025. YES

Consent Agenda

3 **Bi-Annual Mortgage Operations Compliance Report- 10.2025 (Jackie Nutima)** - The Biannual Compliance Activities Report is provided by the Compliance Manager to provide information to the board of directors regarding Housing New Mexico's mortgage lending and servicing department compliance management activities. During the reporting period, no significant compliance concerns were identified. YES

Finance Committee

4 **Housing New Mexico AP & Cash Disbursements Internal Audit Final Reports (Jackie Nutima & Claire Hilleary, Baker Tilly)** – Baker Tilly Advisory Group, LP (Baker Tilly) was engaged by Housing New Mexico | MFA to conduct an internal audit related to Housing New Mexico | MFA's accounts payable and cash disbursement processes. YES

5 **2026 Qualified Allocation Plan (Jeanne Redondo & Jacobo Martinez)-** The 2026 QAP represents a significant evolution in how Housing New Mexico administers LIHTC. Through structural improvements, policy refinements, and responsiveness to federal changes, the proposed plans advance Housing New Mexico's mission to increase affordable housing supply and program integrity. The 2026 Qualified Allocation Plan (QAP) for New Mexico introduces a major structural reorganization by separating program guidance into four stand-alone documents: the QAP, the Universal Multifamily Underwriting Supplement, the Post Award Handbook, and the 2026 Mandatory Design Standards for Multifamily Housing. This

restructuring was driven by stakeholder feedback and is designed to improve clarity, usability, and consistency across affordable housing programs. The memo also discusses increased demand for Private Activity Bonds (PABs), implications of the federal "OBBB Act" reducing the 50% Test to 25%, and Housing New Mexico's recommendation not to shift to a competitive process for 4% LIHTC allocations due to administrative and timing concerns raised by issuers and state partners. YES

Contracted Services/Credit Committee

6 **Desert Willow – New Mexico Housing Trust Fund Loan Request (Clarissa Aragon & George Maestas)** - A $2,000,000 NMHTF loan request for Desert Willow, located in Albuquerque, New Mexico. Desert Willow is a proposed Acquisition and Rehabilitation of a multifamily project with 224 units, 112 one-bedroom and 112 two-bedroom units for households with children. All 224 units will be income restricted to households earning 60% or less of Area Median Income ("AMI"). YES

7 **Housing Innovation Award Recommendation – La Casa (Daniela Freamon & Robyn Powell)** - Staff recommend the approval of a $500,000.00 grant under the Housing Innovation Program NOFA for the acquisition and rehabilitation of transitional housing serving low- to moderate income seniors and adults with disabilities who are survivors of domestic violence. YES

8 **RFP for Financial Advisory Services (Alex Lundy)** - Housing New Mexico issued an RFP for Financial Advisory Services for in 2020. At that time, the Board selected CSG Advisors to provide those services for three years and Policy Committee subsequently exercised both of the available one-year extensions until March 31, 2026. The selected Financial Advisor would provide services for a similar term (i.e., three years, with the option for the Board of Directors to exercise two one-year extensions) that, if fully extended, would expire on March 31, 2031. Staff recommend the approval of the RFP for Financial Advisory Services. YES

Other Board Items **Information Only**

9 **(Staff is available for questions)**

- Staff Actions Requiring Notice to Board
- 2025 Series E/F Bond Pricing Summary

Monthly Reports **Non-Action Required**

10 **(Staff is available for questions)**

- Marketing & Communications Monthly Update
- New Mexico Housing Trust Fund Update
- 8/31/2025 Financial Statements

Announcements and Adjournment **Discussion Only**

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Minutes

HOUSING NEW MEXICO| MORTGAGE FINANCE AUTHORITY
Board Meeting Minutes
7425 Jefferson St. NE Albuquerque, NM 87109
Wednesday, September 10, 2025- 1:30 p.m.

Chair Angel Reyes convened the meeting on September 10, 2025, at 1:44 p.m. Secretary Isidoro Hernandez called the roll. Members attending virtually: Chair Angel Reyes, Derek Valdo, State Treasurer Laura M. Montoya, Rebecca Wurzburger, and Julie Ann Meade (designee for Attorney General Raúl Torrez). Member Excused: Martina C'de Baca (designee for Lieutenant Governor Howie Morales) and Randy Traynor. Hernandez informed the Board that everyone had been informed about today's meeting in accordance with the New Mexico Open Meetings Act.

Approval of Agenda- Board Action. Motion to approve September 10, 2025, Special Board Meeting Agenda, as presented: State Treasurer Laura M. Montoya. Second by Valdo. Roll Call Vote: Chair Angel Reyes – yes, Derek Valdo - yes, State Treasurer Laura M. Montoya – yes, Rebecca Wurzburger - yes, Julie Ann Meade – yes, Martina C'de Baca – excused, Randy Traynor – excused. Vote: 5-0.

1 Permian Basin Mineral Rights Sale/ Lease/ Participation (Izzy Hernandes, Eleanor Werenko and Keith Herrmann, Outside General Counsel, Stelzner, Winter, Warburton Flores & Dawes, P.A.)- Hernandez began the presentation requesting the Board direct staff to sell or lease the 0.598 acre mineral rights held by Housing New Mexico | MFA in property located in Carlsbad, NM, in the lands further described on Exhibit A of the board packet. Staff recommended entering into a three-year Oil and Gas Lease with Permian Resources Operating, LLC, or a subsidiary thereof, on the principal terms that are described in the memo of the board packet. Eleanor Werenko, General Counsel then discussed mineral right details and options pertaining to the mineral rights that Housing New Mexico possesses. Extensive discussion ensued regarding the available options presented which include selling the rights, leasing the rights, participating in the well, or operating under the force pooling order. Motion to direct Housing New Mexico | MFA's Executive Director to retain Housing New Mexico | MFA's interests in the mineral right, execute a lease with operator Permian, or subsidiary thereof and report back to the Board once the lease agreement has been reviewed and completed. State Treasurer Laura M. Montoya. Second by Derek Valdo. Roll Call Vote: Chair Angel Reyes – yes, Derek Valdo - yes, State Treasurer Laura M. Montoya – yes, Rebecca Wurzburger – no, Julie Ann Meade – no, Martina C'de Baca – excused, Randy Traynor – excused. Vote: 3-2.

There being no further business, the meeting was adjourned at 2:27 p.m.

Chair, Angel Reyes

Secretary, Isidoro Hernandez

HOUSING NEW MEXICO | MORTGAGE FINANCE AUTHORITY
Board Meeting Minutes
Hotel Albuquerque – Franciscan Room
800 Rio Grande Blvd NW, Albuquerque, NM 87104
Wednesday, September 17, 2025- 9:00 a.m.

Vice Chair Derek Valdo convened the meeting on September 17, 2025, at 9:06 a.m. Secretary Isidoro Hernandez called the roll. Members attending in person: Derek Valdo, State Treasurer Laura M. Montoya (arrival at 10:13 a.m.), Martina C'de Baca (designee for Lieutenant Governor Howie Morales), Rebecca Wurzburger, Randy Traynor. Member Excused: Chair Angel Reyes and Julie Ann Meade (designee for Attorney General Raúl Torrez), Hernandez informed the Board that everyone had been informed about today's meeting in accordance with the New Mexico Open Meetings Act.

Vice Chair Valdo welcomed Board members, guests, and staff. He informed everyone that the meeting is being recorded, referring to microphone sensitivity.

Approval of Agenda – Board Action. Motion to approve September 17, 2025, Agenda, as presented: Wurzburger. Second by Traynor. Vote: 4-0.

Approval of 8/20/2025 Board Meeting Minutes – Board Action. Motion to approve August 20, 2025, Board Meeting Minutes as presented. Wurzburger. Second by C'de Baca. Vote: 4-0.

Approval of 8/20-21/2025 Board Retreat Meeting Minutes- Board Action. Motion to approve August 20-21, 2025, Board Retreat Meeting Minutes as presented. Wurzburger. Second by C'de Baca. Vote: 4-0.

Executive Director Updates- Hernandez began his update stating this year Housing New Mexico | MFA has nearly 600 attendees registered for today's Housing Summit from across 20 states and 200 different agencies. There will be 51 different sessions and 128 presenters. Program Updates: Mortgage Ops: '25- $12.1M Avg. FYTD $595M/2,417 Reservations. MFA Int. 6.125% / Mkt: 6.125% (9/2/25). Significant Meetings/Presentations: 09/02: LOC #3 has been rescheduled to 10/23. He then provided Production Data: 18,267 unduplicated YTD assisted, $592,506,256 YTD expended. NM Housing Trust Fund percentages: 100% were encumbered, 83% awarded, and 34% expended. He closed with an overview of the GAAR monthly statistical highlights: median sales price being $379,545.

Consent Agenda

1 **Housing Innovation Internal Audit Executive Summary (Jackie Nutima & Claire Hilleary, Baker Tilly)** - The Internal Audit Executive Summary provided by Baker Tilly of the Housing Innovation Program reports no findings. Two observations were noted but these did not rise to the level of a finding. Motion to approve Housing Innovation Internal Audit Executive Summary as a consent item. Wurzburger. Second by Traynor. Vote: 4-0.

Finance Committee

2 **Production Stats(Jeff Payne & Donna Maestas-DeVries) –** Payne and Maestas- DeVries presented providing Board with data on Housing New Mexico | MFA production and financial highlights, in conjunction with the FY 2025-2026 General Budget. Non-Action Item.

3 **FY 2025-2026 General Fund Operating Budget (Joe McIntyre, Jacob Kemmeren, Alex Lundy & Matt Smokov) –** McIntyre began by requesting the Board approval of the FY 25-26 Operating Budget. The presentation provided an overview of the FY 2026 General Fund Operating Budget which contemplates a budget Surplus of just over $4.6 million. Revenue is expected to grow by 11% and expenses are expected to grow by 6%. FY 2026 Capital Budget is projected to be just over $4.6 million. Motion to approve FY 2025-2026 General Fund Operating Budget as presented. Traynor. Second by C'de Baca. Vote: 4-0.

4 **FY 2025-2026 New Mexico Housing Trust Fund Operating Budget (Joe McIntyre, Jacob Kemmeren, Alex Lundy & Matt Smokov) –** McIntrye began his presentation requesting the approval of the FY 2025-2026 New Mexico Trust Fund Operating Budget (NMHTF). The NMHTF budget total revenue is expected to be $46.98 million, and budgeted expenses are projected to be $10.55 million. A surplus of $36.4 million is projected for the NMHTF. NMHTF surpluses should not be mistaken for cash surpluses. Motion to approve FY 2025-2026 New Mexico Housing Trust Fund Operating Budget as presented. Wurzburger. Second by Traynor. Vote: 4-0.

5 **FY 2025-2026 New Mexico Affordable Housing Charitable Trust Operating Budget (Joe McIntyre, Jacob Kemmeren, Alex Lundy & Matt Smokov)** – McIntyre began his presentation requesting the approval of the New Mexico Affordable Housing Charitable Trust (NMACT) Operating Budget. The NMACT has a relatively small amount of interest income and grant activity that runs through it. Charitable contributions are received through the trust. Revenue of $88,120 and expense of $85,416 are expected in Fy 2025-2026 and a surplus of $2,704 is projected. Motion to approve FY 2025-2026 New Mexico Affordable Housing Charitable Trust Operating Budget as presented. Traynor. Second by Wurzburger. Vote: 4-0.

6 **FY 2025-2026 Housing Opportunity Fund (Joe McIntrye) –** McIntrye began his presentation recommending the following appropriations: $879,000 to Down Payment Assistance funded through transfers of $432,000 from the Access Loan Program and $447,000 from the Partners Loan Program. $5,790,000 to the Primero Loan Program funded by transfers of $70,000 from the Primero Loan PRLF Program and $808,000 from the Partners Loan Program. A new appropriation of $4,912,000 from General Fund Reserves would be needed to fund the balance of the anticipated need in the Primero Loan Program. Motion to approve FY 2025-2026 Housing Opportunity Fund as presented. Traynor. Second by Wurzburger. Vote: 4-0.

7 **Approval of revised 2025 Partners Program Policy (Rene Acuna & Anita Rehm)** – Rehm began her presentation proposing changes to the single-family Partners Program as outlined in the redlined "Partners Program Policy dated September 2025" document in Tab 7 of the board packet. The proposed changes streamline the process for the Participant as well as Housing New Mexico | MFA staff and possibly assist more borrowers with a raised income limit. These changes allow the non-profit participants to sell newly originated loans or more seasoned loans that have a demonstrated payment history by the borrower. Proceeds from the sale of loans to Housing New Mexico | MFA can then be used to provide housing for other low-income households. Motion to approve Revised 2025 Partners Program Policy as presented. Traynor. Second by Wurzburger. Vote: 4-0.

Contracted Services/Credit Committee

8 **Housing Innovation (Capital Outlay Addendum) Award Recommendation for New Creations Church (Daniela Freamon, Sonja Unrau & Robyn Powell)** – Unrau began her presentation recommending the approval of the New Creation Albuquerque Church award for a $238,325.00 grant under the Housing Innovation Program Notice of Funding Availability (NOFA) Capital Outlay Addendum for energy efficiency modernization measures and building electrification of a multifamily housing complex in the International District of Albuquerque, contingent upon receipt by Housing New Mexico | MFA of the Capital Outlay funding agreement from the Department of Finance and Administration (DFA). The property serves households making up to 60% area median income and vulnerable populations, including individuals at risk of homelessness and survivors of domestic violence. Motion to approve Housing Innovation (Capital Outlay Addendum) Award Recommendation for New Creation Church as presented. Wurzburger. Second by C'de Baca. Vote: 3-0.

9 **Housing Innovation (Capital Outlay Addendum) Award Recommendation for 161 Chama/East Central Ministries (Daniela Freamon, Sonja Unrau & Robyn Powell) –** Unrau began her presentation recommending the approval of a $2,235,000.00 grant under the Housing Innovation Program Notice of Funding Availability (NOFA) Capital Outlay Addendum to East Central Ministries (ECM) for the development of a 20-unit cottage development at 161 Chama in Albuquerque, New Mexico, contingent upon securing all financing needed within 9 months of this meeting date and receipt by Housing New Mexico | MFA of the Capital Outlay funding agreement from the Department of Finance and Administration (DFA). With the award proposed, along with a loan provided by the Albuquerque Community Foundation, the project has a remaining financing gap of $722,257.00. To ensure resources are in place to complete the project, staff recommend making the award contingent upon securing all financing needed within 9 months of this meeting date. Motion to approve Housing Innovation (Capital Outlay Addendum) Award Recommendation for 161 Chama/East Central Ministries as presented. Wurzburger. Second by C'de Baca. Vote: 5-0.

10 **Housing Innovation (Capital Outlay Addendum) Award Recommendation for 133 Virginia/East Central Ministries (Daniela Freamon, Sonja Unrau & Robyn Powell) –** Unrau began her presentation recommending the approval of a $500,000.00 grant under the Housing Innovation Program Notice of Funding Availability (NOFA) Capital Outlay Addendum to East Central Ministries (ECM) for the conversion of a former dental clinic into transitional housing. Once ECM acquires the building, it will use the funding from the award recommended within the memorandum to carry out the planning and construction of the property's conversion to housing. Therefore, this award is recommended to be contingent upon the donation of the dental clinic property by Bernalillo County and receipt by Housing New Mexico | MFA of the Capital Outlay funding agreement from the Department of Finance and Administration (DFA). Motion to approve Housing Innovation (Capital Outlay Addendum) Award Recommendation for 133 Virginia/East Central Ministries as presented. Wurzburger. Second by C'de Baca. Vote: 5-0.

11 **Housing Innovation Award Recommendation for Greater Albuquerque Habitat for Humanity (Daniela Freamon, Sonja Unrau & Robyn Powell) –** Freamon began her presentation recommending the approval of the Greater Albuquerque Habitat for Humanity award for a $250,000.00 grant under the Housing Innovation Program Notice of Funding Availability (NOFA) to improve home accessibility and safety for 14 low-income senior households in Bernalillo County. The Greater Albuquerque Habitat for Humanity applied to the Housing Innovation program for the Critical Systems Replacement Program for Seniors. The program offers a range of services, including replacement of air conditioning and heating systems, water heaters, roofs, windows, and sliding doors. It also includes ADA-compliant upgrades and health and safety improvements, such as installing exterior handrails and ramps. The program allows up to $25,000 per home and places a five-year lien on the home to protect affordability. Motion to approve Housing Innovation Award Recommendation for Greater Albuquerque Habitat for Humanity as presented. Wurzburger. Second by State Treasurer Laura M. Montoya. Vote: 5-0.

12 **Housing Innovation Award Recommendation for The Life Link (Daniela Freamon, Sonja Unrau & Robyn Powell)** – Freamon began her presentation recommending the approval of the Life Link award for a $350,000.00 grant under the Housing Innovation Program Notice of Funding Availability (NOFA) for transitional housing serving human trafficking survivors. The Life Link received funding through the State of New Mexico to support long term independent community living for survivors of human trafficking and has provided housing for victims over the past six years. The organization has applied to the Housing Innovation program to fund a project to create the full continuum of housing and support services from emergency safe housing to clinically supported transitional housing to eventual independent living in apartments for survivors of human trafficking. Motion to approve Housing Innovation Award Recommendation for The Life Link as presented. State Treasurer Laura M. Montoya. Second by C'de Baca. Vote: 5-0.

13 **Housing Innovation Award Recommendation for NM Ramp Project (Daniela Freamon, Sonja Unrau & Robyn Powell)** – Freamon began her presentation recommending the approval of the New Mexico Ramps Project award for a $500,000.00 grant under the Housing Innovation NOFA for 180 ramps for low income disabled New Mexicans around the state. New Mexico Ramp Project (NMRP) first round of funding was highly successful, and the organization exceeded their scope of work proving to be a highly efficient and

strong partnership. Structured as a two-year contract, the Housing Innovation funding award provided NMRP with resources to expand its services, allowing them to reach more of the state's most vulnerable residents, purchase in bulk, and improve efficiency. These ramps were distributed across a wide range of New Mexico counties and tribal communities utilizing 8,008 volunteer hours which equates to $229,750 of in-kind leverage. Motion to approve Housing Innovation Award Recommendation for NM Ramp Project as presented. State Treasurer Laura M. Montoya. Second by C'de Baca. Vote: 5-0.

14 **Recovery Housing Program (RHP) Action Plan Amendment and Notice of Funding Availability (NOFA) Amendment (Alec Robertson & Jackie Homet)** - Robertson recommended approval of the Recovery Housing Program (RHP) Action Plan amendment, and corresponding Notice of Funding Availability (NOFA) amendment. Housing New Mexico was approved to recapture $600,000 of Recovery Housing Program funds in a previous board meeting from Crossroads for Women, a non-profit organization in Albuquerque. HUD returned $600,000 to the program fund pool to be reallocated to service providers from the FY2021 and FY2022 awards ($300,000 to each year). To date, Housing New Mexico | MFA has received a total of $7,026,148 in RHP funding. This includes the FY2025 funding in the amount of $1,450,399. This leaves $2,812,141 in remaining RHP funds which is reflected in the amended Action Plan and corresponding NOFA. Housing New Mexico | MFA has set a timeline for awarding all RHP funds by December 31, 2025. Motion to approve Recovery Housing Program (RHP) Action Plan Amendment and Notice of Funding Availability (NOFA) Amendment as presented. Traynor. Second by State Treasurer Laura M. Montoya. Vote: 4-0.

15 **Eastern Regional Housing Authority Commissioner Appointment Recommendation (John Garcia)** – Garcia recommended approval to forward the nomination of Sidney G. Strebeck to the Governor's boards and commissions office for consideration as a commissioner for the Eastern Regional Housing Authority. Eastern Regional has two vacancies and currently does not have any representation from Curry County. Housing New Mexico | MFA received a resume and letter of interest from Mr. Strebeck, who lives in Curry County, to fill one of these commissioner vacancies. Motion to approve Eastern Regional housing Authority Commissioner Appointment Recommendation as presented. Traynor. Second by Wurzburger. Vote: 5-0.

Other

16 **FY2026 Strategic Plan Benchmarks (Robyn Powell) –** Powell began her presentation recommending approval of the proposed Strategic Plan 2026 Benchmarks. The 2025-2029 Strategic Plan was adopted by the Board of Directors in September of 2025. Each year, the Strategic Management Committee reviews, and updates performance benchmarks to ensure we are meeting the goals of the Strategic Plan. Benchmarks are recommended to the Board of Directors for approval, and Housing New Mexico | MFA staff report status of benchmarks each quarter with a final closeout in November. Motion to approve FY 2026 Strategic Plan Benchmarks as presented. State Treasurer Laura M. Montoya. Second by Traynor. Vote: 5-0

Other Board Items

17 There were no questions asked of staff.

- Staff Actions Requiring Notice to Board

Monthly Reports

18 There were no questions asked of staff.

- Marketing & Communications Monthly Update
- New Mexico Housing Trust Fund Update

Announcements and Adjournment

Confirmation of upcoming Board Meetings. Hernandez reminded the Board that the 2025 Housing Summit will begin shortly after the Board Meeting concludes.

There being no further business, the meeting was adjourned at 10:59 a.m.

Chair, Angel Reyes

Secretary, Isidoro Hernandez

Tab 1

New Mexico Housing Trust Fund – $135 Million

The New Mexico Housing Trust Fund (NMHTF) was established in 2005 by the legislature to fund the acquisition, building, rehabilitation, preservation, and financing opportunities to address the affordable housing needs of low- and moderate-income New Mexicans. According to data provided by the Department of Housing and Urban Development (HUD), 30% (236,625) of households in New Mexico have at least one housing problem.[1] A transformative investment to the NMHTF is required to address housing needs across the state. The New Mexico Mortgage Finance Authority (Housing New Mexico | MFA), as the Trustee of the NMHTF, has established programs and partnerships to deploy NMHTF funds to meet the continuum of housing needs by:

- building rental and homeownership housing,
- supplying downpayment assistance,
- rehabilitating aging housing stock,
- funding homelessness and homelessness prevention programs,
- and investing in innovative affordable housing projects.

Who will the NMHTF investment serve?

Housing is considered affordable when housing costs do not exceed 30% of a household's income. The MFA Act allows Housing New Mexico to serve households earning up to 150% area median income (AMI) with the NMHTF. In Bernalillo County, 150% AMI means a two-person household earning up to $129,600 could be eligible for programs funded through the NMHTF. Other funding sources limit projects or programs to serving lower income households. When NMHTF is leveraged with more restrictive sources, the lower income limits are followed. For example, when NMHTF is used for transitional housing for people exiting homelessness, 50% AMI is frequently used as the income cap. In Bernalillo County, 50% AMI means a two-person household earning up to $36,000 annually.

Why does the NMHTF need more investment?

Changes to Federal Tax Credits for Rental Housing Development. The "One Big Beautiful Bill Act" (OBBBA)—signed into law on July 4, 2025—introduced significant changes to the Low-Income Housing Tax Credit "LIHTC" program to make it easier for developers to access these credits, thus increasing the incentive to build more affordable housing. Since tax credits only cover 40% to 70% of total development costs, increasing the number of affordable developments will mean more demand on the NMHTF to cover gap financing needs. Over the last several years, Housing New Mexico has awarded approximately $40 million for rental housing development gap financing. In 2026, the demand is expected to jump to $70 million, in turn doubling the number of affordable units produced each year within 3 to 5 years if sufficient gap financing is available.

Federal Funding Uncertainty. While the 2025 federal budget flat-funded affordable housing programs the Department of Housing and Urban Development (HUD), the threat of deep cuts looms for the 2026 budget process. Annually, New Mexico receives approximately $15 million in HUD funding specifically designated for affordable housing. The potential loss, or reduction, of this funding, coupled with the expiration of the remaining coronavirus stimulus funding in 2026, means the need for investment into the NMHTF is greater than ever to ensure that New Mexico does not backslide into a worse housing crisis.

Funding through the Department of Energy (DOE) is also threatened, including funding for and authorization of the Weatherization Assistance Program (WAP) and the Low-Income Home Energy Assistance Program (LIHEAP). Hundreds of New Mexican families benefit from these programs and rely on them to manage high energy costs, improve the efficiency and safety of their homes, and avoid utility disconnections. WAP is seen as a crucial tool for long-term energy savings and home safety for low-income families. New Mexico receives approximately $5.2 million annually for these programs, however, staffing shortages and administrative delays

[1] The four severe housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1 person per room, and cost burden greater than 50%.

at DOE has slowed down the receipt of funding across the nation including in New Mexico. DOE has not been authorized to release more than $11 million in Infrastructure Investment and Jobs Act (IIJA) funding, resulting in reduction of force and fewer homes weatherized.

What will this investment accomplish?

An investment of $135 million would allow Housing New Mexico and its partners to serve an estimated 5,200 New Mexicans across the continuum of housing needs. The table below provides an analysis of how a $135 million appropriation could improve housing opportunities based on the approximate cost of various program types. Currently, Housing New Mexico maximizes its federal and private resources for affordable housing, meaning transforming the housing landscape requires significant state investment.

Impact of $135 Million Appropriation on the NMHTF

	Assumptions		State Fiscal Year 2027 (July 1, 2026)	
	Investment Cost		Assistance Target	Investment Cost
Down Payment Assistance*	$10,000	per borrower	2,000	$20,000,000
Rental Housing Development*	$50,000	per unit	1,400	$70,000,000
Single Family Housing Development*	$150,000	per unit	500	$75,000,000
Home Rehabilitation and Preservation for Veterans, Seniors, Disabled People, and other Special Populations	$25,000	per unit	200	$5,000,000
Homeless and Homelessness Prevention – Permanent Supportive Housing	$50,000	per unit	100	$5,000,000
Homeless and Homelessness Prevention – Homelessness Prevention	$ 6,000	per household	1,000	$6,000,000
Total NMHTF Demand			**5,200**	**$181,000,000**
Estimated STB Allocation				$45,000,000
Estimated Program Income				$1,700,000
Funding Gap				**$134,300,000**

**Funding for these uses is typically issued as a loan and generates program income. Historically NMHTF accounts for 10% of the total development cost for rental housing development. However, since federal leverage resources are maximized, increasing production will require substantial state funding to make up the gap. Single family development loans are structured as a revolving line of credit with funds recaptured and recycled upon sale of the home.*

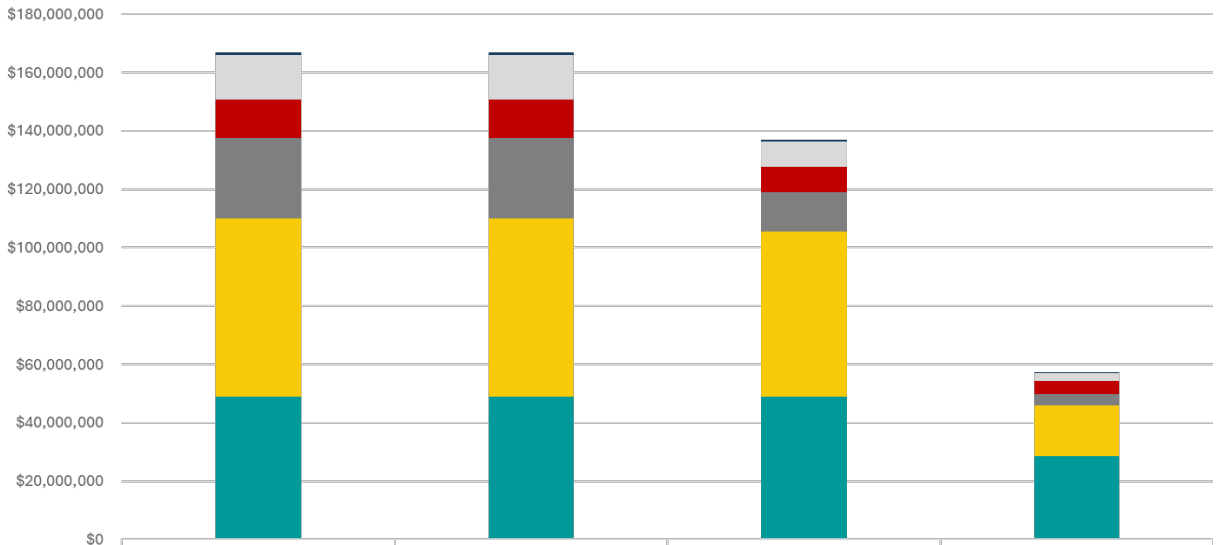
How is NMHTF allocated to various programs?

Housing New Mexico balances NMHTF allocations to programs based on two primary criteria: meeting housing needs throughout the state and maintaining the sustainability of the funding source. Downpayment assistance and rental and single-family housing development are administered as loans, generating program income and significant leverage. Housing New Mexico prioritizes grant funding for programs serving the most vulnerable populations, including those facing or experiencing homelessness as well as very low-income seniors and veterans.

NMHTF Performance Metrics

Combining all $167.5 million in allocations[2] to the NMHTF since July 2023, 100% ($166,913,415) is encumbered[3], 82% ($137,051,591) is awarded[4], and 34% ($57,401,595) is expended[5]. When funding is awarded, affordable housing projects and programs can begin development and implementation, expenditure will then follow. For example, once a rental development project is awarded all funding, it can close on its loans and begin construction. Expenditure will then occur over a one- to two-year period as funds are drawn down to reimburse actual costs. These performance metrics demonstrate Housing New Mexico's capacity to urgently deploy funding and serve households in need. The table below shows funding allocated, awarded, and expended by activity.

NMHTF Performance Metrics – Current as of August 31, 2025



	Total Allocation (Certified amount)	Total Encumbered (Procured)	Total Awarded (Contractually Committed to awardee)	Total Expended (Amount paid to awardees)
Homeless and Homelessness Prevention	$1,000,000	$1,000,000	$732,939	$459,375
Housing Innovation	$15,130,000	$15,130,000	$8,645,937	$2,534,206
Rehabilitation	$13,325,000	$13,325,000	$8,825,000	$4,559,308
Single Family Housing Development	$27,600,000	$27,600,000	$13,400,000	$3,860,986
Rental Housing Development	$60,900,000	$60,900,000	$56,489,300	$17,320,787
Down Payment Assistance	$48,958,415	$48,958,415	$48,958,415	$28,666,933

[2] Allocated is defined as the amount certified by State Board of Finance and the Housing New Mexico Board to a specific activity.
[3] Encumbered is defined as Housing New Mexico has a program to deploy the funding, and the funding is available to potential applicants (homebuyers, service providers, developers, and other applicants).
[4] Awarded is defined as Housing New Mexico has contractually committed an amount of the funding to an awardee or program.
[5] Expended is defined as Housing New Mexico has released funding through draws or reimbursements.
These performance metrics demonstrate Housing New Mexico's capacity to urgently deploy funding and serve households in need. The table below shows funding allocated, awarded, and expended by activity.

_____ BILL

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

MAKING AN APPROPRIATION TO THE NEW MEXICO HOUSING TRUST FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. APPROPRIATION.--One hundred thirty-five million dollars ($135,000,000) is appropriated from the general fund to the New Mexico housing trust fund for expenditure in fiscal year 2027 and subsequent fiscal years for the purpose of carrying out the provisions of the New Mexico Housing Trust Fund Act. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

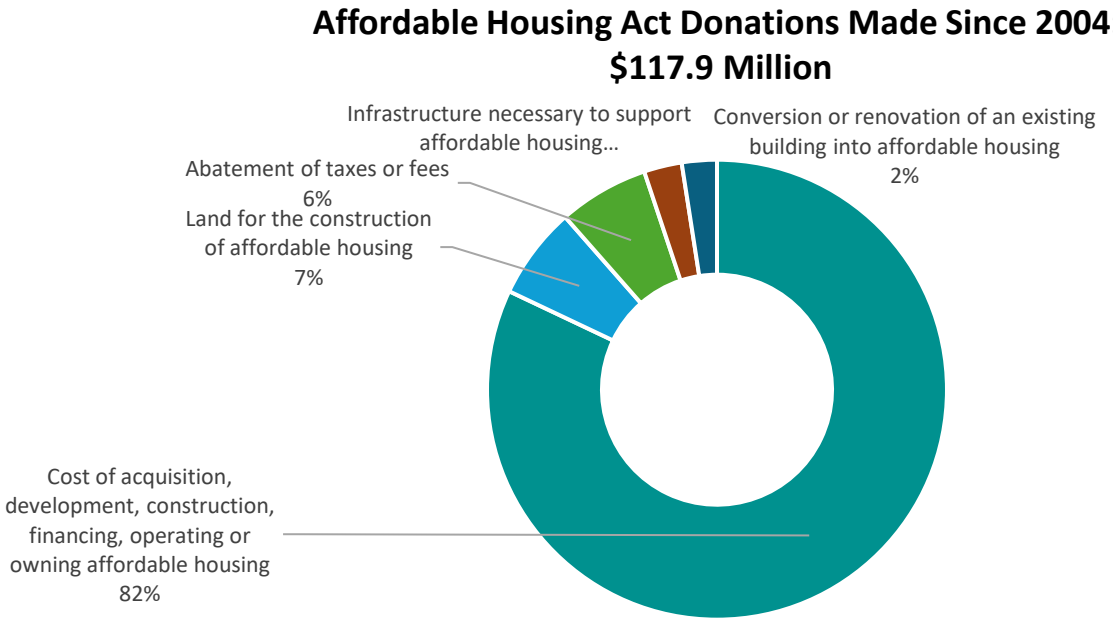
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Affordable Housing Act – $500,000

This appropriation will enable Housing New Mexico to 1) oversee the Affordable Housing Act, including review and approval of plans and ordinances, 2) provide direct technical assistance to local governments in the drafting of an affordable housing plan and affordable housing ordinance, and 3) offer planning and implementation grants to local governments on an as-needed basis.

The Affordable Housing Act was signed into law in 2004. Like the Local Economic Development Act (LEDA), it is an exemption to the state's Anti-Donation clause. It permits the state and local governments to contribute public funds, land, buildings and other resources to create and preserve affordable housing. Housing New Mexico is charged with rulemaking authority and oversight of the Act but receives no funds for these purposes.

The priority for this funding is to help local governments, municipalities, and jurisdictions implement approved housing plans and ordinances, paving the way for communities to increase housing stock and deploy housing solutions that meet local needs while leveraging local resources. To date, Housing New Mexico has assisted 40 local governments achieve Affordable Housing Act compliance support with creating affordable housing plans and ordinances. These local governments have donated land and resources totaling $117.9 million for affordable housing as of November 2024.



_____ BILL

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

MAKING AN APPROPRIATION TO FUND THE OVERSIGHT DUTIES REQUIRED BY THE PROVISIONS OF THE AFFORDABLE HOUSING ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. APPROPRIATION.--Five hundred thousand dollars ($500,000) is appropriated from the general fund to the department of finance and administration for expenditure by the New Mexico mortgage finance authority in fiscal year 2027 and subsequent fiscal years for the oversight duties required by the provisions of the Affordable Housing Act. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

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Tab 2

MEMO

TO: Housing New Mexico Board of Directors
Through: Policy Committee August 26, 2025

FROM: Robyn Powell

DATE: October 15, 2023

SUBJECT: Proposed Changes to MFA Rules and Regulations

Recommendation:
Housing New Mexico | MFA staff recommends discussion and adoption of amended language outlined herein to the MFA Rules and Regulations. Upon Board approval, changes will be recommended to the MFA Legislative Oversight Committee at the next scheduled meeting on October 23, 2025.

Background:
Pursuant to Section 58-18-8 NMSA 1978, Rules and Regulations of the authority:
A. The authority shall adopt and may from time to time modify or repeal, subject to prior approval by the Mortgage Finance Authority Act oversight committee, rules and regulations…

Pursuant to New Mexico Statutes Section 58 Financial Institutions and Regulations, Article 18, the rules and regulations governing MFA must be approved by an oversight committee from the New Mexico legislature.

As required by Section 10 of the MFA Rules and Regulations, proposed changes were posted for public comment by posting the Notice of Request for Public Comment and Proposed Amendments to MFA Rules and Regulations on MFA's website for 30 days. General counsel for Housing New Mexico | MFA has also reviewed the proposed changes.

Staff are proposing adoption of the amendment to MFA's Rules and Regulations by the Board of Directors and the Legislative Oversight Committee.

Discussion:

Page and Section	Current	Proposed Changes
Page, Section 2 Purpose and Objectives	… and (vi) obtaining the effective participation by lending institutions and others in the mortgage purchase program authorized by the Act, while restricting the financial return and benefit to such lending institutions to that necessary and reasonable to induce such participation.	… and (vi) obtaining the effective participation by lending institutions and others in the mortgage purchase program authorized by the Act, while restricting the financial return and benefit to such lending institutions to that **financial return** necessary and reasonable to induce such participation.
Page 2, Section3 General Definitions D. "Applicant"	"Applicant" shall mean a lending institution, non-profit corporation, public or tribal entity, governmental agency or instrumentality, Mortgage Lender, Builder, Sponsor, or Affiliate of any of the foregoing, or any other person or entity meeting the appropriate criteria of MFA.	"Applicant" shall mean a lending institution, non-profit corporation, public or tribal entity, governmental agency or instrumentality, Mortgage Lender, Builder, **Developer**, Sponsor, or Affiliate of any of the foregoing, or any other person or entity meeting the appropriate criteria of MFA.
Page 2, Section3 General Definitions F. "Bonds"	"Bonds" **or "Notes"** shall mean the bonds **or bond anticipation notes,** respectively issued by MFA pursuant to the Act.	"Bonds" shall mean the bonds respectively issued by MFA pursuant to the Act.
Page 2, Section3 General Definitions I. "Developer"	NA	"Developer" shall mean an individual or company that initiates, plans, and manages the development of real estate projects.
Page 3, Section3 General Definitions T. "Modular Home"	T. "Modular Home" shall mean **a site-built home built on a non-removeable steel chassis** and built in accordance with the Uniform Building Codes that are adopted and administered by the state	U. "Modular Home" shall mean **a type of prefabricated house constructed in sections within a factory setting, then transported** and assembled on-site and built in accordance with the

Page and Section	Current	Proposed Changes
	in which the home is installed. The home must also conform to local building codes in the area in which it will be located but does not meet "HUD Code".	Uniform Building Codes that are adopted and administered by the state in which the home is installed. The home must also conform to local building codes in the area in which it will be located but does not meet "HUD Code".
Page 3, Section3 General Definitions U. "Mortgage"	U. "Mortgage" shall mean a mortgage, mortgage deed, deed of trust or other instrument creating a lien, subject only to title exceptions as may be acceptable to MFA **with** on a fee interest in real property located within the state, or on a leasehold interest that has a remaining term at the time of computation that exceeds or is renewable at the option of the lessee until after the maturity date , of the Mortgage Loan or the instrument creating a lien on a Mobile Home.	V. "Mortgage" shall mean a mortgage, mortgage deed, deed of trust or other instrument creating a lien, subject only to title exceptions as may be acceptable to MFA on a fee interest in real property located within the state, or on a leasehold interest that has a remaining term at the time of computation that exceeds or is renewable at the option of the lessee until after the maturity date , of the Mortgage Loan or the instrument creating a lien on a Mobile Home.
Page 4, Section 2 General Definitions CC. "Persons of Very Low, Low or Moderate Income"	BB …All federal follow the income requirements outlined in statute, regulations, guidance or contractual documents. This definition is in line with the needs throughout the state and is in accordance with the requirements of the Act. AMI is defined as the point at which half the households in an area have lower incomes and half have higher incomes.	CC …All federal **funds** follow the income requirements outlined in statute, regulations, guidance or contractual documents. This definition is in line with the needs throughout the state and is in accordance with the requirements of the Act. AMI is defined as the point at which half the households in an area have lower incomes and half have higher incomes.

Page and Section	Current	Proposed Changes
Page 5, Section 2 General Definitions GG. "Residential Housing"	"Residential Housing" shall mean the acquisition, construction or rehabilitation of real property, buildings, and improvements undertaken primarily to provide one or more dwelling accommodations for Persons of Very Low, Low or Moderate Income, including, without limitation, Mobile Homes, single-family, Multiple-Family, Transitional and Congregate dwellings.	"Residential Housing" shall mean the acquisition, construction or rehabilitation of real property, buildings, and improvements undertaken primarily to provide one or more dwelling accommodations for Persons of Very Low, Low or Moderate Income, including, without limitation, Mobile Homes, **Modular Homes, Manufactured Homes,** single-family, Multiple-Family, Transitional and Congregate dwellings.
Page 5, Section 2 General Definitions JJ. "RHS/USDA "	"RHS/USDA" shall mean Rural Housing Service of the United States Department of Agriculture and Rural Housing Community Development Service (RHCDSRHS) and its successors.	"RHS/USDA" shall mean Rural Housing Service of the United States Department of Agriculture (RHS) and its successors.
Page 6, Section 5. Single Family Homeownership Program 5.1 Additional Definitions A. Single Family Homeownership Program	"Single Family Homeownership Programs" shall mean MFA's single family mortgage programs established from time to time in which funds are available to finance Mortgage Loans through the sale of Bonds or other obligations, or from the proceeds of a Secondary Market Facility, or from MFA's general fund, or through the issuance of Mortgage Credit Certificates allocated to Applicants on an aggregate or loan-by- loan basis	"Single Family Homeownership Programs" shall mean MFA's single family mortgage programs established from time to time in which funds are available to finance Mortgage Loans through the sale of Bonds or other obligations, or from the proceeds of a Secondary Market Facility, or from MFA's general fund**, or other available funds,** or through the issuance of Mortgage Credit Certificates allocated to Applicants on an aggregate

Page and Section	Current	Proposed Changes
	pursuant to the Act and these Rules and Regulations set forth in this Section 5, and shall include: (i) MFA's program pursuant to which MFA shall issue Mortgage Credit Certificates to Persons of Very Low, Low or Moderate Income; (ii) the financing of Mortgage Loans, Home Improvement Loans and Rehabilitation Loans; and (iii) the purchase and sale of Mortgage Loans.	or loan-by- loan basis pursuant to the Act and these Rules and Regulations set forth in this Section 5, and shall include: (i) MFA's program pursuant to which MFA shall issue Mortgage Credit Certificates to Persons of Very Low, Low or Moderate Income; (ii) the financing of Mortgage Loans, Home Improvement Loans and Rehabilitation Loans; and (iii) the purchase and sale of Mortgage Loans.
Page 6, Section 5. Single Family Homeownership Program 5.1 Additional Definitions B. Rehabilitation	"Rehabilitation" shall mean the **substantial** renovation or reconstruction of an existing **single-family** residence, not including an increase in living area, which complies with requirements established by MFA. Rehabilitation shall not include routine or ordinary repairs, improvements, or maintenance, such as interior decorating, remodeling, or exterior painting, except in conjunction with other substantial renovation or reconstruction.	"Rehabilitation" shall mean the renovation or reconstruction of an existing residence, not including an increase in living area, which complies with requirements established by MFA. Rehabilitation shall not include routine or ordinary repairs, improvements, or maintenance, such as interior decorating, remodeling, or exterior painting, except in conjunction with other substantial renovation or reconstruction.
Page 7, Section 5. Single Family Homeownership Program 5.2 Allocation of Funds for Financing A. Allocation of Funding by MFA i.	In the case of programs, the funds of which are allocated on a loan-by-loan basis, the order of receipt of a request for reservation of funds, so as to generally allocate funds on a **firstcome**, first-served basis;	In the case of programs, the funds of which are allocated on a loan-by-loan basis, the order of receipt of a request for reservation of funds, so as to generally allocate funds on a **first come**, first-served basis;

Page and Section	Current	Proposed Changes
Page 12, Section 6 Multifamily Dwelling, Transitional, and Congregation Project Mortgage Loans 6.3 Standards for Approving Qualifications of Applicants B. Mortgage Lenders 5.	Previous participation by the Mortgage Lender in MFA's programs and HUD, FHA, or RHS/USDA programs.	Previous participation by the Mortgage Lender in MFA's programs and HUD, FHA, **FHLMC, FNMA**, or RHS/USDA programs.
Page 12, Section 6 Multifamily Dwelling, Transitional, and Congregation Project Mortgage Loans 6.5 Standards for Determining Minimum Equity Requirements, Acceptable Debt-to- Equity Ratios, and Acceptable Loan-to-Value Ratios B. Sponsors	Sponsors. With respect to establishing such standards for Sponsors, MFA shall require that the maximum mortgage amount not exceed the estimate of the replacement cost of the Multifamily Housing Project when the proposed improvements are completed and required reserves are funded. The replacement cost may include land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction and other miscellaneous charges incident to construction and approved by MFA, including an allowance for Builder's and Sponsor's profit and risk.	Sponsors. With respect to establishing such standards for Sponsors, MFA shall require that the maximum mortgage amount not **to** exceed the estimate of the replacement cost of the Multifamily Housing Project when the proposed improvements are completed and required reserves are funded. The replacement cost may include land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction and other miscellaneous charges incident to construction and approved by MFA, including an allowance for Builder's and Sponsor's profit and risk.
Page 13, Section 6 Multifamily Dwelling, Transitional, and Congregation Project Mortgage Loans 6.8 Geographic Allocation and Other Site Considerations. E.	the need for new housing in the area to attract **a new industry or plant;**	the need for new housing in the area to attract **economic development;**
Page 14, Section 7 Housing Opportunity Fund		

Page and Section	Current	Proposed Changes
7.1 Additional Definitions A. Down Payment Assistance Programs	Down Payment Assistance Programs" shall mean MFA's programs that provide down payment and closing cost assistance in the form of a **second** mortgage lien to Persons of Low and Moderate Income who are using MFA's Single Family Homeownership Program (as defined in Section 5, above) to acquire single family homes.	Down Payment Assistance Programs" shall mean MFA's programs that provide down payment and closing cost assistance in the form of a **subordinate** mortgage lien to Persons of Low and Moderate Income who are using MFA's Single Family Homeownership Program (as defined in Section 5, above) to acquire single family homes.
Page 14, Section 7 Housing Opportunity Fund 7.1 Additional Definitions B. Partners Program	"Partners Program" shall mean MFA's program designed to serve as a secondary market for below-market-rate single family mortgages which have been originated by nonprofit organizations to provide financing for families earning no more than 60% of county or median income as published by the US Department of Housing and Urban Development at the time of initial family qualification by participants and MFA.	"Partners Program" shall mean MFA's program designed to serve as a secondary market for below-market-rate single family mortgages which have been originated by nonprofit organizations to provide financing for families earning no more than 80% of county or median income as published by the US Department of Housing and Urban Development at the time of initial family qualification by participants and MFA.
Page 16, Section 8 Secondary Market Facility 8.1 Additional Definitions B	"Secondary Market Facility" shall mean a corporation, trust, or other form of legal entity established by MFA for the purpose of the purchase, with private or public funds legally available therefor, of Mortgage Loans, mortgage-based obligations, Pass **Trough** Securities or interests therein.	"Secondary Market Facility" shall mean a corporation, trust, or other form of legal entity established by MFA for the purpose of the purchase, with private or public funds legally available therefor, of Mortgage Loans, mortgage-based obligations, Pass **Through** Securities or interests therein.

Summary:
Housing New Mexico | MFA may modify the Mortgage Finance Authority Rules and Regulations from time to time with approval of the Board of Directors and the Legislative Oversight Committee. Upon Board approval, changes will be recommended to the MFA Legislative Oversight Committee at the next scheduled meeting on October 23, 2025.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
RULES AND REGULATIONS

SECTION 1. AUTHORITY. These Rules and Regulations are issued under and pursuant to the Mortgage Finance Authority Act, enacted as Chapter 303 of the Laws of 1975 of the state of New Mexico, as amended; Chapter 86 of the Laws of 1982 of the state of New Mexico, as amended (being Section 58-18-1 through 58-18-27, N.M.S.A. (1978); and Section 2-12-5, N.M.S.A. (1978), as amended (collectively, the "Act"). These Rules and Regulations supersede and replace all prior rules and regulations of the New Mexico Mortgage Finance Authority ("MFA") and will become effective upon approval by the MFA Oversight Committee.

SECTION 2. PURPOSE AND OBJECTIVES. These Rules and Regulations are established to effectuate, and shall be applied so as to accomplish, the general purposes of the Act and the following specific objectives: (i) expanding the supply of funds in New Mexico available for new residential mortgages for Persons and Families of Very Low, Low or Moderate Income; (ii) alleviating the shortage of adequate housing, including Multiple-Family, Transitional and Congregate Dwellings, in New Mexico for Persons and Families of Very Low, Low or Moderate Income; (iii) encouraging and providing the financing for the acquisition, construction, rehabilitation and improvement of Residential Housing, including Multi Family, Transitional and Congregate Dwellings, in New Mexico for Persons and Families of Very Low, Low or Moderate Income; (iv) down payment assistance for persons and families of low or moderate income; (v) assisting in providing Mortgage Loans at below market interest rates for private individuals, organizations and entities willing to undertake the acquisition, development and/or operation of Multiple- Family, Transitional and Congregate dwellings for persons and families of low or moderate income; and (vi) obtaining the effective participation by lending institutions and others in the mortgage purchase program authorized by the Act, while restricting the financial return and benefit to such lending institutions to that financial return necessary and reasonable to induce such participation. In carrying out its objectives and purposes, MFA, pursuant to the Act has the power to raise funds from private and public investors to make funds available for such purposes; to create and implement programs from time to time as may be necessary or appropriate to accomplish its purposes; and to assist, administer, finance or service housing programs and to contract for such services for or through private and nonprofit organizations and local, state, federal and tribal agencies or their instrumentalities.

SECTION 3. GENERAL DEFINITIONS. The following words and terms shall have the following meanings. A statutory change in the Act of any of the following definitions shall result in a corresponding change in the meaning of the same word or term within Section 3. of these Rules and Regulations.

A. "Act" shall mean the Mortgage Finance Authority Act, enacted as Chapter 303 of the Laws of 1975 of the state of New Mexico, as amended; Chapter 86 of the Laws of 1982 of the state of New Mexico, as amended (being Section 58-18-1 through 58-18-27, N.M.S.A.(1978); and Section 2-12-5, N.M.S.A. (1978), as amended.

B. "Affiliate" shall mean any entity controlling, controlled by or under the common control of another entity, person, or common parent company; provided that an entity which is a Mortgage Lender, must meet MFA's requirements set forth in the Policies and Procedures established by MFA for the particular program. For the purposes of this definition, "control" when used with respect to any specified entity, means the power to direct the management and policies of such entity, directly or indirectly, whether through the ownership of voting securities, by contract, statute or otherwise. For purposes of this definition the terms

"person" and entity" include non-profit corporation, other public entities, governmental agencies and instrumentalities, Mortgage Lenders, Sponsors, Builders, and Applicants.

C. "Affordable" shall mean consistent with minimum rent and/or income limitations set forth in the Act, and in guidelines established for specific programs administered by MFA.

D. "Applicant" shall mean a lending institution, non-profit corporation, public or tribal entity, governmental agency or instrumentality, Mortgage Lender, Builder, Developer, Sponsor, or Affiliate of any of the foregoing, or any other person or entity meeting the appropriate criteria of MFA.

E. "Application" shall mean an application for MFA approval to participate in one or more programs of MFA submitted by an Applicant to MFA.

F. "Bonds" ~~or "Notes"~~ shall mean the bonds ~~or bond anticipation notes~~, respectively issued by MFA pursuant to the Act.

G. "Builder" shall mean a person or entity licensed as a general contractor to construct Residential Housing in the state which has been approved by MFA to participate in an MFA program.

H. "Code" shall mean the Internal Revenue Code of 1986, as amended.

I. "Developer" shall mean an individual or company that initiates, plans, and manages the development of real estate projects.

~~I.~~J. "Existing Mortgage Loan" shall mean a loan secured by a Mortgage or deed of trust made by an Applicant to: (i) a Person of Low or Moderate Income to finance the purchase of an owner-occupied single family residence in the state; or (ii) to a person or entity to finance Multiple-Family, Transitional and Congregate dwelling Projects for persons and families of low or moderate income, which loan was made prior to the date of submission by the Applicant of its Application.

~~J.~~K. "Federal Government" shall mean the United States of America and any agency or instrumentality, corporate or otherwise, of the United States of America.

~~K.~~L. "FHA" shall mean the Federal Housing Administration or its successors.

~~L.~~M. "FHLMC" or "Freddie Mac" shall mean the Federal Home Loan Mortgage Corporation or its successors.

~~M.~~N. "FNMA" or "Fannie Mae" shall mean the Federal National Mortgage Association or its successors.

~~N.~~O. "GNMA" or "Ginnie Mae" shall mean the Government National Mortgage Association or its successors.

~~O.~~P. "Home Improvement Loan" shall mean a Mortgage Loan to ~~f~~finance such alterations, repairs, and improvements on or in connection with an existing residence as MFA may determine will substantially

protect or improve the basic livability or energy efficiency of the residence, including without limitation the acquisition and installation of energy conservation building materials and solar energy equipment.

~~P.~~Q. "HUD" shall mean the United States Department of Housing and Urban Development.

~~Q.~~R. "MFA" shall mean the New Mexico Mortgage Finance Authority.

~~R.~~S. "Manufactured Home" shall mean a dwelling of at least 400 square feet and at least 12 feet wide and constructed to "HUD Code" which for manufactured housing means that it is built on a permanent chassis, installed on a permanent foundation system and titled as real estate.

~~S.~~T. "Mobile Home" shall mean a movable or portable housing structure, constructed to be towed on its own chassis and designed to be installed with or without a permanent foundation for human occupancy as a residence; it ~~–~~may include one or more components that can be retracted for towing purposes and subsequently expanded for additional capacity, or two or more units separately towable but designed to be joined into one integral unit, except that the definition does not include recreational vehicles, or modular or premanufactured homes, built to Uniform Building Code standards and ~~,~~designed to be permanently affixed to real property.

~~T.~~U. "Modular Home" shall mean a type of prefabricated house constructed in sections within a factory setting, then transported and assembled on-site, ~~a site-built home built on a non-removeable steel chassis and~~ built in accordance with the Uniform Building Codes that are adopted and administered by the state in which the home is installed. The home must also conform to local building codes in the area in which it will be located but does not meet "HUD Code".

~~U.~~V. "Mortgage" shall mean a mortgage, mortgage deed, deed of trust or other instrument creating a lien, subject only to title exceptions as may be acceptable to MFA ~~with~~ on a fee interest in real property located within the state~~,~~ or on a leasehold interest that has a remaining term at the time of computation that exceeds or is renewable at the option of the lessee until after the maturity date ~~,~~ of the Mortgage Loan or the instrument creating a lien on a Mobile Home.

~~V.~~W. "Mortgage Credit Certificate" shall mean certificates issued by MFA to Persons of Very Low, Low or Moderate Income enabling them to claim a credit against federal income tax for a portion of interest paid by such persons on a Mortgage Loan.

~~W.~~X. "Mortgage Lender" shall mean any bank, bank or trust company, trust company, mortgage company, mortgage banker, national banking association, savings bank, savings and loan association, credit union , building and loan association and any other lending institution; *provided that the mortgage lender maintains an office in New Mexico, is authorized to make Mortgage Loans in the state and is approved by MFA and either the FHA, VA, RHS, HUD's Office of Native American Programs, FNMA ("Fannie Mae"), or FHLMC ("Freddie Mac").*[1]

[1] Definition of "Mortgage Lender" was amended (as italicized) per 1999 legislative action and was subsequently approved by the MFA Board of Directors and MFA Legislative Oversight Committee.

~~X.~~Y. "Mortgage Loan" shall mean a financial obligation secured by a Mortgage or a security based on and backed by a pool of Mortgage Loans. Mortgage Loan refers to a New Mortgage Loan and not an existing Mortgage Loan.

~~Y.~~Z. "Municipality" shall mean any county, city, town or village of the state.

~~Z.~~AA. "New Mortgage Loan" shall mean a Mortgage Loan, including a Home Improvement Loan, made by a Mortgage Lender to a Person of Low or Moderate Income to finance Project Costs, and containing such terms and conditions as MFA may require.

~~AA.~~BB. "Oversight Committee" shall mean MFA's Oversight Committee created by, and appointed
in accordance with, the Act.

~~BB.~~CC. "Persons of Very Low, Low or Moderate Income" shall mean the categories of income levels attributed to persons and families for the determination of eligibility for MFA's programs. Very Low, Low or Moderate Income persons and families within the state are those who are determined by MFA to lack sufficient income to pay enough to cause private enterprise to build an adequate supply of decent, safe and sanitary Residential Housing in their locality or in an area reasonably accessible to their locality and whose incomes are below the income levels established by MFA to be in need of the assistance made available by the Act, taking into consideration, without limitation, such factors as defined under the Act. For purposes of this definition, the word "families" shall mean a group of persons consisting of, but not limited to, the head of a household; his or her spouse, if any; and children, if any, who are allowable as personal exemptions for Federal income tax purposes. Very Low Income persons or families are those with income at or below 50% of the Area Median Income ("AMI") adjusted for family size. For Loans to persons and families on Indian Reservations or other Indian area, MFA will use the income basis determined under HUD's Native American Housing and Self Determination Act ("NAHASDA"). Low Income persons or families are those with income above 50% and up to and including 80% of the AMI adjusted for family size. Moderate Income persons or families are those with income above 80% and up to and including 150% of the AMI adjusted for family size. Moderate income limits may be adjusted for high-cost areas to accommodate qualification of purchase of a median priced home in a county of the subject property or rent at the fair market rate. These definitions of income apply to all non-federal, unrestricted programs administered by MFA. All federal funds follow the income requirements outlined in statute, regulations, guidance or contractual documents. This definition is in line with the needs throughout the state and is in accordance with the requirements of the Act. AMI is defined as the point at which half the households in an area have lower incomes and half have higher incomes.

DD. "Policies and Procedures" shall mean Policies and Procedures of MFA, including but not limited to, Mortgage Loan purchasing, selling, servicing and reservation procedures, which MFA may update and revise from time to time as MFA deems appropriate.

EE. "Recertification" shall mean the recertification of Applicants participating in MFA programs as determined necessary from time to time by MFA.

FF. "Rehabilitation" shall mean the substantial renovation or reconstruction of an existing Residential Housing as may be further defined by Policies and Procedures established by MFA for particular programs.

GG. "Reservation and Compliance Procedures" shall mean MFA's procedures for allocating funds to purchase Mortgage Loans, and allocating Mortgage Credit Certificates, if applicable. Such procedures may be updated and revised by MFA as MFA deems appropriate.

HH. "Residential Housing" shall mean the acquisition, construction or rehabilitation of real property, buildings, and improvements undertaken primarily to provide one or more dwelling accommodations for Persons of Very Low, Low or Moderate Income, including, without limitation, Mobile Homes, Modular Homes, Manufactured Homes, single-family, Multiple-Family, Transitional and Congregate dwellings.

II. "Residential Use" shall mean that the structure is designed primarily for use as the principal residence of the occupant or occupants and shall exclude vacation ~~or~~ recreational homes.

JJ. "RHS/USDA" shall mean Rural Housing Service of the United States Department of Agriculture ~~and Rural Housing Community Development Service~~ (~~RHCDS~~RHS) and its successors.

KK. "State" shall mean the state of New Mexico.

LL. "State, Local, Federal or Tribal Agency" means any board, authority, agency, department, commission, public corporation, body politic or instrumentality of the state or of a local, federal or tribal government; and

MM. "VA" shall mean the Department of Veterans Affairs.

SECTION 4. GENERAL REQUIREMENTS. The following requirements shall apply to all programs established by MFA.

4.1 Fees and Charges of MFA. MFA may establish and collect fees from Applicants who file Applications: (i) requesting allocations of funds for Mortgage Loans; or (ii) selling or offering to sell Mortgage Loans to MFA in such amounts as MFA may deem appropriate. Such fees may be used for, among other purposes: (i) reimbursing MFA for all or part of its reasonably expected costs of issuing its Bonds or other obligations and of administering its programs; and (ii) providing inducements to make or deliver Mortgage Loans or other financing for public purposes which MFA determines require additional inducements to accomplish. MFA may establish such other charges, premiums, and penalties as it shall deem to be necessary in connection with the administration of its programs.

4.2 Servicing of Mortgage Loans. MFA shall cause each Mortgage Loan financed by MFA to be serviced pursuant to the Policies and Procedures established by-MFA for the particular program.

4.3 Examination of Books and Records. MFA shall cause to be made such examinations of the books and records of each Applicant as MFA deems necessary or appropriate to determine compliance with the terms of the Act, these Rules and Regulations and any agreement between the Applicant and MFA. MFA may require each Applicant to pay the costs of any such examination.

4.4 Consent to Jurisdiction. Each Applicant shall consent to the jurisdiction of the courts of the state, or the appropriate tribal court, over any proceeding to enforce compliance with the terms of the Act, these Rules and Regulations and any agreement between the Applicant and MFA.

4.5 Purchase of MFA's Bonds. No Mortgage Lender (including any "related person," as defined in Section 103 of the Code, and the regulations related thereto) shall, pursuant to any arrangement, formal or informal, or direct or indirect, purchase Bonds or other obligations of MFA in an amount related to the aggregate principal amount of the Mortgage Loans to be sold to MFA by such Mortgage Lender (or related person).

4.6 Policies and Procedures. MFA shall adopt written Policies and Procedures for each of its programs and for the general conduct of its business. MFA's Policies and Procedures Manual shall become effective upon approval by the Board of Directors of MFA; and shall be established in accordance with the Act, the Code, these Rules and Regulations, and if applicable, the requirements of the guarantor, insurer, or purchaser with respect to the particular program. All Policies and Procedures and these Rules and Regulations shall be maintained at the offices of MFA and be available for review by all Applicants and the general public during normal business hours.

4.7 Recertification. MFA may establish procedures for recertifying Applicants from time to time. Applicants which fail to satisfy MFA's requirements for Recertification shall cease to be eligible and shall be denied further participation in MFA programs until the requirements of MFA are satisfied.

SECTION 5. SINGLE FAMILY HOMEOWNERSHIP PROGRAMS. In addition to the programs defined in this Section 5, MFA shall have the power to create variations or extensions of such programs, or additional programs which comply with the Act and these Rules and Regulations.

5.1 Additional Definitions. The following words and terms shall have the following meanings only within this Section 5.

A. "Single Family Homeownership Programs" shall mean MFA's single family mortgage programs established from time to time in which funds are available to finance Mortgage Loans through the sale of Bonds or other obligations, or from the proceeds of a Secondary Market Facility, or from MFA's general fund, or other available funds, or through the issuance of Mortgage Credit Certificates allocated to Applicants on an aggregate or loan-by- loan basis pursuant to the Act and these Rules and Regulations set forth in this Section 5, and shall include: (i) MFA's program pursuant to which MFA shall issue Mortgage Credit Certificates to Persons of Very Low, Low or Moderate Income; (ii) the financing of Mortgage Loans, Home Improvement Loans and Rehabilitation Loans; and (iii) the purchase and sale of Mortgage Loans.

B. "Rehabilitation" shall mean the ~~substantial~~ renovation or reconstruction of an existing ~~single family~~ residence, not including an increase in living area, which complies with requirements established by MFA. Rehabilitation shall not include routine or ordinary repairs, improvements, or maintenance, such as interior decorating, remodeling, or exterior painting, except in conjunction with other substantial renovation or reconstruction.

C. "Rehabilitation Loan" shall mean a qualified rehabilitation loan within the meaning of Section 143(k)(5) of the Internal Revenue Code of 1986, as that section may be amended or renumbered.

D. FOR PURPOSES OF THE MAKING OF LOANS TO MORTGAGE LENDERS, THE PURCHASE OR FINANCING OF MORTGAGE LOANS, REHABILITATION LOANS AND

HOME IMPROVEMENT LOANS, "Residential Housing" shall mean an owner-occupied, single family residence located in the state, which the mortgagor(s) intend(s) to occupy as his or her (their) principal residence within sixty (60) days after: (1) the date of the closing of the purchase of the residence, or (2) in the case of a Rehabilitation Loan where the Rehabilitation is to be accomplished by the mortgagor, the date of completion of the Rehabilitation, or, with respect to Home Improvement Loans, is occupied by the mortgagor(s). For purposes of this definition, with regard to those properties and Projects funded by tax exempt Bonds, Residential Housing shall otherwise comply with the requirements of the Code and shall meet other requirements as MFA may from time to time determine to be necessary or appropriate to properly administer the Single Family Homeownership Program.

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5.2 Allocation of Funds for Financing.

A. Allocation of Funds by MFA. Funds may be allocated by MFA either on an aggregate or on a loan-by-loan basis in accordance with MFA's Reservation and Compliance Procedures. Allocations of funds for Mortgage Loans, Rehabilitation Loans and/or Home Improvement Loans financed by MFA shall be conclusive. In making such allocations, MFA may consider, among other things, as appropriate:

i. In the case of programs, the funds of which are allocated on a loan-by- loan basis, the order of receipt of a request for reservation of funds, so as to generally allocate funds on a ~~firstcome~~first come, first-served basis;

ii. The ability of the Applicant to deliver individual Mortgage Loans, Rehabilitation Loans or Home Improvement Loans or otherwise utilize the funds for the purpose of the program within the time limits of the program; and/or

iii. In the case of programs for the purchase of Existing Mortgage Loans, the terms and conditions of the Mortgage Loans offered for sale by the Applicant.

B. Allocation of Mortgage Credit Certificates. Mortgage Credit Certificates shall be allocated on a loan-by-loan basis in accordance with the Policies and Procedures established by MFA.

5.3 Applications.

A. Process for Applying. MFA shall maintain an Application policy for Applicants wishing to apply for MFA approval to participate in the Single Family Homeownership Program. Applications will be provided with all documents required to be executed and submitted in connection therewith upon request. An Application to sell Mortgage Loans, Rehabilitation Loans or Home Improvement Loans to MFA shall contain, among other things, the unconditional agreement of the Applicant, upon acceptance of the Application by MFA, to sell Mortgage Loans, Rehabilitation Loans or Home Improvement Loans to MFA or its designee which comply with the terms of an agreement to be signed by the Applicant and MFA.

B. Review by MFA. On receipt of an Application, MFA shall review and analyze the Applicant's ability to sell Mortgage Loans, Rehabilitation Loans or Home Improvement Loans to MFA or its designee and to service such Mortgage Loans, Rehabilitation Loans or Home Improvement Loans, or cause them to be serviced.

C. Notification of Acceptance. MFA, by written notice shall notify each Applicant which has submitted an Application of the approval or disapproval of its Application. Upon approval of its Application, a Mortgage Lender or other Applicant shall be considered approved by MFA to participate in the Single Family Homeownership Program. MFA's approval or disapproval of any Application shall be conclusive.

5.4 Acceptance. MFA shall establish Policies and Procedures for the financing of Mortgage Loans, Rehabilitation Loans and Home Improvement Loans as set forth in paragraph 4.6 of these Rules and Regulations. Each allocation of funds shall be conditioned upon the receipt by MFA from the Applicant of a commitment fee, if any, and the documents required by MFA within the time specified in the acceptance. In all cases MFA may deny requests and may reallocate funds in accordance with MFA's Reservation and Compliance Procedures. The allocation and reallocation of funds by MFA for the financing of Mortgage Loans, Rehabilitation Loans and Home Improvement Loans shall be conclusive.

5.5 Financing of Mortgage Loans, Rehabilitation Loans and Home Improvement Loans. The financing of Mortgage Loans, Rehabilitation Loans and Home Improvement Loans by MFA shall be in accordance with the Policies and Procedures established by MFA for the particular program. Each Mortgage Loan, Rehabilitation Loan and Home Improvement Loan financed must: (i) be the subject of an allocation of funds; (ii) be the subject of a written agreement executed by MFA and the Applicant; (iii) comply with the terms and conditions of such agreement; (iv) be serviced in compliance with the servicing requirements of such agreement; and (v) otherwise comply with MFA's requirements for the financing and servicing of Mortgage Loans, Rehabilitation Loans and Home Improvement Loans under the Single Family Homeownership Program.

5.6 Yield on Mortgage Loans, Rehabilitation Loans and Home Improvement Loans. Mortgage Loans, Rehabilitation Loans and Home Improvement Loans under the Single Family Homeownership Program shall bear interest at such a rate or rates as in the aggregate shall produce a yield to MFA on such Mortgage Loans and Home Improvement Loans sufficient to (i) pay interest on any related issue of MFA's Bonds or other obligations; (ii) provide adequate reserves, if any, for the holder of any of MFA's Bonds or other obligations; and (iii) cover the operating costs of MFA.

5.7 Conditions of Mortgage Loans, Rehabilitation Loans and Home Improvement Loans.

A. Mortgage Loans, Rehabilitation Loans and Home Improvement Loans financed by MFA under the Single Family Homeownership Program shall: (i) comply with the applicable terms and conditions prescribed by MFA in a written agreement between MFA and the Applicant for such Mortgage Loan, Rehabilitation Loan or Home Improvement Loan; and (ii) comply with the Policies and Procedures of MFA.

B. Each loan commitment to make a Mortgage Loan, Rehabilitation Loan or Home Improvement Loan must be made to a Person of Low or Moderate Income unless other Board approved program limits are in place. Mortgage Loans, Rehabilitation Loans and Home Improvement Loans shall be financed by MFA within such time periods as are specified by MFA.

5.8 Restrictions on Return Realized by Mortgage Lenders. MFA shall establish and set forth the maximum rate or rates of return which may be realized by Mortgage Lenders from Mortgage Loans. Rehabilitation Loans or Home Improvement Loans, including any commitment fees, premiums, bonuses, points, or other fees charged by the Mortgage Lender in connection with the making of such Mortgage

Loans. Rehabilitation Loans or Home Improvement Loans. Such maximum rates of return shall be set in such amounts as MFA finds to be reasonably necessary to induce participation in the Single Family Homeownership Program by Applicants in order to accomplish the purposes of the Act.

5.9 Manufactured Homes, Mobile Homes and Modular Homes. The eligibility of Manufactured Homes, Mobile Homes and Modular Homes for use as security for Mortgage Loans shall be determined in accordance with standards established by MFA.

SECTION 6 MULTIPLE ~~FAM~~ILY DWELLING, TRANSITIONAL, AND CONGREGATE PROJECT MORTGAGE LOANS. In addition to the Multifamily Housing Programs as defined in this Section 6, MFA shall have the power to create variations or extensions of the programs, or additional programs which comply with the Act and these Rules and Regulations.

6.1 Additional Definitions. The following words and terms shall have the following meanings only within this Section 6.

A. "Congregate Housing Facility" shall mean Residential Housing designed for occupancy by more than four Persons of Very Low, Low or Moderate Income living independently of each other. The facility may contain group dining, recreational, health care or other communal facilities and each unit in a congregate housing facility shall contain at least its own living, sleeping, and bathing facilities.

B. "Lender Loan" shall mean a loan made by MFA to a Mortgage Lender, pursuant to the Act and these Rules and Regulations, the proceeds of which are used directly or indirectly to make Project Mortgage Loans.

C. "Multiple- ~~f~~family Dwelling Project" shall mean the Residential Housing that is designed for occupancy by more than four persons or families living independently of each other or living in a Congregate Housing Facility, at least sixty percent of whom are Persons of Very Low, Low or Moderate Income, including without limitation Persons of Very Low, Low or Moderate Income who are elderly and who have a disability as determined by MFA, provided that the percentage of low-income persons and families shall be at least the minimum, if any, required by federal tax law and any other federal or state funding regulations.

D. "Multifamily Housing Program" shall mean a program involving a Congregate Housing Facility, a Multi-family Dwelling Project or a Transitional Housing Facility.

E. "Project" shall mean any work or undertaking, whether new construction, acquisition of existing Residential Housing, remodeling, improvement, or rehabilitation approved by MFA for the primary purpose of providing sanitary, decent, safe, and Affordable Residential Housing within the ~~S~~state for one or more Persons of Very Low, Low or Moderate Income.

F. "Project Mortgage Loan" shall mean a Mortgage Loan made to a Sponsor to finance Project Costs, as such term is defined in the Act, of a Multifamily Housing Project

G. "Sponsor" shall mean an individual, association, corporation, public or tribal entity, joint venture, partnership, limited partnership, trust or any combination thereof which has been approved by MFA as qualified to own and maintain a Multiple-Family Dwelling, Transitional or Congregate

Housing Project, maintains its principal office or a branch office in New Mexico and has agreed to subject itself to the regulatory power of MFA and the jurisdiction of the courts of the state, including Tribal courts having jurisdiction of Projects located on Native American Trust Lands located in New Mexico.

H. "Transitional Housing Facility" shall mean Residential Housing that is designed for temporary or transitional occupancy by Persons of Very Low, Low or Moderate Income or special needs.

6.2 Application Procedures.

A. Offers to Sell Project Mortgage Loans. Application procedures for offers to sell Project Mortgage Loans shall be set forth in the Policies and Procedures established by MFA for the particular program and in accordance with paragraph 4.6 of these Rules and Regulations. The Application shall contain such information as required by the Act and MFA for determining whether MFA shall finance the Mortgage Loans.

B. Loans to Lenders Program. A Sponsor requesting a Lender Loan from MFA must first submit an Application to MFA, in the form prescribed by MFA. Formal Application procedures for loans to lenders shall be set forth, in writing, in the Policies and Procedures established by MFA for the particular program and in accordance with paragraph 4.6 of these Rules and Regulations.

C. Other Programs Established by MFA. MFA shall, from time to time, establish Application procedures for programs. The Application procedures shall be published in Policies and Procedures established by MFA for the particular program and in accordance with paragraph 4.6 of these Rules and Regulations for various programs. The Application procedures shall take into consideration:

1. timely completion and submission to MFA of a program Application;

2. timely submission of all other information and documentation related to the program required by MFA, as set forth in MFA's Policies and Procedures for the particular program;

3. timely payment of any fees required to be paid to MFA at the time of submission of the Application; and

4. compliance with program eligibility requirements as set forth in MFA's Policies and Procedures established for the particular program.

6.3 Standards for Approving Qualification of Applicants.

A. Sponsors. MFA shall, from time to time, establish standards for approving qualifications of Sponsors, which standards shall be published in Policies and Procedures established for the particular program. These standards shall take into consideration the following factors:

1. MFA shall require each Sponsor, at the time of such Sponsor's request for MFA approval, to submit a verified certificate stating that, among other things:

(a) for every Multifamily Housing Program, including every assisted or

insured project of HUD, RHS/USDA, FHA and any other state or local government housing finance agency in which such Sponsor has been or is a principal;

(b) except as shown on such certificate:

(i) no mortgage on a Project listed on such certificate has ever been in

(ii) default, assigned to the United States government or foreclosed, nor has any mortgage relief by the mortgagee been given;

(iii) there has not been a suspension or termination of payments under any HUD assistance contract in which the Sponsor has had a legal or beneficial interest;

(iv) such Sponsor has not been suspended, debarred, or otherwise restricted by any department or agency of the federal government or any state government from doing business with such department or agency because of misconduct or alleged misconduct; and

(v) the Sponsor has not defaulted on an obligation covered by a surety or performance bond.

If such Sponsor cannot certify to each of the above, such Sponsor shall submit a signed statement to explain the facts and circumstances which such Sponsor believes will explain the lack of certification. MFA may then, in its sole and absolute discretion, determine if such Sponsor is or is not qualified.

2. The experience of the Sponsor in developing, financing, and managing Multifamily Residential Housing.

3. Whether the Sponsor has been found by the United States Equal Employment Opportunity Commission or the New Mexico Human Rights Commission to be in noncompliance with any applicable civil rights laws.

B. Mortgage Lenders. In approving Mortgage Lenders, MFA shall consider, among other things:

1. The financial condition of the Mortgage Lender;

2. The terms and conditions of the Lender Loans to be made;

3. The aggregate principal balances of Lender Loans to be made to each Mortgage Lender compared with the aggregate principal balances of the Lender Loans to be made to all other Mortgage Lenders;

4. MFA's assessment of the ability of the Mortgage Lender or its designated servicer to act as originator and servicer of Mortgage Loans for the Multifamily Housing Programs to be financed; and

5. Previous participation by the Mortgage Lender in MFA's programs and HUD, FHA, FHLMC, FNMA, or RHS/USDA programs.

C. Other Applicants. MFA shall, from time to time, establish standards for approving the qualifications of other Applicants seeking MFA assistance, which standards shall be published in Policies and Procedures established for the particular program.

6.4 Notice of Acceptance. MFA shall, in writing, notify each Applicant, which has submitted an Application as to the aggregate principal balance of the loan, if any, MFA shall agree to make, subject to the conditions set forth in the Application. The aggregate principal balance of loans, which MFA agrees to make to any Applicant, may be in an amount less than that requested.

6.5 Standards for Determining Minimum Equity Requirements, Acceptable Debt-to- Equity Ratios, and Acceptable Loan-to-Value Ratios.

A. Generally. MFA shall, from time to time, establish standards for (i) minimum equity requirements and acceptable debt-to-equity ratios; and (ii) acceptable loan-to- value ratios for each Project under a particular program, which standards shall be in accordance with generally accepted standards in the lending industry and shall be published in Policies and Procedures established for the particular program.

B. Sponsors. With respect to establishing such standards for Sponsors, MFA shall require that the maximum mortgage amount not to exceed the estimate of the replacement cost of the Multifamily Housing Project when the proposed improvements are completed and required reserves are funded. The replacement cost may include land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction and other miscellaneous charges incident to construction and approved by MFA, including an allowance for Builder's and Sponsor's profit and risk.

6.6 Uniform Accounting System. The accounting system used by Sponsors shall be based upon generally accepted accounting standards for the industry. Additional requirements may be dictated by the state or federal funding source, which in such cases will be included in the Sponsor's contract or loan documents.

6.7 Costs of the Project.

A. Submission of Cost Certificate. Upon completion of any Multifamily Housing Project, MFA shall require the Sponsor to submit a cost certificate detailing the specific items of the Project if required by the regulations of the funding source. MFA will require the Sponsor to document all costs funded by MFA.

B. Cost Approvals. MFA shall, from time to time, develop standards for approving Project Costs for Projects to be financed through an MFA program. These standards shall be set forth in Policies and Procedures established for the particular program and shall include such factors as:

1. the cost of the land upon which the Project is to be built;

2. the architect's and other professionals' fees;

3. organizational and legal expenses;

4. the number of square feet to be built together with the cost per square foot to build;

5. the amount of Builder's and Sponsor's overhead to be allocated to the Project;

6. the amount of Builder's and Sponsor's profit;

7. taxes and insurance, including title insurance and recording fees; and

8. the Sponsor's relationship, if any, with the Builder or general contractor for the Project, including any collateral agreements.

MFA shall take into account the guarantor's, insurer's, or purchaser's approved cost limits in effect at the time in evaluating the reasonableness of and approving the Project Costs for each Project. These standards shall also take into consideration the requirements of the Act, the Code, and the requirements of any applicable federal government program.

6.8 Geographic Allocation and Other Site Considerations. MFA shall make all reasonable efforts to provide loan assistance under various Multifamily Housing Programs on a statewide basis. In providing for reasonable geographic allocation for all MFA Multifamily Housing Programs, MFA may consider with respect to a Project, among other things:

A. the nature of the proposed neighborhood;

B. whether there is a need in the area for decent, safe and sanitary housing for Persons of Low and Moderate Income;

C. the number of similar multifamily housing projects, if any, located in the particular area and the type, location, number of units and size of such projects;

D. the occupancy history of similar multifamily housing projects in the area;

E. the need for new housing in the area to attract ~~a new industry or plant~~economic development;

F. the availability of adequate utilities (water, sewer, gas and electricity) and streets to service the Project;

G. the availability of, and accessibility to, social, recreational, educational, commercial and health facilities and services, which should at least be equivalent to those found in neighborhoods consisting largely of unassisted, standard housing of similar market rents; and

H. whether the Project site is free from adverse environmental conditions, natural or man-made, such as instability, flooding, sewage hazards, harmful air pollution, smoke or dust, excessive vehicular traffic, and fire hazards.

In addition, MFA shall give great weight in making its determination with respect to geographic allocation to whether the Project will promote a greater choice of housing opportunities in the area and will avoid an undue concentration of assisted persons in areas containing a high proportion of Persons of Low and Moderate Income. MFA may rely on such guarantor's, insurer's or purchaser's approval as evidence that the above criteria have been met.

6.9 Discrimination Prohibited. The development, construction, occupancy, and operation of a Multifamily Housing Program financed or assisted by MFA shall be undertaken in a manner consistent with principles of non-discrimination and equal opportunity, and MFA shall require compliance with all applicable federal and state laws and regulations relating to affirmative action, non-discrimination, and equal opportunity.

SECTION 7. HOUSING OPPORTUNITY FUND ("HOF"). In addition to the following programs defined in this Section 7, MFA shall have the power to create certain variations or extensions of the programs, or additional programs which comply with the Act and these Rules and Regulations.

7.1 Additional Definitions. The following words and terms shall have the following meanings only within this Section 7.

A. "Down Payment Assistance Programs" shall mean MFA's programs that provide down payment and closing cost assistance in the form of a ~~second~~ subordinate mortgage lien to Persons of Low and Moderate Income who are using MFA's Single Family Homeownership Program (as defined in Section 5, above) to acquire single family homes.

B. "Partners Program" shall mean MFA's program designed to serve as a secondary market for below-market-rate single family mortgages which have been originated by nonprofit organizations to provide financing for families earning no more than ~~60~~80% of county or median income as published by the US Department of Housing and Urban Development at the time of initial family qualification by participants and MFA.

C. "Primero Investment Fund" shall mean MFA's program designed to provide flexible financing to nonprofit organizations, Tribal and public agencies, as well as for- profit entities undertaking the development of Affordable owner-occupied, rental, or special needs housing Projects.

D. "ACCESS Loan Program" shall mean MFA's program designed to provide guaranteed or insured construction and permanent financing for Affordable rental developments.

E. "Emergency Housing Needs Pilot Program" shall mean MFA's program designed to provide one-time assistance when an individual or household faces an emergency situation is defined as a sudden or unexpected circumstance that has displaced a person or household, poses a significant risk of displacement to a person or household, or threatens the health and safety of an individual or household.

7.2 Funding.

A. Initial Funding. The HOF shall be initially funded with net residual assets of MFA's issue of Home Improvement Loan Revenue Bonds, 1985 Series A and financing adjustment factor (FAF) savings derived from MFA's Multifamily Housing Refunding Revenue Bonds 1990 Series A.

B. Additional Sources. Additional sources of funding may include, but are not limited to:

1. gifts, loans and grants received from the federal government, private foundations, corporate and private individuals and other sources;

2. money and other assets specifically allocated by MFA to the HOF from time to time; and

3. earnings of the HOF.

7.3 Use of Funds. Monies and other assets of the HOF shall be disbursed to Applicants in accordance with the purposes of the HOF and Policies and Procedures developed and established by MFA for the HOF as follows:

A. to provide down payment assistance for the financing of housing by Persons of Low and Moderate Income;

B. to provide closing cost assistance for the financing of housing by Persons of Low and Moderate Income;

C. to pay fees for services utilized in connection with HOF programs;

D. to pay costs of acquisition, rehabilitation and/or construction of Affordable housing Projects, as well as costs associated with single family mortgages; and

E. in such other manner as MFA may determine from time to time.

7.4 Administration. MFA shall administer the affairs of the HOF in accordance with provisions of the Act, these Rules and Regulations, any applicable state and federal laws and regulations, each of which may be amended or supplemented from time to time. MFA, in establishing, funding and administering the affairs of the HOF and by making, executing, delivering and performing any award, contract, grant or any other activity or transaction contemplated by the HOF, shall not violate any provision of law, rule or regulation or any decree, writ, order, injunction, judgment, determination or award and will not contravene the provisions of or otherwise cause a default under any of its agreements, indentures, or other instruments to which it may be bound.

7.5 Program Guidelines. MFA shall, from time to time, develop and adopt Policies and Procedures for each program of the HOF, which shall set forth the specific Application and approval procedures.

SECTION 8. SECONDARY MARKET FACILITY. In addition to the following programs defined in this Section 8, MFA shall have the power to create certain variations or extensions of the programs, or additional programs which comply with the Act and these Rules and Regulations.

8.1 Additional Definitions. The following words and terms shall have the following meanings only within this Section 8.

A. "Pass-Through Securities" shall mean securities representing undivided ownership interests in a pool of Mortgage Loans; and

B. "Secondary Market Facility" shall mean a corporation, trust, or other form of legal entity established by MFA for the purpose of the purchase, with private or public funds legally available therefor, of Mortgage Loans, mortgage-based obligations, Pass Through Securities or interests therein.

8.2 Establishment of Secondary Market Facility. MFA may establish and implement a Secondary Market Facility for Mortgage Loans and to otherwise act as a conduit for public and private funds to provide an increased degree of liquidity for mortgage investments. In establishing a Secondary Market Facility, MFA may issue Pass-Through Securities and may purchase and contract to purchase Mortgage Loans, Pass-Through Securities, obligations secured by Mortgage Loans or revenues therefrom or interests therein. MFA shall establish Policies and Procedures, in accordance with paragraph 4.6 of these Rules and Regulations, which Policies and Procedures shall provide for the governing of the operations of the Secondary Market Facility, the issuance of Pass-Through Securities and for the purchase or issuance by, or the sale of, such obligations to the Secondary Market Facility.

The Policies and Procedures shall include, among other things: (i) the submission by Mortgage Lenders of offers to sell Mortgage Loans; Pass-Through Securities; and obligations secured by Mortgage Loans or pledges of Mortgage Loan revenues; (ii) standards for allocating available funds or guarantees among Mortgage Lenders through the Secondary Market Facility; (iii) qualifications or conditions relating to the reinvestment by Mortgage Lenders of the funds made available to Mortgage Lenders by the Secondary Market Facility; and (iv) characteristics of Pass-Through Securities to be issued by the Secondary Market Facility.

SECTION 9. MISCELLANEOUS. Capitalized terms not otherwise defined in these Rules and Regulations have the same meaning as defined in the Act.

SECTION 10. AMENDMENT TO RULES AND REGULATIONS. These Rules and Regulations may be amended or supplemented by MFA, with the approval of the Oversight Committee, at any time. Proposed amendments to these Rules and Regulations will be posted on MFA's website for a minimum of thirty (30) days prior to approval by the Oversight Committee, to enable public comment on the proposed changes.

Tab 3

MEMO

TO: Housing New Mexico Board of Directors
Through: Contracted Services, October 7, 2025
Through: Policy Committee, September 30, 2025

FROM: Jackie Nutima, Compliance Manager

DATE: October 15, 2025

SUBJECT: **Biannual Compliance Activity Report for April 2025 – September 2025**

The compliance manager is responsible for communicating with the Board of Directors regarding compliance matters. The compliance activities report is intended to provide information to the Board regarding compliance management activities and the results of related oversight of Housing NM's single-family mortgage lending and servicing departments, including lender oversight and subservicing oversight. During this reporting period, no significant compliance concerns were identified. No influence from other business units or bias in the Quality Control conclusions were apparent.

Background:
The compliance manager is responsible for maintaining a comprehensive compliance program to address legal, regulatory, and internal requirements for Housing NM's single family mortgage lending and servicing functions, ensure Housing NM is meeting regulatory compliance requirements related to mortgage operations, and maintain oversight of Housing NM's contracted subservicer performance.

Discussion: The following is a summary of compliance activities related to vendor management, subservicing oversight, loan quality control, and tracking of regulatory compliance and consumer complaints from March 2025 through September 2025.

Vendor Management

Vendor management and oversight is an ongoing function within the compliance management system and is conducted according to the underlying vendor management policy. Staff identifies vendors who provide services to Housing NM which are subject to regulation and oversight by the Consumer Financial Protection Bureau (CFPB), or any entity contracted to provide services that would cause Housing NM to face risk if the vendor or service provider fails to meet contractual obligations, regulatory requirements, or engages in activities that could adversely impact Housing NM consumers.

Vendors are evaluated for inherent risk, compliance systems and controls, and business performance. This evaluation is completed by the compliance manager, in cooperation with appropriate department directors. All consumer facing or interfacing vendors are placed on a schedule based on their risk assessment. The most recent vendor reviews did not identify any vendors with critical weaknesses which present a significant risk of violating the law and causing consumer harm.

Risk ratings are assigned to vendors based on the criteria below and the Vendor Management Policy dictates the level and frequency of vendor reviews.

Risk Ratings:

- High – full operational reliance, access to Housing NM consumer NPPI (non-public personal information), access to Housing NM consumers, access to Housing NM systems.
- Medium – limited operational reliance, limited access to Housing NM consumer NPPI, no access to Housing NM consumers, no access to Housing NM systems.
- Low – no operational reliance, no access to Housing NM consumer NPPI, no access to Housing NM consumers, no access to Housing NM systems.

Vendor Review:
Most of the vendors reviewed during this reporting time frame are involved in protecting Housing NM's network and internet security. Housing NM utilizes the vendor's software or hardware, but these vendors do not have access to Housing NM's data. Housing NM's data is stored on the vendors' systems, but it's encrypted.
The compliance manager reviews several types of documents from vendors, including but not limited to

- Audit reports (internal audit, external audit, System and Organization Controls (SOC), ISO 27001[1] type review, security reviews) of other examination reports evidencing internal controls,
- Audited Financial Statements,
- List of third-party vendors and the corresponding oversight policy,
- Evidence of sufficient insurance coverage,
- Policies and procedures related to internal controls and information security,
- Disaster recovery and business continuity plan,
- Information Security Policies, and
- Current organizational chart.

Company	Function	Risk Rating
Advanced Network Management (ANM)	Network Management Service Provider	High Risk
Cogent	Internet Service Provider	Moderate Risk
IHFA	Subservicer	High Risk
IntelePeer	Alerting System for Employee Messages	Low Risk
Ivanti/ Securin	Cybersecurity Platform/Penetration testing	Low Risk
Metasource	Business Process Mgmt	Low Risk
Mitas	Software provider for Servicing	Moderate Risk
Paymentus	Servicing Pay Portal	Moderate Risk

Subservicing Oversight

Staff continue to monitor service level performance to ensure our contracted sub-servicer provider, Idaho Housing and Finance Association (IHFA), maintains regulatory compliance, that staffing levels support Housing NM needs and that controls over data integrity are in place. No significant issues were identified during the review period.

IHFA provides several monthly loan portfolio reports, including servicing quality control, advances and reimbursements, loss mitigation and foreclosure activity reports. All reports are reviewed, reconciled, and analyzed for any negative trends or ongoing issues. Monthly calls are

[1] [1] ISO 27001 focuses on establishing and maintaining an Information Security Management System (ISMS)

held with IHFA to discuss operational processes, reconcile reporting, and provide current updates.

The August 2025 delinquency rate is 12.46% and the seriously delinquent rate is 3.33%. Since March 2025 there has been an increase in overall delinquency, which is expected as a seasonal trend. See Chart 1 – Subserviced Portfolio Delinquency Trends on the second to last page of this report.

Loan Quality Control

Loan quality control reports and portfolio management reports received from IHFA alert Housing NM staff to loan level issues with Housing NM approved lenders. These reports provide insight regarding trends and the performance of specific lenders and loan officers. Housing NM staff takes a proactive approach in communicating with our partner lenders to mitigate the risk of material findings or repurchase. Why this is critical is that any loans that have unresolved serious defects cannot be pooled and securitized. In those instances, Housing NM would ask the lender to buy back the loan.

Every month, Housing NM's quality control vendor, IHFA, selects and reviews post-funded loans based on a random sampling of 10% of loans purchased during the previous month. Housing NM staff then complete a 10% oversight review of the vendor's selected sample of Fannie Mae loans. The sample includes a cross-section of the approved lenders as well as Housing NM's overall book of business being sold or securitized by Fannie Mae or Freddie Mac.

The post-purchase review includes, but is not limited, to the following

- Original loan application,
- Underwriting process,
- Employment and income data,
- Tax Returns,
- Assets,
- Credit history,
- Compliance documents received, and
- Closing documentation

Issues related to the loan file are classified as minor, moderate or serious defects. The table below represents the Housing NM loan origination defect trend data of cases with serious exceptions (defects). The Gross Defect Rate includes all preliminary serious exceptions, and the Net Defect Rate represents only unresolved, serious exceptions. According to Housing NM's Quality Control plan, the Net Defect Rate should be 4% or less for serious and moderate findings in a reporting month. As you can see, the Net Defect rate remains under the 4.0% threshold at 0%.

Housing New Mexico Defect Trend Report – August 2025 – Random QC

Defect Trend Report		Target Net Defect Rate 4.0%	MATERIAL - All Defects		
Audit Month	Loans Reviewed	Gross Defect	Gross Defect Rate	Net Defect	Net Defect Rate
Sep 2024	2	0	0.0%	0	0.0%
Oct 2024	1	1	100.0%	0	0.0%
Nov 2024	1	0	0.0%	0	0.0%
Dec 2024	1	1	100.0%	0	0.0%
Jan 2025	1	0	0.0%	0	0.0%
Feb 2025	1	0	0.0%	0	0.0%
Mar 2025	2	0	0.0%	0	0.0%
Apr 2025	2	1	50.0%	0	0.0%
May 2025	1	0	0.0%	0	0.0%
Jun 2025	1	0	0.0%	0	0.0%
Jul 2025	2	0	0.0%	0	0.0%
Aug 2025	1	0	0.0%	0	0.0%
TOTAL	**16**	**3**	**18.7%**	**0**	**0.0%**

Housing NM recently completed the MORA (Mortgage Operations Risk Assessment) with Fannie Mae, which is a comprehensive review of operations, governance, and compliance with Fannie Mae's guidelines, focusing on internal audit processes and procedures to ensure compliance. The assessment included a review of Housing NM's Quality Control Plan related to our quality control processes and the Secondary Market processes related to pooling single-family loans in compliance with Fannie Mae requirements.

Regulatory and Legal Compliance

Tracking regulatory information related to federal consumer financial law and implementation of new processes resulting from changing requirements is completed by the compliance manager and mortgage operations staff and management.

Training

All Housing NM staff are required to participate and complete ongoing, comprehensive security and fraud awareness training that is provided through the Information Security department. If an employee fails to complete this training timely their access is restricted until the training is complete.

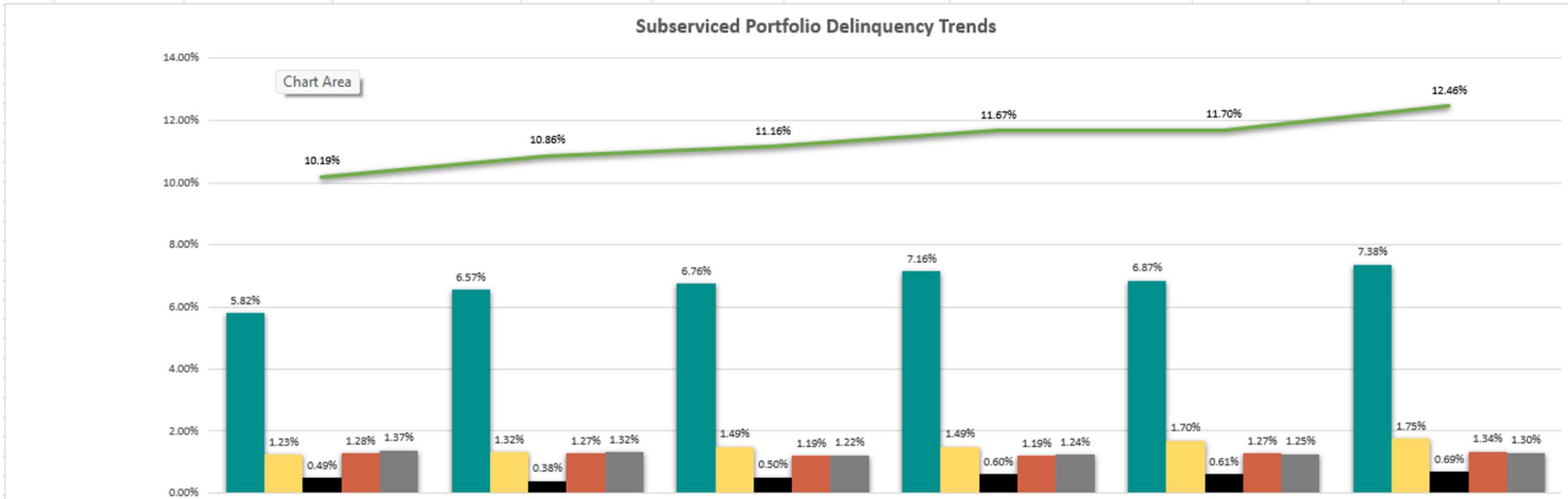
Consumer complaints

Tracking, investigating, and responding to consumer complaints is a function of the Compliance Management System. When a consumer complaint is received, it will be routed to the appropriate department for follow-up and resolution. Often times, a complaint is received but is not under Housing NM's jurisdiction. All efforts are made to direct the consumer to the correct organization and/or resources. No consumer complaints were received during the current reporting cycle that could not be resolved.

Summary: The activities described in this report are intended to provide the Board of Directors with assurance that Housing NM is effectively managing compliance with Federal and State consumer financial laws applicable to the products and services being provided by Housing NM and mitigating related risk.

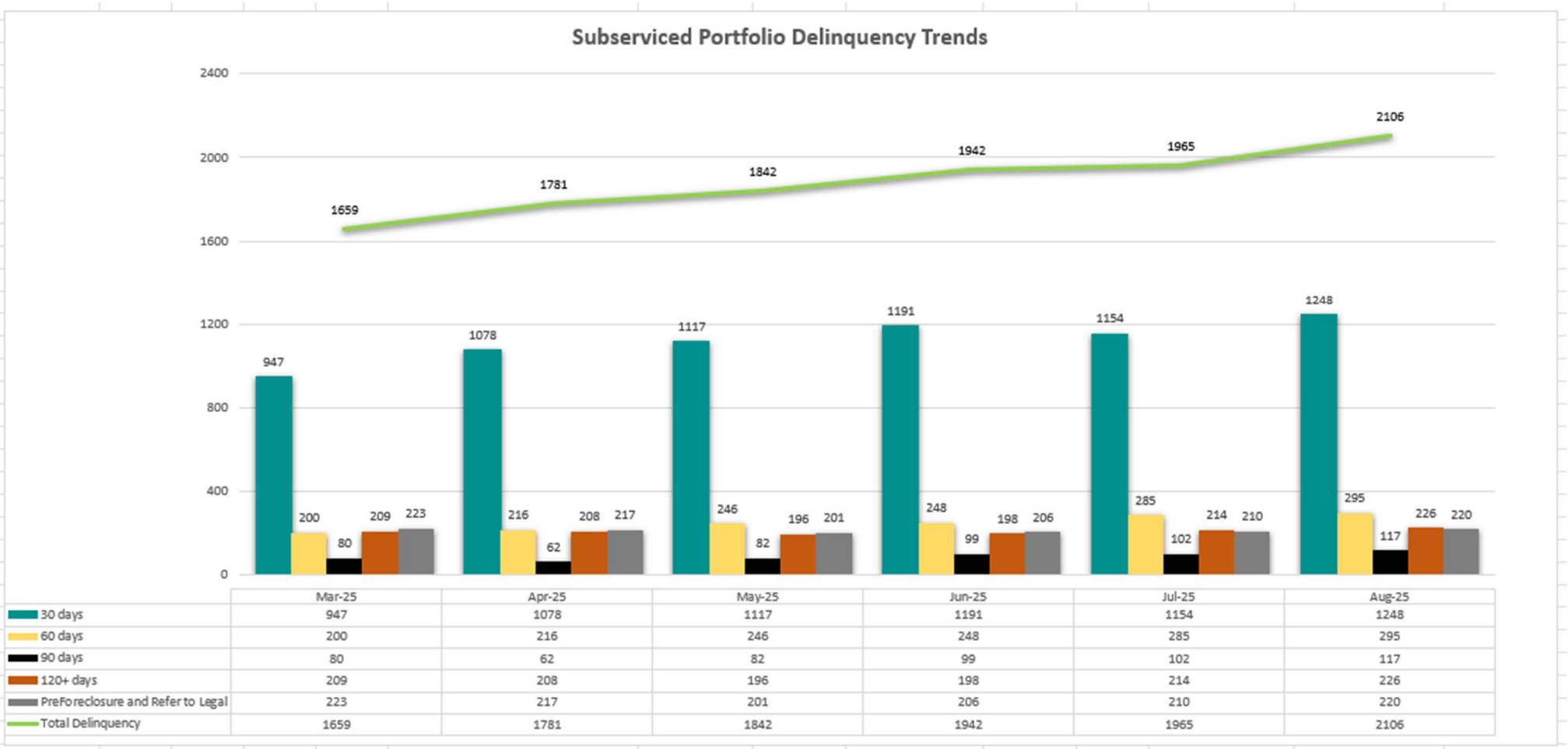
Compliance activities will be reported to the Board through the Contracted Services/Credit Committee no less than twice per year, and as needed to fulfill the compliance manager's responsibility to inform the Board of any critical compliance issues. There are no significant compliance concerns identified during this reporting period.

Chart 1



	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
30 days	5.82%	6.57%	6.76%	7.16%	6.87%	7.38%
60 days	1.23%	1.32%	1.49%	1.49%	1.70%	1.75%
90 days	0.49%	0.38%	0.50%	0.60%	0.61%	0.69%
120+	1.28%	1.27%	1.19%	1.19%	1.27%	1.34%
PreForeclosure and Refer to Legal	1.37%	1.32%	1.22%	1.24%	1.25%	1.30%
Total Delinquency %	10.19%	10.86%	11.16%	11.67%	11.70%	12.46%

Chart 2



	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
30 days	947	1078	1117	1191	1154	1248
60 days	200	216	246	248	285	295
90 days	80	62	82	99	102	117
120+ days	209	208	196	198	214	226
PreForeclosure and Refer to Legal	223	217	201	206	210	220
Total Delinquency	1659	1781	1842	1942	1965	2106

Tab 4

HOUSING NEW MEXICO | MFA

Finance/Operations Committee Meeting

Tuesday, October 7, 2025 at 1:00 p.m.

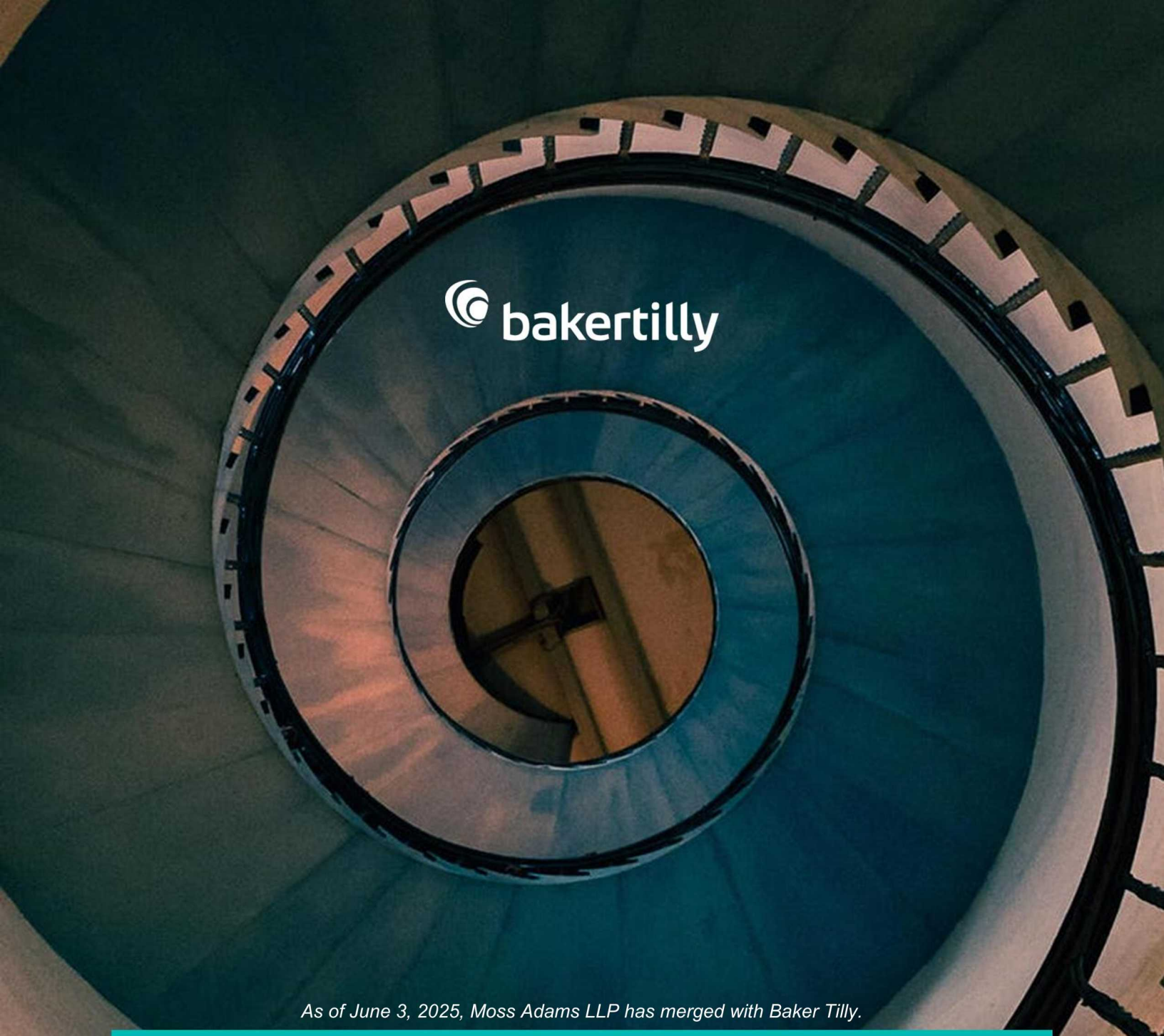
Webex - call-in information is 1-408-418-9388 (access code): 2482 453 0011
or you can join the call from the calendar item

Agenda Item	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
Agenda **1** 2026 Qualified Allocation Plan – Jeanne Redondo & Jacobo Martinez	**3 - 0** **Advance to Board w/o Recommendation**	YES
2 Housing New Mexico AP & Cash Disbursements Internal Audit Final Reports- Jackie Nutima	**3 - 0**	YES
Information items **3** August 2025 Wire Transfers	✓	NO
4 August 2025 Check Register	✓	NO

Committee Members present:

Derek Valdo, Chair	☐ present	☐ absent	☒ conference call
State Treasurer Laura M. Montoya **(Chaired the Meeting)**	☒ present	☐ absent	☐ conference call
Lt. Governor Howie Morales/ Proxy Martina C'de Baca	☐ present	☐ absent	☒ conference call

Isidoro R. Hernandez



As of June 3, 2025, Moss Adams LLP has merged with Baker Tilly.

EXECUTIVE SUMMARY

Housing New Mexico

ACCOUNTS PAYABLE AND CASH DISBURSEMENTS INTERNAL AUDIT

September 24, 2025

Baker Tilly Advisory Group, LP
999 Third Avenue, Suite 2800
Seattle, WA 98104
(206) 302-6500

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I.	**Executive Summary**	**1**
	A. Objectives	**1**
	B. Conclusions	**2**
	C. Commendations	**2**

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, operate under an alternative practice structure and are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

I. Executive Summary

Baker Tilly Advisory Group, LP (Baker Tilly) was engaged by Housing New Mexico | New Mexico Mortgage Finance Authority (Housing New Mexico) to conduct an internal audit related to Housing New Mexico's accounts payable and cash disbursement processes. This audit specifically encompassed the following key disbursement categories:

- Federal Home Loan Bank (FHLB) Daily Cash Advance
- General Fund Disbursements
- Daily Loan Purchases
- Housing Choice Voucher Program (Section 8)
- Multi-Family Loan Funding
- Multi-Family and Single-Family Escrow Disbursements
- Investor Payments

We performed a variety of procedures to test and assess the overall accounts payable and cash disbursement process for compliance with best practices. Our procedures included reviewing internal policies and conducting interviews with Housing New Mexico personnel involved in this process. We tested samples of various types of accounts payable and cash disbursements to evaluate whether they were all undergoing proper approvals and supported by appropriate documentation to evidence all reviews. The internal audit was conducted between July and August 2025.

This engagement was performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants. Accordingly, we provide no opinion, attestation, or other form of assurance with respect to our work or the information upon which our work is based. This engagement was also performed consistent with the guidance issued by the Institute of Internal Auditor's International Professional Practices Framework. This report was developed based on information gained from our interviews and analyses of provided documentation. The procedures we performed do not constitute an examination in accordance with generally accepted auditing standards or attestation standards.

A. Objectives

Our objectives for this engagement were to assess Housing New Mexico's accounts payable and cash disbursements related to the key categories outlined in the Executive Summary, covering the period of October 1, 2024, to May 31, 2025. Our testing encompassed the entire process, beginning with vendor origination and setup, through obtaining all necessary approvals prior to issuing cash disbursements. Additionally, we evaluated the types of user access granted across all relevant systems, including access for users who need to create invoices in the system based on vendor invoices, through to payment processing via the bank. We assessed whether all required documentation was properly obtained, and appropriate documentation existed to support all types of approvals.

B. Conclusions

Our testing identified no findings, indicating that based on the documentation reviewed and the samples of transactions tested, the processes and controls examined appeared to be operating effectively. We did document one item classified as Other Matters for Consideration that may warrant attention to further enhance overall performance. These items did not rise to the level of a finding and do not require any management response.

SERVICE PROVIDER DOCUMENTATION DISCREPANCY		
1.	**Observation**	Housing New Mexico lacks a documented process for independent review of vendor master file changes and new vendor setups. Additionally, staff who update the vendor master file also process accounts payable, increasing risk.
	Recommendation	Implement a formal process for independent, contemporaneous or periodic review of all vendor master file changes and new vendor setups. Ensure reviewers are separate from accounts payable processors.

C. Commendations

Although the primary objective of this internal audit was to identify areas of noncompliance and opportunities for improvement for Housing New Mexico, it is important to acknowledge and commend the areas where Housing New Mexico demonstrated strong operational controls. This organization should be recognized for the following notable accomplishments:

- All types of vendor changes tested, and new vendor requests assessed were processed in accordance with established policies and supported by appropriate documentation.
- All transactions tested indicated:
  - Consistent adherence to proper invoice approval thresholds, ensuring compliance with internal controls.
  - Timely processing of cash disbursements, exemplified by adherence to the 24-hour rule for Section 8 disbursements.
  - Maintenance of comprehensive documentation supporting approvals of check registers, batch payments, disbursement requests, and reconciliations, which enhances transparency and accountability.
- The weekly and biweekly disbursement reconciliations tested aligned with monthly disbursement totals.

We would like to thank Housing New Mexico staff and management for their time and efforts in assisting with this engagement. Staff were consistently professional, responsive, and knowledgeable in their responses, allowing us to sufficiently understand the accounts payable and cash disbursement process.

Tab 5

HOUSING NEW MEXICO | MFA

MEMO

TO: Housing New Mexico Board of Directors
Through: Finance Committee August 12, 2025 & October 7, 2025
Through: PC Committee August 5, 2025 & September 30, 2025

FROM: Jeanne Redondo

DATE: October 15, 2025

SUBJECT: **2026 Qualified Allocation Plan**

Recommendation:

Staff recommends approval of the attached 2026 State of New Mexico Housing Tax Credit Program 9% and 4% Qualified Allocation Plans (QAPs), along with the Universal Multifamily Underwriting Supplement, Mandatory Design Standards for Multifamily Housing and the applicable Post-Award Processes and Requirements Handbooks

Background:

The Low-Income Housing Tax Credit (LIHTC) program, established in 1986 under Section 42 of the Internal Revenue Code (the "Code"), is the nation's primary vehicle for financing the development of affordable rental housing. The Code requires each state to adopt a Qualified Allocation Plan (QAP), which outlines the selection criteria and compliance standards applicable to LIHTC awards.

Housing New Mexico/MFA revises its QAP on an annual basis to respond to market conditions, address implementation challenges, and align with evolving state housing priorities.

Discussion:

Stakeholder Engagement and Process Improvements

While stakeholder feedback has historically been collected through an annual "Developers Forum," this year Housing New Mexico expanded its outreach to ensure

broader representation and deeper insights into the application of QAP policies. The following improvements were made to the stakeholder engagement process:

- **Targeted focus groups** were held with Developers, Consultants, State Board of Finance Staff, and Private Activity Bond Issuers.
- Developer and Consultant sessions were further broken down by topic:
    - QAP Structure
    - 9% LIHTC Content
    - 4% LIHTC Content
- State Board of Finance Staff and Private Bond Issuer sessions were based around oversubscription of Private Activity Bonds and a restructure of the 4% LIHTC process.

Structural Reorganization for 2026

During sessions, developers and consultants agreed that the organization and usability of the current QAP made it difficult to navigate the requirements necessary to prepare quality applications. In response to this feedback, developers strongly supported the creation of:

- **Separate QAPs for 9% and 4% LIHTC programs**
- A **modular structure** to simplify document navigation and improve clarity

In response, staff reviewed the QAP structure of each of the 50 states and is introducing a **significant restructuring** of the 2026 QAP. LIHTC policy guidance is now divided into four distinct documents:

1. **Qualified Allocation Plan (QAP)** – Establishes scoring, threshold requirements, and program priorities for 9% and 4% credits respectively (in separate documents).
2. **Universal Multifamily Underwriting Supplement** – Standardizes feasibility and underwriting expectations across all multifamily funding sources.
3. **Post-Award Processes and Requirements Handbook** – Details post-award compliance procedures, including carryover, final allocation, and ongoing reporting requirements for 9% and 4% credits respectively (in separate documents).
4. **2026 Mandatory Design Standards for Multifamily Housing**- Details the design requirements for multifamily housing utilizing resources from Housing New Mexico.

The Universal Multifamily Underwriting Supplement, Post-Award Processes and Requirements Handbooks and 2026 Mandatory Design Standards for Multifamily Housing are incorporated by reference into the applicable QAP as appendices, so applicants will

only need to download one bookmarked file to have all documents needed to submit an application.

Public Review and Approval Process

A draft of the 2026 QAP was published on Housing New Mexico's website and announced in five newspapers of general circulation, initiating a **21-day public comment period** and a formal **public hearing** held on August 28, 2025. Housing New Mexico also sent emails to 265 individuals notifying them that the draft QAP was available for public comment. After incorporating public feedback, the revised QAPs and appendices have been updated and are now presented for formal approval by the Policy Committee, Finance Committee, and the Board of Directors before submission to the governor.

9% LIHTC Discussion

Housing New Mexico has introduced a significant structural reorganization in the presentation of its Low-Income Housing Tax Credit (LIHTC) policies between the 2025 and 2026 QAP cycles. While the underlying program requirements remain largely intact, the 2026 QAP introduces a **modular framework** that separates policies and guidance into four distinct documents. This change is intended to increase clarity, streamline application and compliance processes, and align more closely with national best practices. The restructuring will improve clarity by grouping similar content within appropriate functional documents, promote consistency in underwriting practices across funding sources, reduce redundancy in guidance and increase transparency. To accomplish this, Housing New Mexico Staff has separated the LIHTC policies into four separate documents which include:

- **The Qualified Allocation Plans** - Establish the allocation priorities, eligibility criteria, and applicable scoring rubric for the 9% and 4% LIHTC programs. Where the previous QAP included all scoring, threshold, underwriting, and post award guidance for both programs; the draft 2026 QAPs now include only threshold criteria, scoring methodology, general requirements and a summary of compliance requirements for each program.
- **The Universal Multifamily Underwriting Supplement**- Details underwriting standards, feasibility thresholds, and financial assumptions applicable across all multifamily housing programs. Where the 2025 QAP had some portions of the underwriting supplement embedded within the QAP, the Underwriting Supplement now outlines financial feasibility standards, cost reasonableness benchmarks, and updated underwriting assumptions for all multifamily funding sources.
- **Post Award Processes and Requirements Handbooks**- Outlines reporting requirements, and ongoing responsibilities following the issuance of a 9% and 4%

tax credit award until the final allocation of tax credits on IRS forms. Where the previous QAP included post award requirements within its narrative, the post award requirements are now provided in an independent handbook detailing reservations, carryover, 10% test, design review, and final allocation processes.

- **2026 Mandatory Design Standards for Multifamily Housing**- Ensures that publicly funded affordable housing developments are durable, cost-effective, and supportive of resident well-being. These standards promote quality construction practices that balance affordability with long-term sustainability, require compliance with health, safety, and accessibility regulations, and encourage energy efficiency through environmentally responsible design. They also help integrate housing into communities in a way that enhances livability while aligning projects with federal and state funding requirements.

Purpose and Benefits of the Reorganization

- **Improved Usability:** Applicants and partners can more easily navigate relevant sections without having to search through unrelated content.
- **Clearer Compliance Framework:** Post-award requirements are now codified in a dedicated handbook, reducing confusion and enhancing accountability.
- **Underwriting Consistency:** The Universal Multifamily Underwriting Supplement applies uniformly across funding sources, standardizing expectations.
- **Flexibility for Future Updates:** Modular structure allows Housing New Mexico to update individual sections without redrafting the entire QAP.

This year, staff also focused on ways to contain costs and make policy clearer in the 9% QAP. The proposed revisions focus on containing costs by limiting the allowable cushion over the average cost of new construction projects, incorporating the first right of refusal into the partnership agreement, limiting the acquisition costs used in the underwriting, removing points for brownfield development and by reducing EV parking requirements. In addition, wherever possible, sections were removed where they merely re-state the Internal Revenue Code and Treasury Regulations, the content was re-written to be more concise or consistent with other sections, and tables were included to make the content more accessible. Finally, changes to the underwriting standards were made to allow permanent supportive housing for people experiencing homelessness to fund a supportive services reserve. The following are some of the more notable changes made to the 9% QAP:

Limitation on Tax Credit Awards to a Single Project or Principal: 9% QAP Section II.B (redline *page 10, comparison page 93*)[1]

Previously 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 could receive more than two awards in a round. This has been reduced to one award in a round to address capacity issues and to allow more participants to receive at least one award.

Underserved Populations Set-Aside for Tribal Projects: 9% QAP Section II.C.2.b (redline *page 12, comparison page 31*)

Eligibility for consideration under this set-aside was expanded to include lands within the reservation boundaries that are surrounded by Tribal Trust Lands. The project must be owned by a Tribal government entity.

Housing New Mexico/MFA Fees and Direct Costs: 9% QAP Section *III*.C (*beginning on redline page 18, comparison page 79*)

Several fees have been added by Asset Management. They include

- late fees in the amount of $1,500 for failure to submit annual monitoring fees by the January 31st deadline,
- reinspection fees when Housing New Mexico/MFA is unable to complete an inspection due to the owner/agent's failure to notify residents or the owner/agent's failure to appear for the inspection in the amount of $80 for trips up to 60 miles and $250 for trips further than 60 miles,
- noncompliance fees in the amount of $150 plus $25 per Form 8823, and
- fees of $200 for noncompliance for a LURA that extends beyond six months after the traditional 30-day initial response time, plus a reinspection fee if a follow-up inspection becomes required for monitoring reviews that are open 12 months beyond the initial response deadline.

Nonprofit, NM Housing Authority, TDHE and THA Participation 9% QAP Section V.A *(redline page 43, comparison page 33)*

This scoring criterion was modified to add government entities to the eligible participants. Accordingly, the title was changed to Nonprofit, New Mexico Housing Authority (NMHA), local Tribally Designated Housing Entity (TDHE), Tribal Housing Authority (THA) or Government Entity Ownership to reflect that the eligible entity must have an ownership stake in the Project that qualifies it to receive the right of first refusal (ROFR) under Section 42(i)(7) of the Internal Revenue Code.

[1] All first page references are from the 9% draft QAP version of the document cited. The second page references are from the 2025 to 2026 draft QAP Comparison.

The ROFR requirement under the scoring criterion has been modified to require that the investor agreement include specific provisions granting the ROFR, rather than execute a separate agreement that would require further legal review at additional cost.

Locational Efficiency: 9% QAP Section V.B *(redline page 46, comparison page 37)*

The distance from the site to services and to public transportation was increased to expand opportunities to purchase land that may be less expensive as follows:

	2025 Distance	2026 Distance
Proximity to Services: three amenities	.5 mile	1 mile
Proximity to Services: six amenities	1 mile	2 miles
Proximity to Bus/Urban Areas	.5 mile	1 mile
Proximity to Bus/Outside Urban Areas	.5 mile	2 miles

Projects Committed to a longer Extended Use Period: 9% QAP Section V.G *(redline page 44, comparison page 42)*

Permanent Affordability is unclear in New Mexico's statutes; therefore this scoring criterion was modified to permit Projects committing up to 50 years of affordability to be 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

Households with Special Housing Needs: 9% QAP Section V.H (redline *page 53, comparison page 43*)

To reduce costs, full points for this criterion were reduced from 10 points to 5 points, thereby reducing the number of services required to qualify for full points. This scoring criterion already limits the service coordinator hours based on the number of households being served, so it was clarified that the hours are based on the number of units set aside for households with special housing needs, rather than the entire property.

Households Reserved for Seniors Housing Priority: 9% QAP Section V.I *(redline page 58, comparison page 49)*

Full points for this criterion were reduced from 10 points to 5 points and the hours the service coordinator needs to be on-site were reduced from 10 hours to 5 hours. Reducing

the number of services required to qualify for full points along with the required hours to implement the reduced level of services is expected to reduce operational costs and potentially increase the permanent loan for which the project can qualify.

Households with Children Housing Priority: 9% QAP Section V.J *(redline page 62, comparison page 53)*

For the same reason cited for Households with Senior Housing Priority, full points for this criterion were reduced from 8 points to 4 points and the hours the service coordinator needs to be on-site was reduced from 10 hours to 5 hours.

QCT/Concerted Community Revitalization Plan: 9% QAP Section V.M (redline *page 69, comparison page 59*)

This scoring criterion was revised to remove NM Arts & Cultural Districts and New Mexico MainStreet areas as separate criteria to qualify for points. This scoring criterion was revised in 2025 to allow points for Concerted Community Revitalization Plans that are not metropolitan redevelopment plans as defined in NMSA 1978 Section 3-60A-4, so they are not needed.

Blighted Buildings and Brownfield Site Reuse: 9% QAP Section V.P (redline p*age 72, comparison page 61*)

This scoring criterion was removed from the 2026 QAP after receiving comments that it adds remediation costs.

Efficient Use of Tax Credits: 9% QAP Section V.P (redline *page 72, comparison page 62*)

The tax credit ceilings under this scoring criterion were increased by 3.2% to reflect the increase in construction costs between August 2024 and August 2025.

Other Scoring Points Available: 9% QAP Section V.U.3 now V.T.3 (redline *page 80, comparison page 69*)

Deep Affordability:

This scoring criterion provides points for targeting extremely low-income residents with incomes at or below 30% AMI. It previously did not allow points for units with project-based federal rental assistance if they were not part of a Households with Special Housing Needs Project. The scoring criterion was revised to allow project-based federal rental assistance on units restricted to extremely low-income households regardless of project type, to ensure that the residents do not pay rent in excess of 30% of their adjusted income.

Women and Minority Participation:

The three points available for women and minority participation were removed based on current federal executive orders. Over the past few years, virtually every project qualified

for these points, so staff does not anticipate that the ranking of applications will be changed significantly based on the removal of these points.

Acquisition Cost Limits: Universal Multifamily Underwriting Supplement Section III.A.1 ***(page 6) (Not in comparison – was always in underwriting supplement)***

The limit on the acquisition cost was expanded from "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" to also include "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."

Total Development Cost Limits: Universal Multifamily Underwriting Supplement: Section III.A.2.a ***(page 6)*** **(comparison page 81)**

In 2025, the Total Development Cost per Unit was not permitted to exceed 130% of the average Total Development Cost per Unit for all new construction and Adaptive Reuse Projects submitted in the same round, and the hard Construction Cost plus architect and engineering fees per square foot was not permitted to exceed 130% of the average cost per square foot for all new construction and Adaptive Reuse Projects submitted in the same round. This 130% cushion was reduced to 120% to incentivize lower development costs and reduce outliers.

Developer Fees: The Universal Multifamily Underwriting Supplement Section IV.B.6) ***(page 13) (Not in comparison – new policy added to underwriting supplement)***

Projects targeting Households or Individuals Experiencing Homelessness that also qualify as Permanent Supportive Housing under the Underserved Populations Set-Aside will be eligible for a 5% boost in developer fee afforded to 9% LIHTC Projects that will be placed into a supportive services reserve.

Minimum Debt Service Coverage: The Universal Multifamily Underwriting Supplement Section V.B) ***(page 17) (Not in comparison – was always in underwriting supplement)***

Permanent Supportive Housing Projects for Households or Individuals Experiencing Homelessness will not be required to incur hard debt, so long as all Project cash flow that is not needed to repay deferred developer fee is deposited into a 15-year supportive services reserve. The cash flow "cushion" for purposes of feasibility analysis will need to be similar to the minimum debt service coverage ratio that would be required, if the Project had hard debt.

E-V Capable Parking Spaces: 2026 Mandatory Design Standards for Multifamily Housing: New Construction: Section A.4.e ***(page 4) (Not in comparison – was always in Design Standards)***

Previously, Projects were required to provide a minimum of .05 parking spaces per Unit that were EV-Capable. This requirement has been removed for cost efficiency.

4% LIHTC Discussion

Another significant topic addressed during this year's planning cycle is the growing demand for Private Activity Bonds (PABs) and the corresponding 4% LIHTC allocations.

- For calendar year 2025, $200 million of New Mexico's $388.8 million PAB cap is reserved for multifamily housing.
- As of July 2025, demand had exceeded supply by more than $113 million.
- Demand is projected to remain high due to population growth and a deepening affordable housing crisis.

To better prioritize limited resources, Housing New Mexico proposed implementing a competitive allocation process for 4% LIHTC applications tied to PABs. The proposed scoring criteria emphasized:

- Project Readiness
- Developer Capacity
- Location & Community Impact
- Cost Containment

These recommendations were shared in 2025 with State Board of Finance staff and bond issuers, who supported emphasizing readiness but expressed concerns about aligning internal approval processes with a competitive cycle in 2026.

Federal Policy Change: "One Big Beautiful Bill Act"

On July 3, 2025, Congress passed and on July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act (Public Law 119-21). This legislation permanently reduced the PAB "50% Test"—a longstanding federal requirement—down to 25%, effective for projects closing on PABs on or after January 1, 2026.

Implications for New Mexico:

- Projects can qualify for 4% LIHTC with less PAB financing.
- More developments will become eligible without exceeding PAB volume cap.
- This change enhances Housing New Mexico's ability to address housing shortages with greater flexibility and impact.

Given this federal shift, staff believes the proposed 4% QAP policies focused on readiness and reasonable limits can ensure effectiveness without a competitive round.

The proposed revisions to the 4% QAP focus on project readiness and containing Private Activity Bond Cap by enforcing stricter timelines, adding financial penalties and limiting the number of projects that a developer has in the pipeline. Also included in the changes is a clarification of the approval timeline for Hybrid developments. The following are some of the more notable changes made to the 4% QAP:

Hybrid 9%/4% Development: 4% QAP Section I.D.4 ***(4% redline page 8, comparison page 23)***

The 2025 QAP stated that an application to the state board of finance for private activity volume cap would not be approved to move forward until the Housing New Mexico/MFA board approved the 9% portion of the development, which was subject to receipt of the private activity volume cap. If Housing New Mexico/MFA was the proposed bond issuer, the state board of finance application was due upon Housing New Mexico/MFA board approval of the 9% portion of the development.

This section was changed to provide separate requirements where the hybrid Project is all within one building through a condominium plat. In this instance, both the 9% and 4% tax credit applications must be submitted concurrently by the 9% tax credit round application deadline, and 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 31, 2026, Housing New Mexico/MFA would issue a binding commitment for 9% LIHTC in a future year that is contingent upon an allocation of private activity bond volume cap.

Limitations on Private Activity Bonds: 4% QAP Section II.B ***(page 10, comparison page 113)***

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.

This is a policy that has been recommended as a best practice.

Limitations on developer's use of Private Activity Bonds: 4% QAP Section II.B ***(redline page 10, comparison page 114)***

The following limitation was added, to incentivize readiness to proceed and completion of a project before starting another, rather than the processing of the final allocations remaining outstanding for years. "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."

Deadline: 4% QAP Section III.B.1 ***(redline page 15, comparison page 111)***

Rather than a competitive round, staff is recommending the following policy to accept Applications on a rolling basis:

"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:
    - 7 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 into the following calendar year to close on the bonds."

Complete Application: 4% QAP Section III.B.4 ***(redline page 16, comparison page 113)***

To assist in determining whether a Project is ready to proceed towards closing, the QAP now requires that 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" be included in the Application.

Extension Fee: 4% QAP Section III.C.5 ***(redline page 23, comparison page 81)***

The fee to request to extend deadlines of any documents and/or with submission of late or missing documents was expanded to explicitly include a request to extend the deadline to close on Project financing and begin construction. The fee was also increased from $500 per week to $1,000 per week.

Compliance and Reinspection Fees: 4% QAP Section III.C.7 *(redline page 23, comparison page 79)*

The asset management fees added to the 9% QAP were also added to the 4% QAP.

Upon Receipt of 42(M) Letter: Post-Award Processes and Requirements Handbook: Section II.A *(redline page 3, comparison page 114)*

The draft 42(m) letter now expires three months from the date it was issued rather than six months from issuance because projects are expected to be ready to proceed.

The final 42(m) Letter will only be valid so long as the allocation of private activity bond volume cap remains valid, where it previously had no expiration date. In addition, 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.

Acquisition Cost Limits: The Universal Multifamily Underwriting Supplement Section III.(A)(1) *(page 6) (Not in comparison – was always in underwriting supplement)*

The limit on the acquisition cost was expanded from "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" to also include "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."

Deferred Developer Fees: The Universal Multifamily Underwriting Supplement Section IV.B.8) *(page 15) (Not in comparison – was always in underwriting supplement)*

Housing New Mexico will consider whether the Project can support deferred developer fee in lieu of subordinate debt when determining whether to offer gap financing to a 4% LIHTC Project.

E-V Capable Parking Spaces: 2026 2026 Mandatory Design Standards for Multifamily Housing: New Construction: Section (A)(4)(d) *(page 4) (Not in comparison – was always in Design Standards)*

Previously, Projects were required to provide a minimum of .05 parking spaces per Unit that were EV-Capable. This requirement has been removed for cost efficiency.

Summary:

The 2026 QAP represents a significant evolution in how Housing New Mexico administers LIHTC. Through structural improvements, policy refinements, and responsiveness to federal changes, the proposed plans advance Housing New Mexico's

mission to increase affordable housing supply and program integrity. The 2026 Qualified Allocation Plan (QAP) for New Mexico introduces a major structural reorganization by separating program guidance into four stand-alone documents: the QAP, the Universal Multifamily Underwriting Supplement, the Post Award Handbook, and the 2026 Mandatory Design Standards for Multifamily Housing. This restructuring was driven by stakeholder feedback and is designed to improve clarity, usability, and consistency across affordable housing programs. The memo also discusses increased demand for Private Activity Bonds (PABs), implications of the federal "OBBB Act" reducing the 50% Test to 25%, and Housing New Mexico's recommendation not to shift to a competitive process for 4% LIHTC allocations due to administrative and timing concerns raised by issuers and state partners.

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

Commented [JR1]: This document reflects changes from the 2025 QAP through October 7, 2025. Yellow highlights indicate changes made before the QAP was posted for comment on August 15, 2025. Yellow highlights that are not underlined indicate language that has been added (similar to underlined redlines). Yellow highlights with strike-through text indicates removal of language from the 2025 QAP that was made prior to August 15, 2025.
Green highlights indicate where references or dates needed to be added during editing. These references are now added.
Blue highlighting show where policy changes were made after August 15, 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~~2026.

Commented [JR2]: References to the 4% LIHTC program were removed where they are not needed. There is a separate 4% LIHTC QAP based on requests from developers during the April 2025 meeting regarding the structure of the QAP.

A. Role of Housing New Mexico~~/MFA~~

New Mexico Mortgage Finance Authority (Housing New Mexico ~~/MFA~~) ("Housing New Mexico") is the Housing Credit Agency (HCA) for the state of New Mexico, responsible for administering the Tax Credit Program and allocating tax credits to eligible New Mexico Projects. Accordingly, Housing New Mexico~~/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.

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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

[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.

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 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 ~~___~~ 15, 2025 and continuing through September ~~___~~ 5, 2025), during which time a public hearing was held on ~~_____~~ August 28, 2025 Housing New Mexico~~/MFA~~ accepted written

Commented [JR3]: Some changes were made to make the document more concise.

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. The Design Standards are incorporated into this QAP as Appendix D.

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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 [JR4]: 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 would issue binding commitment for 9% LIHTC in a future year that is contingent upon an allocation of private activity bond volume cap.

Commented [JR5]: This policy is required because the hybrid project would not be feasible within a building without the private activity bonds.

~~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 [JR6]: 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.~~

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

C. Set Asides

1. Nonprofit Allocation Set-Aside

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

Commented [JR7]: The 9% QAP only allows one project per developer for the following reasons:
1 - Developer Capacity
a)There are concerns about capacity to complete more than one project because there are still some outstanding projects from 2021 that have not been placed in service by a developer that received two awards that year.
b) Developers need work (and developer fees) to maintain their capacity.
2 - Fairness - If one developer receives two of the five projects that can be awarded in a round, it removes the chance to build and maintain capacity of local developers.

Commented [JR8]: This sentence is not needed if only one Project each is the limit.

Commented [JR9]: This change was added to allow developers to manage their awards if one project has financing that must be expended earlier, and they can only receive one award.

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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 or that are situated on a parcel of land within a reservation boundary that is completely surrounded by Tribal Trust Lands. The Project must be owned by a Tribally Designated Housing Entity (TDHE) or other Tribal government entity.

Commented [JR10]: This change was made in response to comments from a consultant that works with tribal projects. They cited that limiting this set aside to Tribal Trust Lands excludes fee land owned by a tribe and land that was "allotted" and sold as fee land even though it is within the defined reservation boundary. The letter also states that some tribes have not adopted the Tribal Designated Housing Entity or Tribal Housing Authority model, which is why the language was extended to "other Tribal government entity."

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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.

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Commented [JR11]: This provision was added in anticipation of a federal basis boost that was not adopted in the July reconciliation bill in Congress. It was left in to provide all available tax credits in the event the federal government expands the basis boost to provide additional tax credits to a project.

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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 [JR12]: 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~~ 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 ~~III.E.2~~ regarding when this is required).
- Appraisal (see Section ~~V.K and the Underwriting Supplement at Appendix C~~ regarding when this is required).

All documents in the PDF must be submitted in numerical order. PDF files must be "bookmarked" with each applicable tab ("Tab") and named accordingly (e.g., Tab 1 – Project Information and Application Fees, Tab 1a – Attachments Checklist, etc.) following the tab numbers on the Application Checklist at Tab 1a.

4. Complete Application

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

a. ~~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 [JR13]: See vii below

b. Complete Initial Applications must include the ~~2025~~ 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. ~~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.

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 [JR14]: 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.

Commented [JR15]: VII.F Termination of Reservations/Rejections of Applications; VII.G Notification of Changes to Project

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 $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

Commented [JR16]: Asset Management requested that these fees be added to the QAP. It is Housing New Mexico's hope that these fees will incentive project owners to submit compliance fees on time, to be prepared for monitoring visits and to be compliant with the LIHTC program. Further details are below on page 21.

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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 ~~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

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Commented [JR17]: The Post Award Process and Requirements Handbook is new in 2026. It separates out post award requirements from application requirements for clarity.

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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

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. ~~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

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Commented [JR18]: This fee is higher than local inspections to cover the additional costs such as vehicle rental and hotel costs.
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- 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.

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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

Commented [JR19]: 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 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. 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.**

Commented [JR20]: Combined with Other Project Compliance and Applicant Eligibility under Threshold section

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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

Commented [JR21]: Ranking to meet allocation set asides and allocation to nc and rehab projects are in Section III.D.

Commented [JR22]: Removed because it has not been used to decide awards, and "concentration" is not defined.

~~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.~~

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 V~~I~~I.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]: Section VI.F is 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 [JR24]: 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.

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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~~2026, 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

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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.~~

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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

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(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*:

> 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~~

Commented [JR25]: This section now incorporates the "Other Compliance" and "Development Team Review" sections.

[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/

~~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.

Commented [JR26]: 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.

- 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,
    - 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.*~~

Commented [JR27]: Italicized text was an internal note to remember to include these items 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 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.

Commented [JR28]: redundant

~~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.~~

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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~~proposed owner entity includes a qualified, nonprofit organization, New Mexico Housing Authority (NMHA), Tribally Designated Housing Entity (TDHE)~~, or~~ Tribal Housing Authority (THA) or government entity, a member of that organization must have attended as well to claim points under Project Selection Criterion A.

Commented [JR29]: This was changed to reflect the changes to Scoring Criterion A on page 43 of this document.

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~~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 or Government Entity ~~Participation~~Ownership	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~~6 points

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

Tier 1: Local nonprofits (as that term is defined in this criterion below), NMHAs, TDHEs, ~~and~~ THAs and government entities 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 and government entities 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 and government entities 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 or government entity must own at least 51% of the General Partner interest.

- The Application must commit to providing the qualified nonprofit organization, NMHA, TDHE, ~~or~~ THA or government entity, 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 or government entity 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 or government entity (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

Commented [JR30]: Government Entities were added to the list of entities qualified to receive points under this criterion after receiving a comment that explained that not all Tribes have a Tribally Designated Housing Entity or Tribal Housing Authority. During discussions it was noted that this would also allow local jurisdictions to qualify for points, if the jurisdiction chose to develop a project, rather than merely fund it.

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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 the entity qualifying the Application for points under this scoring criterion (the "ROFR Grantee") 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 under Section 42(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 ROFR Grantee 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

Commented [JR31]: Right of First Refusal (ROFR) - the document that describes the ROFR was changed from a separate Housing New Mexico designated form of agreement to requiring provisions in the partnership agreement to save legal fees to review a separate document.
Requiring the provisions to be included in the tax credit investor's letter of intent also ensures that the provisions are acknowledged up front and not viewed as a surprise requirement just before closing on the financing.

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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 ROFR Grantee 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, 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 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's review to confirm that the Agreement includes the terms set forth in the letter of intent or terms that Housing New Mexico 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 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's review to confirm that such agreement includes the terms set forth in the letter of intent or terms that Housing New Mexico 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 10~~.5~~-mile walk distance to at least three facilities, or a 21~~-~~mile walk distance to at least six facilities. For the 10~~.5~~-walk distance facilities, at least one of these facilities must be a supermarket, farmers market or other food store with produce. For the 21~~-~~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.

Commented [JR32]: The distance to services was increased to as a cost-saving measure because it allows developers to select sites that are further away and may cost less that sites in major development corridors.

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

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 ~~10.5~~-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).

Commented [JR33]: The distances to transportation were increased as a cost-saving measure for the same reasons that the distance to services was increased.

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Commented [JR34]: The only alternative forms of transportation that have been accepted were on tribal land, so this sentence was removed to avoid confusion.

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 [JR35]: This is redundant and not required with the Application.

Commented [JR36]: 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 ~~S~~scope 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:.

Commented [JR37]: This clarifies how applicants need to document the proposed rents.

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).

Commented [JR38]: This narrative was replaced with the charts for clarity.

~~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 page 1 of the Universal Rental Development Application inserted at Tab 2.

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

Commented [JR39]: The option to receive points for "permanent affordability" was deleted in lieu of the ability to be awarded points on a sliding scale for up to 50 years. This preserves the incentive for longer extended use periods without questions about how long a "permanent" extended use period is permitted under NM Statutes.

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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

Commented [JR40]: Scoring Criteria H, I and J were rewritten to provide consistent information in the same order across the three criteria.
The points for enrichment services for each of the criteria was reduced by half for cost efficiency.

Commented [JR41]: The points for enrichment services was reduced to require fewer enrichment services so that the operating budget is reduced. Only the added enrichment services for points were reduced. The threshold level of services for Households with Special Housing Needs remained in place.

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.)~~

Commented [JR42]: This was added to clarify existing policy that the service coordinator hours is only based on the units set aside for the target population, rather than the total units in the development.

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Commented [JR43]: Off-site services contradicted existing policy in the next paragraph, which requires that the services be actively linked to the Project, not simply available to the general public. Note: a "community service facility" under Section 42 is an on-site facility that services low- and moderate-income members of the community-at-large.

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

iii. Services must be provided to residents at little or no cost, which must be reasonable in Housing New Mexico~~/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~~ five points described in *2. Scoring Points Available* below.

d. Marketing

i. Applicants shall provide a narrative explaining how Units will be marketed and made available to Households with Special Housing Needs. This plan shall describe the following:

- The manner in which all proposed marketing and outreach will be performed and encouraged in connection with locating and confirming

Special Housing Needs applicants, including any assistance to be provided in connection with the Application process, move-in process and resident's rights education.

- The process for maintaining and updating a waiting list of Special Housing Needs applicants eligible to reside in a Special Housing Needs Unit.
- How the Project will liaise with a Special Housing Needs applicant/resident in order to facilitate communication to help residents maintain stability and avoid eviction.

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

e. Service Coordination Budget

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

f. Evidence of Service Provider Capacity

- Application must include a letter from the qualified service provider that:
  - Briefly describes their experience providing the service committed in the Application, which shall not be less than three years; and
  - Describes the staffing capacity to provide the service committed in the Application; and
  - Affirmatively states, that should the Application receive a reservation of tax credits, that the service provider will provide the committed service, including
    - A description of the service(s) to be provided;
    - An acknowledgement that the service will be delivered on-site at the property;
    - the frequency that the service will be provided;
    - which staff position will provide the direct service; and
    - the fee, if any, to the property and/or residents.
  - The letter must be memorialized in a memorandum of understanding or service contract before the 50% completion meeting as described in the Post-Award Processes and Requirements Guide.

g. Land Use Restriction Agreement

The requirements of this scoring criterion and any services ~~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).

Commented [JR44]: This language was added to each of the priority populations scoring criteria to clarify that a technical failure (such as service budget that was improperly filled out) does not negate the obligation to fulfill commitments made in the Application.

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.

Commented [JR45]: The points available to target priority populations was reduced to reduce the number of services that need to be provided for points. This reduces costs in the operating budget.

"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).

Commented [JR46]: Only federal programs that apply to the target population were left in the sentence.

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.

Commented [JR47]: Points were reduced to as a cost containment measure. The number of services required was reduced to save costs in the operating budget.

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~~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.

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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	1 point

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. 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

Commented [JR48]: QCT is a defined term in the glossary.

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.

Commented [JR49]: This language was not needed, since other formal plans are acceptable if they meet the criteria below. The criteria below were added for clarity. These criteria were in the application form in 2025, so they are not new criteria.

~~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 [JR50]: 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 [JR51]: This requirement is in Post Award Requirements Handbook

~~P. Blighted Buildings and Brownfield Site Reuse~~

Commented [JR52]: This scoring criterion was removed after receiving public comment that it adds to the cost of a project and sites should be remediated prior to purchase.

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~~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.~~P. Efficient Use of Tax Credits

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

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

Tribal Projects:

New Construction Projects			
	5 Points	3 Points	1 Point
Low-Income Unit AND Low-Income Square Foot	~~$28,772.00~~$29,692.70	~~$30,452.00~~$31,426.46	
	~~$26.95~~$27.81	~~$29.56~~$30.51	
Low-Income Unit OR Low-Income Square Foot			~~$28,772.00~~$29,692.70
			~~$26.95~~$27.81
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND Low-Income Square Foot	~~$26,673.00~~$27,526.54	~~$28,143.00~~$29,043.58	
	~~$2,357.00~~$2,432.42	~~$25.87~~$26.70	
Low-Income Unit OR Low-Income Square Foot			~~$26,673.00~~$27,526.54
			~~$2,357.00~~$2,432.42
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND Low-Income Square Foot	~~$24,572.00~~$25,358.30	~~$2,583.00~~$26,659.66	
	~~$2,022.00~~$20.87	~~$22.16~~$22.87	
Low-Income Unit OR Low-Income Square Foot			~~$24,572.00~~$25,358.30
			~~$20.22~~$20.87

Permanent Supportive Housing Projects:

New Construction Projects			
	5 Points	3 Points	1 Point
Low-Income Unit	~~$28,772.00~~$29,692.70	~~$30,452.00~~$31,426.46	N/A
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit	~~$26,673.00~~$27,526.54	~~$28,143.00~~$29,043.58	N/A
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit	~~$24,572.00~~$25,358.30	~~$25,833.00~~$26,659.66	N/A

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Commented [JR53]: The limits were increased by 3.2% across the board after receiving comments that they are too low. The 3.2% was derived by comparing costs in August 2024 to August 2025.

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~~$28,946.57	~~$29,656.00~~$30,604.99	
Low-Income Square Foot	~~$26.95~~$27.81	~~$29.56~~$30.51	
Low-Income Unit OR			~~$28,049.00~~$28,946.57
Low-Income Square Foot			~~$26.95~~$27.81
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	~~$26,040.00~~$26,873.28	~~$27,447.00~~$28,325.30	
Low-Income Square Foot	~~$23.57~~$24.32	~~$25.87~~$26.70	
Low-Income Unit OR			~~$6,040.00~~$26,873.28
Low-Income Square Foot			~~$23.57~~$24.32
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	~~$24,030.00~~$24,798.96	~~$25,236.00~~$26,043.55	
Low-Income Square Foot	~~$20.22~~$20.87	~~$22.16~~$22.87	
Low-Income Unit OR			~~$24,030.00~~$24,798.96
Low-Income Square Foot			~~$20.22~~$20.87

All Other Projects:

New Construction Projects			
	5 Points	3 Points	1 Point
Low-Income Unit AND	~~$28,049.00~~$28,946.57	~~$29,656.00~~$30,604.99	
Low-Income Square Foot	~~$25.78~~$26.60	~~$28.27~~$29.17	
Low-Income Unit OR			~~$28,049.00~~$28,946.57
Low-Income Square Foot			~~$25.78~~$26.60
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	~~$26,040.00~~$26,873.28	~~$27,447.00~~$28,325.30	
Low-Income Square Foot	~~$22.54~~$23.26	~~$24.76~~$25.55	
Low-Income Unit OR			~~$26,040.00~~$26,873.28
Low-Income Square Foot			~~$22.54~~$23.26
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	~~$24,030.00~~$24,798.96	~~$25,236.00~~$26,043.55	
Low-Income Square Foot	~~$19.34~~$19.96	~~$21.20~~$21.88	

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Low-Income Unit OR Low-Income Square Foot			~~$24,030.00~~$24,798.96 ~~$19.34~~$19.96

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~~Tribal Projects:~~

Commented [JR54]: The narrative below was incorporated into the charts above.

- ~~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.
- 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.

[8] PSH is Permanent Supportive Housing

- 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.~~Q. 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.~~R. Adaptive Reuse Projects

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

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

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

~~T.~~S. Underserved Communities

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

1. The Project involves newly constructed Units totaling 35 Units or less, and does not contain any rehabilitation or Adaptive reuse in Project scope and the Market Study supports need for the Project (**3 points**); or
2. The Project is to be located in a town, municipality, or Census Designated Place (CDP) with a population less than 16,000 people pursuant to data published by the 2020 U.S. Census Bureau, and the Market Study supports need for the Project (**3 points**);
3. The Project is to be located in a town or municipality with no "active" LIHTC Projects. "Active" is defined as a town or municipality for which a LIHTC award (9% as evidenced by a reservation letter and inclusion of Housing New Mexico~~/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.~~T. 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, 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~~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.

Commented [JR55]: Points were reduced because the third option for points (below) was removed.

Commented [JR56]: This policy change allows developers of Senior or Households with Children housing to secure project based rental assistance to support households earning 30% or less of Area Median Income and still earn points for that effort. This ensures that these extremely low income households do not pay more than 30% of their income for gross rent. It also allows the developer to propose a development where the average imputed income is lower overall. Prior to allowing the rental assistance, the project needed to include units renting at higher incomes to offset the lower rent provided by the 30% AMI units.

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In either case, Applicants must indicate on the Application form and Schedule B, Unit Type and Rent Summary, the applicable Units that will be rent restricted at 30% of AMI and~~(or~~ include a copy of the applicable 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) ~~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

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Commented [JR57]: This language is not needed if rental assistance is allowed for all populations.

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Commented [JR58]: This is a HUD requirement.

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Commented [JR59]: This scoring criterion was removed based on legal advice after federal executive orders were issued earlier this year. There was concern that NM was putting its annual allocation of tax credits at risk if the provision is not removed and the federal government reviews QAPs for DEI provisions. That risks over $60 million in tax credits (taken over a 10-year period, but awarded each year) and the resources to produce over 250 units per year.
As a mitigation, virtually all Applications claimed these points in previous rounds. Several active participants already have boards of directors that are comprised of at least 50% minorities or women. Other applicants include development team members that are owned by women and/or minorities, such as attorneys or consultants.

~~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.

Commented [JR60]: Partial allocations do not meet the financial feasibility threshold, so they are not awarded with the anticipation that a project would compete the following year for the remaining tax credits needed. The "Additional Supplemental Tax Credits for Cost Increases" covers situations when the project needs additional resources after an award, so this provision is redundant.

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 [JR61]: 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 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.~~

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 [JR62]: 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

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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. 1437*s*. 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~~2026, 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~~2026, 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.~~

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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~~Complete Application.

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~~

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3. ~~Whether the determination is for rental housing~~
4. ~~The need for household size adjustments~~

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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.)

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

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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~~

Commented [JR66]: This definition is not necessary if points are removed.

~~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.~~

Commented [JR67]: This term is not used in the QAP or its appendices.

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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 [JR68]: 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~~

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~~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
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

Commented [JM1]: This document reflects changes from the 2025 QAP through October 7, 2025. Yellow highlights indicate changes made before the QAP was posted for comment on August 15, 2025. Yellow highlights that are not underlined indicate language that has been added (similar to underlined redlines). Yellow highlights with strike-through text indicates removal of language from the 2025 QAP that was made prior to August 15, 2025.
Green highlights indicate where references or dates needed to be added during editing. These references are now added.
Blue highlighting show where policy changes were made after August 15, 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[| New Mexico Mortgage Finance Authority's (Housing New Mexico \ ~~/MFA~~) ("Housing New Mexico")~~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.

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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.

Commented [JM2]: References to the 4% LIHTC program were removed where they are not needed. There is a separate 4% LIHTC Post Award Handbook based on requests from developers during the April 2025 meeting regarding the structure of the QAP.

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~~

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

~~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 C~~c~~hanges to the initial commitments made in the ~~i~~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, 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

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 Refusal Partnership 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

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Commented [JM4]: These provisions are included in the partnership agreement. See scoring criteria V.A in the 9% QAP

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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 [JR6]: Formerly titled: Other Project Owner responsibilities and elections

Commented [JM7]: Written to make more concise. Final allocation is below

- 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:

Commented [JM8]: Final allocation language

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 [JR9]: Required at 50% Construction Completion

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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

Commented [JR1]: This document reflects changes from the 2025 QAP through October 7, 2025. Yellow highlights indicate changes made before the QAP was posted for comment on August 15, 2025. Yellow highlights that are not underlined indicate language that has been added (similar to underlined redlines). Yellow highlights with strike-through text indicates removal of language from the 2025 QAP that was made prior to August 15, 2025.
Green highlights indicate where references or dates needed to be added during editing. These references are now added.
Blue highlighting show where policy changes were made after August 15, 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~~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~~2026.

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

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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

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[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.

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, 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 ~~[redacted]~~ 15 2025 and continuing through September ~~[redacted]~~ 5 2025), during which time a public hearing was held on ~~[redacted]~~ 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 ~~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 S~~s~~tate B~~b~~oard of F~~f~~inance. 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 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.~~

~~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~~

Commented [JR4]: Consider deleting these paragraphs in their entirety. There is no need to repeat the terms of the LURA in the QAP.

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

The state of New Mexico~~, for the calendar year 2026, will~~ receives 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

~~[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.~~

Commented [JR5]: For 4% - Available Volume Cap

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Commented [JR6]: This policy was changed to reflect new legislation limiting the required percentage of aggregate basis to 25% at minimum. The greater of 30% of aggregate basis or the project's permanent first mortgage was included after hearing recommendations at NCSHA events. This allows a small cushion to avoid failing the test, at minimum, and saves the Project from needing to pursue a taxable tail loan during the permanent period.

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Commented [JR7]: After discussions with State Board of Finance staff, the limitation on the number of projects in the application phase was added to allow more developers to participate in the program. If there is sufficient volume cap after August, developers could apply for additional project(s). The limitation on projects in the construction phase was imposed to encourage developers to finish their existing project(s) before beginning a new one.

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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.

~~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~~

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Commented [JR8]: These set-asides are not applicable to 4% LIHTC Projects.

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 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

Commented [JR9]: This provision was added in anticipation of a federal basis boost that was not adopted in the July reconciliation bill in Congress. It was left in to provide all available tax credits in the event the federal government expands the basis boost to provide additional tax credits to a project.

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Commented [JR10]: Section 42 does not permit a state-designated basis boost for 4% LIHTC.

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~~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
Deficiency Corrections (if requested by Housing New Mexico)~~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 Meetings~~seven 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 (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~~

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~~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 receives the Intent to Submit and Project Synopsis described in Section IV.G. (Pre-Application Requirements). Housing New Mexico 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 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:
  - seven 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 into the following calendar year 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.)~~

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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~~ 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 ~~___~~ III.E.2 regarding when this is required).
- Appraisal (see ~~Section ___~~ the Underwriting Supplement 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.

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,

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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.

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,~~

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Commented [JR14]: Deficiency corrections and supplemental info are combined, so not needed.

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~~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~~

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~~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 Committee~~State 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**

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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 SBOF~~ARC~~ members.

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Any communication made or action taken in violation of ~~the Quiet Period or~~ this~~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~~ 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 Deadline~~Upon approval of volume cap
Additional Review	$1,500 each	Invoiced Deadline
Deadline Extension	$~~5~~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~~Reinspection Fee~~	$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~~due ~~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

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

- $1,050~~0~~ 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.

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Commented [JR17]: Project Readiness - The $1,000 per week fee is higher than the extension fee in the 9% LIHTC program to incentivize developers to close their financing within the period prescribed in the 42(m) letter.

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Commented [JR18]: This is the same fee from Asset Management that is in the 9% QAP. It is to encourage owners to pay their annual fees in a timely manner.

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Commented [JR19]: This Asset Management fee is also in the 9% QAP to recover costs when an inspection can't be performed when the Analyst arrives for the inspection. It is higher in properties further than 60 miles to recover the higher cost of renting a vehicle and paying hotel costs.

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- 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.

~~**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.

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Commented [JR20]: This Asset Management fee is the same as the one in the 9% QAP. It covers the administrative cost if it becomes necessary to issue IRS Form 8823 used to notify the IRS of non-compliance.

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Commented [JR21]: The 4% LIHTC is a non-competitive program, so this fee is not applicable.

Commented [JR22]: This clarifies existing policy.

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 II.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. The market study must meet all requirements identified in Section IV.D in Housing New Mexico'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. 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 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'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.

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

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Mexico'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 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.

Commented [JR24]: This is not applicable to the 4% LIHTC.

2. Allocation to New Construction and Rehabilitation Projects

Commented [JR25]: The 4% QAP does not prioritize one project type over another and is not competitive.

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.)~~

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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.

Commented [JR26]: This is not a policy change, but it was rewritten to provide a link to guidance on Housing New Mexico's website.

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 studythreshold 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.

Commented [JR27]: All thresholds are correctable in the 4% LIHTC program, as it is not a competitive program.

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b. Other Project Compliance

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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

Commented [JR29]: Combined with Other Project Compliance and Applicant Eligibility under Threshold section

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Commented [JR30]: Ranking to meet allocation set asides and allocation to nc and rehab projects are in Section III.D.

Commented [JR31]: Removed because it has not been used to decide awards, and "concentration" is not defined.

~~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:~~

~~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~~

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~~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.

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~~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~~.

Commented [JR32]: Projects are not ranked, so a site visit is not required. However, Housing New Mexico staff will visit a site for one of the reasons at the end of the paragraph, or if they are traveling in the area where the project will be located.

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~~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~~

~~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 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 ~~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.

~~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~~

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Commented [JR33]: This is a new practice to encourage applicants to submit an application with only "de minimus" corrections.

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Commented [JR34]: Section VII.F is Termination of Reservations or Rejection of Applications.

~~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.~~

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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.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 (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 [JR36]: These provisions are not required for the 4% LIHTC program.

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Commented [JR37]: The State Board of Finance approves the private activity bonds. Housing New Mexico's board approves any Housing New Mexico gap financing for the project, but not the tax credits, which are "as of right" if the project complies with the QAP.

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.

e. Notification of Approval

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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 ~~Reservation~~42(m) Letter. From the date of the ~~Reservation~~42(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 Processes and 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 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.**

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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.~~

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Commented [JR38]: This is a new requirement to avoid drastic increases in the purchase price to be paid by the project's limited partnership.

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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.~~

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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~~ 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%.

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Commented [JR39]: NCHMA standards are recognized in the industry. Housing New Mexico's Market Study Parameters were based on them, but it is simpler for the analyst to follow the published NCHMA standards.

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Commented [JR40]: Using the vacancy rate rather than a capture rate for 4% LIHTC is not a new policy.

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~~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 [JR41]: 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 [JR42]: The management company is reviewed at the 50% completion point. This is in the Post Award Processes and 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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Commented [JR43]: This was merely a note to remember to include these provisions in the 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. ~~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'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

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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.~~

~~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~~	~~Bank~~	~~Adult or senior care (licensed)~~
~~Other food store with produce~~	~~Gym, health club, exercise studio~~	~~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

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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.

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~~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 ~~S~~scope of ~~W~~work.

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D.C. SMeet All Criteria for One of the Following Targeted Populationsustaining 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

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- 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%

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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%

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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.~~

~~H.~~1. 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 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

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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

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where the program is held qualifies as a community service facility under the Code.

iii. Services must be provided to residents at little or no cost, which must be reasonable in Housing New Mexico~~/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).

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

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~~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

~~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~~

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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

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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 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).

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

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~~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~~

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~~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)

- 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~~

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~~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

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- 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)

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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

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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

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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

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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:~~

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- 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.

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

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~~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.

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:

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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

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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

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

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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~~

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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)**.

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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.

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~~

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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

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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.

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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.

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~~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.~~

~~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.

~~F.~~C. Termination of ~~Reservations~~ Determination of Qualification or Rejection of Applications

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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~~.

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;

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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

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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

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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. 1437*s*. 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 VIII.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.~~

Commented [JR54]: Not applicable to 4% LIHTC.

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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.~~

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Commented [JR55]: Not applicable to 4% LIHTC.

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.

Commented [JR56]: Not applicable to 4%

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 [JR57]: Not a term used in the QAP.

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.

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

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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~~

Commented [JR59]: This is not a scoring criterion for the 4% LIHTC.

~~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.~~

Commented [JR60]: This term is not used in the QAP

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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.~~

Commented [JR61]: Not applicable to 4%

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 [JR62]: 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

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STATE OF NEW MEXICO

~~9~~4% 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

Commented [JM1]: This document reflects changes from the 2025 QAP through October 7, 2025. Yellow highlights indicate changes made before the QAP was posted for comment on August 15, 2025. Yellow highlights that are not underlined indicate language that has been added (similar to underlined redlines). Yellow highlights with strike-through text indicates removal of language from the 2025 QAP that was made prior to August 15, 2025.
Green highlights indicate where references or dates needed to be added during editing. These references are now added.
Blue highlighting show where policy changes were made after August 15, 2025.

I. Introduction

This Post-Award Processes and Requirements Handbook ("Handbook") is an appendix to the 2026 ~~9~~4% Low Income Housing Tax Credit Qualified Allocation Plan.

Successful Applicants will be notified of New Mexico Mortgage Finance Authority's (Housing New Mexico | ~~/MFA~~) ("Housing New Mexico")~~'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'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.

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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 ~~49~~% 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.~~

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~~[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 ilinitial 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

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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 [JR7]: Include this in the 4% QAP

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D. March 1st of the year following Carryover

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

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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~~he 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

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~~**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).

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~~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 [JR15]: 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

Commented [JR1]: Provisions regarding cost limits and project financing were moved from the QAP to this underwriting supplement this year to make it easier for developers to find the information they need regarding financial feasibility standards. This document reflects changes from the 2025 QAP through October 7, 2025. Yellow highlights indicate changes made before the QAP was posted for comment on August 15, 2025. Yellow highlights that are not underlined indicate language that has been added (similar to underlined redlines). Yellow highlights with strike-through text indicates removal of language from the 2025 QAP that was made prior to August 15, 2025. However most of the yellow-highlighted information is not new policy. New Policies are noted in notes on the right hand side of the page.
Green highlights indicate where references or dates needed to be added during editing. These references are now added.
Blue highlighting show where policy changes were made after August 15, 2025.

I. ~~Housing New Mexico/MFA 2025 Universal Multifamily Initial Underwriting Supplement~~Introduction

This underwriting supplement ("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 staff to determine whether the Projects are financially feasible. Such determinations will rely on both the financial data submitted by the Applicant and on staff judgments with respect to feasibility matters. Projects that do not appear financially feasible in Housing New Mexico's judgment may be rejected without further processing.

All 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.

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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 ~~(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 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 further restricts the election under Code Section 42(g)(1)(C) (Average Income or "AI") 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 (Area Median Income), 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.

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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 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 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 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 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

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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-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 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.

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 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 will perform an internal Subsidy Layering Review only if required by a Housing New Mexico funding source.

Housing New Mexico 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.

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Housing New Mexico also may ~~reserves the right to~~ limit Projects to safe harbor limitations for any reason that, in its sole discretion, deems reasonable.

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 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, 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, in the course and scope of its underwriting, will examine how costs are categorized /allocated in Schedules A and D. Housing New Mexico ~~reserves the right to~~ may re-categorize/allocate costs to different categories should Housing New Mexico 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.

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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 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'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 Allocations.

B. Builder profit, overhead and general requirements

In Projects where an ~~"identity of interest"~~Identity of Interest ~~(as defined in this sectionthe Glossary)~~ is not present, builder profit may not exceed 6 percent of C~~c~~onstruction C~~c~~osts, builder overhead may not exceed 2 percent of C~~c~~onstruction C~~c~~osts and general requirements may not exceed 6

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percent of Cconstruction Ccosts. ~~For purposes of these calculations, see definition of Cconstruction Ccosts in the Glossary~~.

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 Ccosts. ~~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'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 and must be justified by a change in scope of the Project. Any change in the scope of the Project that

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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 ~~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 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

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- 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 will use the Applicable Credit Percentage of the Qualified Basis, as adjusted by Housing New Mexico, 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 approval ahead of application submission, which approval shall be given in Housing New Mexico'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 and taking into consideration any increase in Eligible Basis approved by Housing New Mexico 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 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%

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tax credit amount allowed based on the funding gap will be determined by Housing New Mexico 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 may adjust the final tax credit allocation or the Project Owner may establish Project reserves to offset the deficit, if in Housing New Mexico's reasonable judgment the Project has sufficient tax credit eligibility. The conditions for such reserve accounts will be determined by Housing New Mexico on a case-by-case basis.

B. Non-LIHTC Sources

1. First Mortgage:

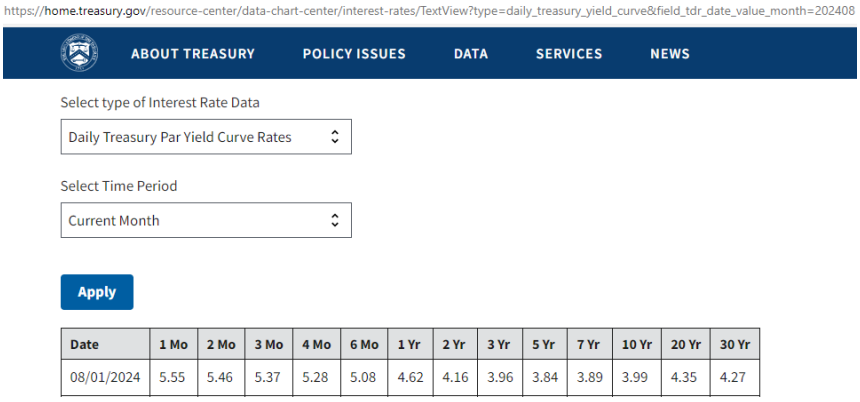
First mortgage permanent must-pay debt: At the initial application, all sources of first mortgage permanent must pay debt, excluding Housing New Mexico~~/MFA~~ financing, will be underwritten using the interest rate contained in the LOI from the proposed financing source plus a 50-basis point contingency 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%).

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

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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.

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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.

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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 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

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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 ~~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 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.

Permanent Supportive Housing for Households or Individuals Experiencing Homelessness

Projects targeting Households or Individuals Experiencing Homelessness (see Glossary) that also qualify as Permanent Supportive Housing for purposes of the Underserved Populations Set-Aside in the 9% LIHTC QAP are eligible for a 5% boost to the capped developer fee, as calculated for 9% LIHTC Projects in the first paragraph of Section B.6 above.

The eligibility for the 5% boost is limited to those Permanent Supportive Housing Projects that will serve Households or Individuals Experiencing Homelessness and that will place the entire developer fee boost into a capitalized 15-year supportive services reserve. Evidence of the

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commitment must be provided with the Application and such commitments will be reflected in the LURA. A minimum of 15 percent of the total Units in the Project must be restricted to households with incomes at or below 30% AMI. For those Projects subject to a HUD subsidy layering review, this change is subject to HUD's approval.

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:

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.

Housing New Mexico will consider whether the Project can support deferred developer fee in lieu of subordinate debt when determining whether to offer the lending resources in this Underwriting Supplement to a 4% LIHTC Project, and the amount and loan terms to offer.

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V. Operating Pro Forma ~~Guidelines~~Criteria

Housing New Mexico 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 proformas. 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'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 funding sources. If the capitalization results in projected excess cash flow, Housing New Mexico 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 will use the market study vacancy factor but not less than 5%.

B. Minimum Debt Service Coverage

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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 1.15:1[1]. 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 reserves the right to deviate from the DSCR standard described herein on a case-by-case basis for permanent supportive housing projects.~~ Permanent Supportive Housing Projects for Households or Individuals Experiencing Homelessness that qualify for consideration under the Underserved Populations Set-Aside are not required to incur hard debt, so long as all Project cash flow that is not needed to repay deferred developer fee is deposited into the 15-year supportive services reserve and used for supportive services. The ratio between total operating expenses (excluding the budget for enrichment services on line 49 of Tab 5a), as numerator, and total Effective Gross Income on line 17 of Tab 5b, as denominator, must range between 60% and 80% to provide a cash flow "cushion" available to deposit into the supportive services reserve and ensure financial feasibility. Evidence of a commitment to deposit all cash flow (after paying deferred developer fee) into the supportive services reserve must be included in the Application.

Notwithstanding the foregoing paragraph, if a Permanent Supportive Housing Project includes debt with required payments, Housing New Mexico will underwrite the Project as described in the first paragraph of this section.

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

[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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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 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's calculation of Eligible Basis for tax credit purposes.

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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'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 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 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.

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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.

These funds are subject to availability.

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

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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

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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~~Justin Carmona, Loan Development Manager
(505) 767-~~2258~~ 2211 or toll-free statewide (800) 444-6880
~~tmartinez@housingnm.org~~jcarmona@housingnm.org

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

BACKGROUND - In 2020 Housing New Mexico 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 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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STATE OF NEW MEXICO

~~LOW-INCOME~~ HOUSING ~~TAX CREDIT~~DEVELOPMENT PROGRAM<u>S</u>

MANDATORY DESIGN STANDARDS FOR MULTIFAMILY HOUSING

Effective as of December 1, 2025

NEW MEXICO MORTGAGE FINANCE AUTHORITY

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

~~Housing New Mexico/MFA 2025 Mandatory Design Standards for Multifamily Housing~~

Part A: Mandatory Design Standards for Multifamily Housing

The following Design Standards, including the Housing New Mexico~~/MFA~~ | New Mexico Mortgage Finance Authority (MFA) ("Housing New Mexico") ~~2025~~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 ~~2025~~2026 Qualified Allocation Plan (QAP). Capitalized terms are defined either herein or in the QAP.

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.

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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 ~~2025~~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. Any portion of the unit that is installed at the time of construction with the intention of being permanently in place, shall be included in the base rent.

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

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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.~~

a. New construction units shall achieve a HERS certification of 55 or less.
b. 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.
c. The Project team shall implement durability measures intended to extend the livability and to decrease maintenance costs of the property.
~~d. EV-Capable[1] parking spaces shall be provided at a minimum of .05 spaces per Unit.~~

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~~[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.~~

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.

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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. Newly constructed senior properties must include central common areas that can be used for resident activities and serving meals with an adjoining kitchen area.
   ~~g)~~h) Properties offering enrichment services must provide adequate common space for their delivery.

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

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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.

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[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.

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 ~~2025~~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) 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.

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.

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

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- 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

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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.

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[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.

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 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.

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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.

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Part B: Housing New Mexico~~/MFA~~ ~~2025~~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~~ ~~2025~~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 ~~2025~~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 ~~2025~~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.

STATE OF NEW MEXICO

LOW-INCOME HOUSING TAX CREDIT PROGRAM

QUALIFIED ALLOCATION PLAN

Effective as of December 1, ~~2024~~ 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

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I. Background and Purpose of the Qualified Allocation Plan

A. General

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~~2026.

~~The LIHTC program was created in the Tax Reform Act of 1986 as an incentive for individuals and corporations to invest in the construction or rehabilitation of low income housing. The tax credit provides the investor a dollar-for-dollar reduction in personal or corporate federal income tax liability for a 10-year period for Projects[3] meeting the Program's requirements.~~

B. Role of Housing New Mexico~~/MFA~~

New Mexico Mortgage Finance Authority (Housing New Mexico | ~~/MFA~~) ("Housing New Mexico") is the Housing Credit Agency (HCA) for the state of New Mexico, responsible for administering the Tax Credit Program and allocating tax credits to eligible New Mexico Projects. Accordingly, Housing New Mexico~~/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[4] 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:

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[1] Capitalized terms, when not defined in the text of this document, are defined in the Glossary at Section VIII 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] Capitalized terms, when not defined in the text of this document, are defined in **Section XI** or in the Code.~~

[4] Treas. Reg. 26 CFR § 1.42.

> 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.

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 IN 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.

~~Code Section 42(m) states that the HCA must make allocations of tax credits pursuant to a QAP which:~~

~~1. Sets forth Project Selection Criteria to be used to determine housing priorities of the HCA, which are appropriate to local conditions. These criteria must consider project location, housing needs characteristics, project characteristics, sponsor characteristics, public housing waiting lists, tenants with Special Housing Needs including individuals with children, energy efficiency standards, historic character and projects intended for eventual tenant ownership.~~

~~2. Gives preference in allocating housing credit dollar amounts among selected Projects to those which:~~

~~a. Serve the lowest income tenants;~~

~~b. Serve qualified tenants for extended periods of time; and~~

~~c. Are located in Qualified Census Tracts (QCTs) and the development of which contributes to a Concerted Community Revitalization Plan.~~

~~3. Provides a procedure that the Agency will use in monitoring for noncompliance.~~

This document is intended to fulfill requirements ~~one and two above~~at Code Section 42(m)(1)(b)(i) and (ii) 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 in item three above~~ is summarized in **Section X** but published in full under a separate cover and incorporated herein by reference.~~,~~ 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 ~~http://housingnm.org/asset_management/housing-tax-credit~~.

Field Code Changed

C. Public Hearings

Following public notice, a draft QAP was made available to the public for comment for a period of 21 days (beginning August 15, 20245 and continuing through September 5, 20245), during which time a public hearing was held on ~~September 4, 2024~~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.

II. Low Income Housing Tax Credit Program Summary

A. General

~~The Tax Reform Act of 1986 established the Tax Credit Program to stimulate private sector investment in low income rental housing. In August of 1993, permanency was granted to the Tax Credit Program after numerous temporary annual extensions.~~

~~There are numerous technical rules governing a Project's qualification for tax credits. The following subsections of this Section II contain a summary of certain key provisions of the Code and regulations and the Tax Credit Program. Applicants are advised to review the Code directly for further detail.~~

B. Amount of Competitive Tax Credit Available Statewide

The state of New Mexico~~, for the calendar year 2025, will~~ receives a population-based 9% tax credit allocation ~~equal to $2.90 per resident~~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, ~~may be found on Housing New Mexico/MFA's website:~~are used to determine how many tax credits will be available in any given year[5]. ~~http://housingnm.org/developers/low-income-housing-tax-credits-lihtc.~~

C. 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~~

[5] 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.

~~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~~.

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 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 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 pool has been awarded. Projects awarded in the Nonprofit or Underserved Population set-asides will be considered in achieving this target. Forward allocations may be made following the same process, however any decision to forward allocate tax credits lies solely within Housing New Mexico's inherent discretion and is not subject to further review.

Housing New Mexico~~/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.)

D. Nonprofit Allocation Set-aside

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

E. Minimum Apartment Unit Set-Asides

In order for a Project to qualify for tax credits, the Project Owner must make a minimum Set-aside Election of income and rent levels as listed below. Once made, this election is irrevocable. 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. 20/50 election: At least 20% of the Units in the Project must be rent-restricted to and occupied by households whose income is at or below 50% of the Area Median Income (AMI).

2. 40/60 election: At least 40% of the Units in the Project must be rent-restricted to and occupied by households whose income is at or below 60% of the AMI.

3. Average Income (AI) election: This election under the Code was authorized by the Consolidated Appropriations Act of 2018. This election 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. The following applies for this election:
    a. 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.
    b. 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.
    c. The average of the imputed income limitations designated cannot exceed 60% AMI.

d. Those Projects electing AI must include at least 5% of their Units above 60% AMI.
e. All Units must be designated with a specific AMI percentage at the time of Application.
f. 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.
g. 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.
h. The market study must demonstrate sufficient need at each income level chosen.
i. 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).
j. AI Projects may be subject to an increased Compliance Monitoring fee.
k. 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.
l. 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.

The changes to the Code described above do not extend to the set-aside requirements associated with the issuance of tax-exempt bonds in accordance with Section 142 of the IRS Code (26 U.S.C. § 142). Projects that receive an allocation of 4% LIHTC in conjunction with an issuance of tax-exempt bonds must meet the set-aside requirements of both Section 42 and Section 142 of the IRS Code.

The 30% AMI income and rent level under the LIHTC is not the same as the Extremely Low Income and rent restriction under the National Housing Trust Fund (NHTF). The NHTF statute and regulation define "Extremely Low Income" as the greater of 30% of AMI or the federal poverty line for applicable household size. Average Income unit designation is based solely on AMI. Projects that have layered NHTF with LIHTC should be mindful of this difference.

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.

F. 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.~~

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G. General Public Use

Commented [JR1]: General Public Use is a matter of law. Management Units is a policy decision and will be in the Underwriting Supplement, so Applicants know how the project will be underwritten. (the Compliance Plan already states that need Asset Mgt Approval for Mgt unit)

~~Generally, all Units, including Set-aside Units, must be made available to the general public under an initial lease term of at least six months. However, exceptions are made for Single Room Occupancy and transitional homeless facilities.~~

~~Under Treasury Regulation Section 1.42-9(b), if a residential Unit is provided only for a member of a social organization or provided by an employer for its employees, the Unit is not for use by the general public and is not eligible for tax credits under the Code. However, as clarified in Section 42(g)(9) of the Code, a qualified low-income project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants 1) with Special Needs, 2) who are members of a specified group under the federal program or state program or policy that supports housing for such a specified group, 3) who are~~

~~involved in artistic or literary activities or 4) of indigenous populations for those Projects located on Tribal Lands. Any Unit that is part of a hospital, nursing home, sanitarium, life care facility, retirement home providing significant services other than housing is not for use by the general public.~~

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 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.

~~Projects may have a preference for military veterans that have served in the armed forces of the United States and Housing New Mexico/MFA encourages all Projects to develop marketing plans that involve outreach and marketing of Units to veterans.~~

Commented [JR2]: This is a scoring criterion

H. 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. ~~Projects may include transitional housing for the homeless, Single Room Occupancy, senior and other special housing needs projects.~~ 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. ~~Proposed Projects must be eligible for an allocation of credits under the Code.~~

Project design must adhere to the Housing New Mexico 2025 Mandatory Design Standards for Multifamily Rental Housing (Design Standards) for rehabilitation, Adaptive Reuse and newly constructed Units as they pertain to each Unit type.

I. 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:

1. 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;

2. Are owned by the same Person (Entity) for federal tax purposes;
3. Are financed under a common plan for financing; and
4. 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 Senior Housing 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:

- ~~1) 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
- ~~2)~~ 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
- ~~3)~~ sufficient community space for the provision of services is available for all residents of the Project.

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J. Combined Rehabilitation and New Construction Projects and General Guidelines Around Rehabilitation 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 (and/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.

Applications for combined rehabilitation and new construction Projects must adhere to the *Housing New Mexico~~/MFA~~ 2025 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 ~~Section IV.C.2~~the Underwriting Supplement.

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 s~~S~~cope of w~~W~~ork, this submission must identify the work to be performed including any demolition. See ~~*Housing New Mexico/MFA 2025 Mandatory*~~ Design Standards ~~*for Multifamily Housing*~~ for more detailed discussion of s~~S~~cope of w~~W~~ork requirements.

~~In addition, all Rehabilitation Projects must submit~~The Scope of Work a detailed n~~N~~arrativeT. This n~~N~~arrative should,

1. Describe the following:

    a. 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 XI, 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 s~~S~~cope of w~~W~~ork and/or Capital needs assessment ("CNA"). (See below for CNA requirements.)

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

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

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

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

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

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

Commented [JR3]: Moved this information to the Rehabilitation Scoring Criterion.

Commented [JR4]: Moved under general Eligible Projects heading.

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Commented [JR6]: Scope of work is not a defined term in the Glossary.

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Commented [JR7]: Narrative is not a defined term in the Glossary and could be confused with the Project Narrative exhibit.

h. Any relocation issues;

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

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

2. Address the following:

   a. The anticipated date of site control and whether there is any identity of interest between or among any Principal of the seller and buyer.

   b. The Ten-Year Rule.

   c. 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.

   d. For 9% Projects claiming points available for Rehabilitation Projects under Section III.E.3 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.)

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

All Projects that include rehabilitation must provide a CNA prepared by a professional who meets the minimum requirements set forth in the ~~Housing New Mexico/MFA's~~ 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.

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

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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.

Rehabilitation projects must supply both a current operating expense budget and an anticipated, post-renovation 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.

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.

K. Compliance Period and Extended Use Period (30 Year Minimum)

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

~~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 Land Use Restriction Agreement (LURA). 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~~

Commented [JR9]: Move to underwriting requirements

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~~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.~~

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. ~~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~~.

Commented [JR12]: This sentence is up front in Section I.D of new QAP structure.

Commented [JR13]: This repeats regulations.

L. Compliance Monitoring

As of January 1, 1992, the IRS required each HCA to write and implement a Monitoring and Compliance Plan (summarized in Section X.) Housing New Mexico~~/MFA~~'s plan includes a combination of Project Owner's certification of continued compliance and regular property visits for all complete LIHTC Projects. During the property visit, Housing New Mexico~~/MFA~~ will conduct a compliance audit and a physical inspection. The IRS has provided substantial penalties, including recapture of the tax credits plus interest, for non-compliance with the policies and procedures set forth in the Code and Housing New Mexico~~/MFA~~'s Tax Credit Monitoring and Compliance Plan. Monitoring and compliance fees described in **Section IV.B** will be assessed for each year of the Compliance and Extended Use Periods. The fees will be billed annually in December/January for the subsequent year and will be due no later than January 31. Project Owners will be given the option to pay the initial 15 years of monitoring and compliance fees at the time of Final Allocation Application. Failure to pay monitoring and compliance fees within the time frame specified in the invoice will result in Housing New Mexico~~/MFA~~'s filing of a "Notice of Noncompliance" (IRS Form 8823) with the IRS and the Principal(s) will be deemed ineligible for additional funding from Housing New Mexico~~/MFA~~, including tax credit, for any Projects while the fees remain outstanding.

M. Eligible Basis According to Type of Activity

Commented [JR14]: This just repeats existing law.

~~The "Eligible Basis" is generally the same as a Project's adjusted depreciable basis for tax purposes. Fees or points charged to obtain long-term financing, syndication costs and fees and marketing expenses are not included in Eligible Basis. These ineligible fees, costs and expenses include credit enhancement, credit origination fees, reserves for replacement, start-up costs and future operating expenses. Costs related to the acquisition of land, costs attributable to any commercial portion of the property and costs attributable to non-Set-aside Units that are above the average quality of the Set-aside Units in the Project are also ineligible. Additionally, Federal Grants shall not be included in a Project's Eligible Basis in accordance with the Code.~~

1. ~~**9% Projects.** Projects located in a HUD-designated Qualified Census Tract or a HUD-designated Difficult Development Area (DDA) are eligible for a 30% basis increase (basis boost). Documentation of this status must be included in the Application. Because it is determined that Development Costs may be higher in some other cases, Housing New Mexico/MFA may designate other project types or geographical areas that are eligible for a state-designated basis boost up to 30%.~~
2. ~~**4% Tax-Exempt Bond Projects.** Projects located in a HUD-designated Qualified Census Tract (QCT) or a HUD-designated Difficult Development Area (DDA) may be eligible for a 30% basis increase (basis boost). Tax-exempt bond-financed projects are not eligible for any state-designated basis boost. Documentation of this status must be included in the Application. In no case will a Project's Eligible Basis attributable to the acquisition of an existing building be increased.~~

3. ~~See Section IV.E.5. for further information and instruction on basis boosts for 9% and 4% projects.~~

N. Ten-Year Rule

~~In order for~~For the acquisition of an existing building to qualify for tax credits, the taxpayer must adhere to the "Ten-Year Rule," meaning that the Project Owner must acquire the building from an unrelated Person who has held the building for at least ten years. ~~The 10-year requirement shall not apply to federally-assisted buildings and State-assisted Buildings. In addition, the~~The Secretary of the Treasury can waive the 10-year "Placed In Service" limitation for buildings acquired from a federally insured depository institution that are in default, as defined by Section 3 of the Federal Deposit Insurance Act or from a receiver or conservator of such an institution. ~~Please~~ Applicants may refer to Section 42(d) of the Code for exceptions to the Ten-Year Rule, bearing in mind that Housing New Mexico interprets the exceptions at Code Section 42(d)(6)(C)(i) and (ii) to mean that the building to be acquired was assisted during the seller's ownership. Financing the contemplated transaction with federal or state assistance will not waive the Ten-Year Rule for purposes of determining whether Housing New Mexico will allocated acquisition tax credits.

O. Federal Grants and Federal Subsidy

The Eligible Basis of any Project shall not include costs financed with a Federal Grant. Many federal operating and rental assistance funds are excluded from this provision, as are Native American Housing Self Determination Act (NAHSDA) funds. Please refer to Section 1.42-16(b) of the Treasury regulations for a complete list of federal assistance waived from this provision.

For the purpose of determining a Project's Applicable credit percentage, Federal Subsidy means 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. The most common form of Federal Subsidy is tax-exempt bond financing. Tax-exempt bond financing does not require a reduction in Eligible Basis provided that the tax-exempt bond financing is greater than ~~50~~25% of the aggregate basis of the land and building(s).

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P. Qualified Basis According to Type of Project

The "Qualified Basis" is that portion of the Eligible Basis attributable to Low Income Units. It is calculated as the smaller of the percentage of Low Income Units in the building or the percentage of floor space devoted to Low Income Units in a building.

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Q. Placed In Service Requirement

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~~The 10-year Credit Period, 15-year Compliance Period and minimum 15-year Extended Use Period begin with the taxable year in which the building is "Placed In Service" (the time at which a building is "suitable for occupancy," which generally refers to the date of the issuance of the first certificate of occupancy for each building in the Project for new construction, Certificate of Substantial Completion for rehabilitation, or date of purchase by a new owner for acquisitions) or, at the Project Owner's election, the following taxable year.~~

~~For 9% Projects, Section 42(h)(1)(E) of the Code allows for the allocation or Carryover Allocation of tax credits to a building that is part of a new construction or rehabilitation Project, with the limitations described in Section 42(h)(1)(E), if an Applicant's qualified expenditures or actual basis in the Project, as of the date which is one year after the date that the allocation was made, is more than 10% of the taxpayer's reasonable expected total basis in the Project as of the close of the second calendar year following the calendar year in which the allocation was made. Housing New Mexico/MFA requires submission of a complete Carryover Allocation Application by November 15th[6] of the year in which the tax credit award was made and evidence of the expenditure of more than 10% of the expected basis in the Project by August 31st[7] of the following year. A Cost Certification detailing the qualified expenditures or actual basis that make up 10% of the reasonable expected basis and a description of Applicant's method of accounting must be prepared by a Certified Public Accountant (CPA) and submitted to Housing New~~

Commented [JR18]: Redundant - this information is with the submission requirements.

~~[6] If such date falls on a weekend or holiday, the deadline shall be the first working day following such date.~~
~~[7] If such date falls on a weekend or holiday, the deadline shall be the first working day following such date.~~

~~Mexico/MFA at that time. If the complete Carryover Allocation Application, the CPA's Cost certification, the Attorney's Opinion, in the form required by Housing New Mexico/MFA, regarding the qualification of the Project for tax credits and any other required materials are not received by 5:00 p.m. Mountain Standard Time on the applicable dates noted herein, the Project's credit Reservation may be canceled. Section 42(h)(1)(E) further allows for a qualified building to be Placed In Service in either of the two calendar years following the calendar year in which the allocation is made~~.

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For 4% credits, the allocation is made upon issuance of 8609s, so the above paragraph does not apply to tax-exempt bond financed Projects.

R. Building Classification and Tax Credit Applicable Percentages

The tax credit's Applicable Credit Percentage (i.e., the "4%" or "9%" credits for which a Project is eligible) is determined by the type of project proposed, its use of Federal Subsidy or Federal Grants and the amount of credit necessary to reach feasibility and long-term viability. The Protecting Americans from Tax Hikes (PATH) Act of 2015 permanently fixed the floor of the 9% credit at 9%, similarly, The Consolidated Appropriations Act of 2021 permanently fixed the floor of the 4% credit at 4%. The amount of the annual tax credit is calculated to yield a present value of either 30% (in the case of 4% credits) or 70% (in the case of 9% credits) of Qualified Basis, as adjusted by Housing New Mexico~~/MFA~~. Listed below are types of projects, which could be considered eligible for the tax credits and the Applicable Credit Percentage for each project type.

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1. **New construction**. New construction Projects that are not financed by tax-exempt bonds are eligible for 9% credits. Projects financed with tax-exempt bonds are eligible for 4% credits only.

2. **Rehabilitation of an existing building**. To qualify for tax credits under the Code, rehabilitation expenditures includable in Qualified Basis must exceed the greater of 1) at least 20% of the Qualified Basis of the building being rehabilitated or 2) at least $6,000 per low income Unit being rehabilitated. For Projects Placed In Service after 2009, the $6,000 will be indexed for inflation. The minimum rehabilitation expenditures included in Qualified Basis for Projects Placed In Service in 2025 is $8,500 per Unit. Rehabilitation Projects that are not financed by tax-exempt bonds are eligible for 9% credits. Projects financed with tax-exempt bonds are eligible for 4% credits only.

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3. **Acquisition/rehabilitation of an existing building**. The maximum Applicable Credit Percentage for acquisition of an existing building that will be subsequently rehabilitated is 4%. To qualify for tax credits for the acquisition, the Code requires that rehabilitation expenditures includable in the Qualified Basis must exceed the greater of 1) at least 20% of the Qualified Basis of the building being rehabilitated or 2) at least $6,000 per low income Unit being rehabilitated. For Projects Placed In Service after 2009, the $6,000 per low income Unit figure will be indexed for inflation. The minimum rehabilitation

expenditures included in Qualified Basis for Projects Placed In Service in 2025 is $8,500 per Unit. Rehabilitation expenditures associated with acquisition of an existing building can qualify for the 9% tax credits as long as the rehabilitation expenditures are not funded with tax-exempt bonds. Projects financed with tax-exempt bonds are eligible for 4% credits only.

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4. **Federal Grant financed Projects with reduction in Eligible Basis**. In the case of a Project financed with Federal Grants, whether a newly-constructed or rehabilitated building, the Project Owner shall exclude the amount of the Federal Grants from Eligible Basis.

Commented [JR23]: Federal Law

S. 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~~
- an ~~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;~~.~~

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- ~~Additionally, all Projects must maintain~~ an audit of records of the process used to select general contractors (including any RFPs and Proposals); and~~.~~
- a review of ~~W~~written communication with selected general contractor regarding required Cost Certification upon Project completion ~~should be retained~~.

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T. Subsidy Layering Review

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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.D.2** Developer and Other 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; and 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 reserves the right to~~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 ~~reserves the right to~~may limit Projects to safe harbor limitations for any reason that, in its sole discretion, deems reasonable. This paragraph applies to all Projects that require subsidy layering reviews.

Commented [JR25]: Affordable Housing Act now allows local government to provide resources, if an Affordable Housing Plan is in place.

Commented [JR26]: Consider removing all of this language. HUD's determination of allowable fees is up to them.

U. 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~~

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~~development.~~ 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.

III. Housing Priorities and Project Selection Criteria

A. Needs Analysis

This Allocation Plan is consistent with the needs analysis of the current state of New Mexico Consolidated Plan for Housing and Community Development and Action Plan. Housing priorities stated in the Consolidated Plan include increasing the supply of decent, affordable rental housing, expanding housing opportunities and access for individuals with Special Needs, expanding the supply of housing and services to assist the homeless and preserving the state's existing affordable housing stock.

Commented [JR27]: Not required to be stated in a QAP.

B. Housing Priorities

The following priorities are to be used by Housing New Mexico~~/MFA~~ in the distribution of tax credits and are reflected in the Allocation Set-asides and Project Selection Criteria used to rank competitive Projects:

1. Levels of affordability in excess of the minimum requirements, through one or more of the following:
    a. Higher numbers of Set-aside Units; and/or
    b. Rents set to serve lower income tenants, for example, tenants earning no more than 40% or 30% of median income; and/or
    c. Affordability Periods longer than the 30-year minimum.
2. Provision of affordable housing to households on public housing waiting lists;
3. Maximizing leverage by obtaining other public or private non-equity program resources;
4. An equitable distribution of tax credits throughout all parts of the state where affordable housing is needed;
5. Provision of housing to serve documented Senior Households; Permanent Supportive units; and Tribal communities;
6. Nonprofit development;
7. Production of housing with high quality design and construction;
8. Production of Projects that are located in QCTs and which Projects contribute to the development of a Concerted Community Revitalization Plan;
9. Provision of housing that is energy efficient; and
10. Efficient use of scarce resources including tax credits, measured through lower Development Costs or other means.

Commented [JR28]: Most of these goals mirror Section 42(m). The remaining goals are covered in the selection criteria and are redundant.

C. Minimum Project Threshold Requirements

All tax credit Applications must meet each of the following requirements, in addition to the eligibility requirements of the Code. Housing New Mexico~~/MFA~~ will use the deficiency correction process as described in **Section IV.C.5** to allow Applicants to correct deficiencies related to site control, zoning, fees, and market studies (requirements 1-4 below.) All other threshold requirements are not correctable and Initial Applications not meeting those requirements will be rejected. Applications not meeting site control, zoning, fee requirements, and market studies will be rejected if they are not corrected within the time period allowed in Section IV.C.5.

1. **Site control**.
    a. Site control for all of the property needed for the Project must be evidenced by:
        i. 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
        ii. A recorded deed or recorded lease demonstrating that Applicant possesses a Qualified Leasehold Interest.
    b. 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.
    c. 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.

2. **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.

~~2.~~ 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.

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3. **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.

4. **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[8] ~~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*:

   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.

[8] NCHMA Model Content Standards may be downloaded here: https://www.housingonline.com/councils/national-council-housing-market-analysts/model-content-standards/

*Tribal and Projects reserved for Seniors are exempt from meeting the Capture Rate level, but they must submit a Market Study meeting the requirements outlined in the 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 dD~~D~~eficiency cC~~c~~orrection described in Section IV.C.5. It is Housing New Mexico~~/MFA~~'s sole discretion whether or not the Market Study is sufficient.

5. **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 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~~.

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

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

Commented [JR29]: Rewritten to incorporate specifics included elsewhere for Other Project Compliance and Development Team Review, which will be removed as they would be redundant.

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- 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)[9] 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 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 or other federal housing programs,

- bankruptcy, criminal indictments or convictions,

- poor performance on prior Housing New Mexico or federally-financed Projects, including:

o (for example, late payments of any Housing New Mexico fees or loan payments within the 18-month period prior to the Application Deadline,

o misuse of reserves and/or other Project funds,

o default,

[9] 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.

o fair housing violations,

o Material Compliance Matter noncompliance (e.g., with the terms of a LURAs on a other Projects) controlled by an Affiliate, or

o failure to meet Housing New Mexico development deadlines or documentation requirements

~~5.~~ Housing New Mexico may conduct its own related party search utilizing Secretary of State websites, online searches, or other means to ensure all related parties have been properly disclosed. An Application may be rejected or substitutions requested if the development team or any member thereof is unsuitable and/or undisclosed related parties are identified as determined by Housing New Mexico.

~~6.~~ **Financial feasibility**. Applications must demonstrate that the Project meets all requirements in the Housing New Mexico Universal Underwriting Supplement.~~, in Housing New Mexico/MFA's reasonable judgment, the Project's financial feasibility. Please refer to **Section IV.C.2**, **Section IV.D** and **Section IV.E.4 and 5** requirements pertaining to Housing New Mexico/MFA's financial feasibility considerations.~~

6.

7. **Pre-Application Requirements**.
   a. Intent to Submit-
      i. The entire Application Package is due at noon on January 21, 2025. Before then, Applicants must submit an Intent to Submit a Tax Credit Application and Development Synopsis on or before December 20, ~~2024~~2025. This submission is a mandatory requirement for the ~~2025~~ 2026 competitive LIHTC Application round. Information contained within the Intent to Submit will be posted on the Housing New Mexico~~/MFA~~ website following submission.
      ii. 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.
   b. Housing New Mexico~~/MFA~~ allows all Applicants for the 2025 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.

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Commented [JR30]: 4%

c. 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, NMHA, TDHE or THA, a member of that organization must have attended as well to claim points under Project Selection Criteria 1.

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.

~~Additional minimum Project threshold requirements apply to tax-exempt bond financed Projects, as described in **Section VI.**~~

Commented [JR31]: 4% LIHTC threshold requirements to be listed in 4% QAP

D. Allocation Set-asides

1. **Nonprofit set-aside**. Ten percent (10%) of the Annual Credit Ceiling for each calendar year will be reserved for Projects sponsored by Qualified Nonprofit Organizations as defined in Code Section 42(h)(5)(C). 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.

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)** Projects that 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 2025 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 or that are situated on a parcel of land within a reservation boundary that is completely surrounded by Tribal Trust Lands. The Project must be~~, and which is~~ owned by a Tribally Designated Housing Entity (TDHE) or other Tribal government entity~~.~~.

3. **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.

Tax-exempt bond financed Projects are not subject to the above Allocation set-aside considerations.

Commented [JR32]: Don't forget to add this to process

Commented [JR33R32]: This included under Process

E. Project Selection Criteria to Implement Housing Priorities

Housing New Mexico staff evaluate each Application against the~~The~~ criteria shown in Section ____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 __, 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 II.C. 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 II.C. 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.~~

Commented [JR34]: Housing New Mexico has not rejected an application based on this for years, if ever. It opens the agency up to appeals by parties not awarded, if they claim that the awarded projects are too close. It opens up the agency to appeals, if "concentration" is not defined.

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 VIII**, 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.~~

Commented [JR35]: A competitive process is proposed for 4% LIHTC in 2026

Project Selection Criterion

1. *Nonprofit, New Mexico Housing Authority (NMHA), local Tribally Designated Housing Entity (TDHE), ~~or~~ Tribal Housing Authority (THA) Participation, or Government entity Ownership*	Tier 1: 5 points Tier 2: 3 points

Tier 1: Local nonprofits (as that term is defined in this criterion below), NMHAs, TDHEs and THAs and government entities 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 and government entities 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 and government entities 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 and government entities 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~~as described below in this scoring criterion. ~~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 and government entities 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 and government entities (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 the entity qualifying the Application

for points under this scoring criterion (the “ROFR Grantee”) ~~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~~ ROFR Grantee 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 Ggrantee in connection with the ROFR Ggrantee's exercise of the ROFR;

ii. at its discretion, without the consent of any Limited Partner, sell the project to the ROFR Ggrantee in connection with the ROFR Ggrantee'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 Ggrantee'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 Ggrantee even if the ROFR Ggrantee 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 Ggrantee 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 Ggrantee 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, 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 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's review to confirm that the Agreement includes the terms set forth in the letter of intent or terms that Housing New Mexico 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 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's review to confirm that such agreement includes the terms set forth in the letter of intent or terms that Housing New Mexico determines are equivalent.

2. *Locational Efficiency* — Up to 6 points

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 ~~0.5~~1-mile walk distance to at least three facilities, or a 2~~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 XI. 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).

3. Rehabilitation Projects — Up to 5 Points

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 II.J.

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.)~~

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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 s~~S~~cope of w~~W~~ork.

4. Sustaining Affordability — 6, 8, 10 Points

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

1. Previously subsidized existing Projects that are currently restricted, but for which use restrictions are to expire on or before December 31, ~~2028~~ 2029 or

2. 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

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

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

B. 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.

C. 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.

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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.

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

1. A copy of the PHA administrative plan which describes the selection procedures for owner submission of PBV and for PHA selection of PBV proposals
2. A copy of the published public notice of the PBV proposal selected
3. 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.)

5. *Income Levels of Tenants* — 12, 14 or 16 points

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%

~~A. 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).~~

~~B. 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]~~

~~C. 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 No. 6 below.

6. Projects that Incorporate Market Rate Units — 2 Points

Projects that incorporate Market Rate Units equal to at least 15% of the total Units.

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

7. Projects Committed to a longer Extended Use Period — 5, 8 Points

~~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.~~

8. *Households with Special Housing Needs Housing Priority* Up to ~~10~~ 5 Points

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).

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, or the Section 811 program).

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

~~Part I~~1: Threshold Requirements

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

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

- at least 10% of the total Units in the Project ~~must be~~are rent restricted at 30% of Area Median Income (AMI), or
- have secured (at time of ~~application~~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.

~~**Part I: Threshold Requirements**~~

~~Applicants~~ The Application includes ~~requesting consideration for points for a Project in which Units are reserved for Households with Special Housing Needs (Project Selection Criterion No.~~

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~~8) are required to submit~~ a Service Coordination Plan that~~, which Plan~~ demonstrates satisfaction of items A, B, C and E below.

~~In addition to supplying the Plan,~~ Applicant ~~shall certify~~certifies to Housing New Mexico~~/MFA~~ that it will meet the reporting requirements of s~~S~~ection D below.

A. Service Coordination-

1. 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:

    a. Providing residents with information about available onsite and community services;

    b. Assisting residents in accessing available services through referral and advocacy;

    c. Arranging for access to transportation; and

    d. Organizing community-building and/or other enrichment events for residents (i.e. holiday events, resident counsel, etc.)

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

~~2.~~3.Appropriate space reserved for the delivery of supportive services.

~~3.~~4.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.

~~4.~~5.Meeting with residents requiring services within 60 days of move-in and semi-annually thereafter.

~~5.~~6.Provide follow up as needed to address residents' needs.

B. Coordinated Services-

1. Immediately following the issuance of a certificate of occupancy, implementation of at least two services/programs to be offered 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.)

2. Services must be provided to residents at little or no cost. 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:

    a. Increase resident knowledge of and access to available services.

b. Help residents maintain stability and avoid eviction.

c. Build life skills.

d. Increase household income and assets.

e. Increase health and wellbeing.

f. Improve educational success of children and youth.

3. **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.

b. Literacy/language training;

c. Personal safety (fire, identity theft, scams, drug awareness, self-defense, etc.);

d. Financial fitness (budgeting, money management, credit counseling, entitlement assistance/benefits counseling, etc.);

e. Income and asset building (job coaching, homebuyer education);

f. 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 Part II below.

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

C. <u>Marketing -</u>

1. 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:

a. 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.

b. The process for maintaining and updating a waiting list of Special Housing Needs applicants eligible to reside in a Special Housing Needs Unit.

c. 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.

2. 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.

D. Reporting Requirements-

1. Project Owners will be required to submit an annual certification of:

   a. The number of hours of onsite Service Coordination and coordinated services provided,

   b. The number of residents served by each, and

   c. The results of the annual survey.

2. Project Owners will be responsible for ensuring that property managers maintain:

   a. Agreement for services on file, if any,

   b. Evidence that the services are being provided (i.e., sign-in sheets, letters/memos to residents advertising the event/service, service logbook and/or activity reports, etc.), and

   c. Evidence of efforts taken to market and attract Special Housing Needs applicants as promised in Item C. Marketing (i.e., proof/copies of advertisements, evidence of outreach to organizations/non-profits working with Special Housing Needs populations, etc.).

E. **Service Coordination ~~Plan and~~ Budget** The proposed Project annual operating budget must include sufficient costs to cover the selected services and be detailed out in the ~~submitted~~ service budget submitted in the Initial Application at Tab 20c ~~for serving this Households with Special Housing Needs Housing Priority~~.

Part II: 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

- For services provided by a qualified service provider, Application must include an MOU between the Project Owner and the service provider(s) describing their expertise with providing services, a detailed description of planned services and how they will be delivered, and the staff capacity for providing ongoing case management. Qualified service providers shall have a minimum of three years of experience providing a service or assistance to Persons with Special Housing Needs. This MOU must be updated to include a detailed description of the roles and responsibilities of the Project Owner, the Management Agent, and the Qualified Service Provider prior to the 50% completion meeting.
- For services provided by an Affiliate of the developer, Application must include a narrative describing the applicant's expertise with providing services, a detailed description of planned services and how they will be delivered, and the qualifications of staff providing direct services and their qualifications to provide ongoing case

management. The Affiliate of the developer providing services shall have a minimum of three years of experience providing a service or assistance to Persons with Special Housing Needs.

Prior to the 50% completion meeting described in Section IV.G.7, Housing New Mexico~~/MFA~~ will require a detailed MOU between the Project Owner, Property Management Agent and Qualified Service Provider who must meet to plan for the implementation of the service plan and provide minutes of the meeting that describe how property management and service staff will work together to ensure proper service delivery. ~~**A Service Coordination Checklist is available on Housing New Mexico/MFA's website.**~~

~~**Recognizing that circumstances change over time, the plan may evolve as needs of residents and market conditions change. Project Owner must obtain Housing New Mexico/MFA approval prior to instituting changes to the plan, and the new services must provide a similar level of service to the residents.**~~

Services must be optional for residents residing in reserved Units. Any cost for services must be accounted for separately from rent.

The Household with Special Housing Needs Housing Priority requirement and any additional services committed to by Applicant will be enforced through a provision in the LURA. 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. **Recognizing that circumstances change over time, the Service Coordination Plan may evolve as the needs of residents and market conditions change. Project Owner must obtain Housing New Mexico~~/MFA~~ approval prior to instituting changes to the plan, and the new services must provide a similar level of service to the residents.** The Project will be determined 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). The Project Owner will be required to maintain a file containing contracts with qualified service providers and other third-party qualified personnel, documentation of when and where services were provided, and documentation of time spent both on-site and off-site by the qualified service provider or other third-party qualified personnel.

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~~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).~~

~~Projects must include appropriate space reserved for the delivery of any third-party services, such as a private office with secure file storage space (if client files are to be stored on-site), to be eligible for points under this Project Selection Criterion.~~

9. *Projects Reserved for Seniors Housing Priority* Up to ~~10~~ 5 Points

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.

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).

Applicants requesting Housing for Seniors Housing Priority points are required to submit Fair Housing Act Certification ~~for Senior Housing Facilities~~.

In addition to ~~Housing New Mexico/MFA's Mandatory~~the Design Standards, new construction Projects must include central common areas that can be used for resident activities and serving meals with an adjoining kitchen area. (Provision of meals is not required. See scoring chart below.) the Project must include adequate common space for the provision of the proposed enrichment services

~~Housing priority points will be awarded based on the Project first meeting the requirements above. Additional points may be awarded for enrichment service activities as listed below. To receive points under this housing priority, t~~The Project Owner must certify that a service coordinator will be on-site a minimum of two days per week for a cumulative minimum of ~~ten~~ five hours per week and ~~the Project must include adequate common space for the provision of the proposed enrichment services~~. The service coordinator must be in addition to the property manager.

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Enrichment services must be implemented within the first 90 calendars days following the issuance of a certificate of occupancy, optional to the residents, offered on-site and be actively linked to the Project, not simply available to the community at-large (e.g., senior center) unless the on-site space where the program is held qualifies as a community service facility under the Code.

The proposed Project annual operating budget must include sufficient costs to cover the selected services and be provided in detail within the ~~submitted~~ service budget submitted in the Initial Application at Tab 21c~~for serving this Projects Reserved for Seniors Housing Priority~~.

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.

Where necessary, Project Owners must provide executed contracts with qualified service providers when the Project is Placed In Service. Contracts with service providers must include: 1) a description of the service(s) to be provided including frequency, 2) acknowledgement that service(s) will be provided on-site and 3) list the amount of any fee for service(s) provided. Housing New Mexico~~/MFA~~ will not issue IRS Form(s) 8609 unless Project Owner demonstrates, to Housing New Mexico~~/MFA~~'s sole satisfaction, that enrichment services are being delivered as committed to in the Initial Application.

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Housing New Mexico~~/MFA~~, at its sole discretion, may allow substitution of enrichment services as deemed appropriate by Housing New Mexico~~/MFA~~.

Recognizing that circumstances change over time, the services provided may evolve as the needs of residents and market conditions change. **Project Owner must obtain Housing New Mexico~~/MFA~~ approval prior to instituting changes to the services delivered, and the new services must provide a similar level of service to the residents.**

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This housing priority requirement and any additional enrichment services committed to will be enforced through a provision in the LURA. ~~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 service. Project Owner must notify Housing New Mexico~~/MFA~~ within seven days of the termination of service agreements/contracts. The Project will be determined 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.) The Project Owner will be required to maintain a file containing contracts with service providers, documentation of when and where services were provided, documentation of resident marketing and outreach and documentation of time spent on-site by the service coordinator. All documentation must be easily auditable for compliance. Services must be optional for residents. Any cost for services must be separated from rent. Management must conduct an annual survey regarding need for and satisfaction or dissatisfaction with the service coordination, including coordinated services.

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Additionally, there will be the following reporting requirements:

a. The number of hours of onsite Service Coordination and coordinated services provided,

b. The number of residents served by each, and

c. The results of the annual survey.

~~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).~~

For Project Owner-provided services, Project Owner must provide sufficient documentation, in Housing New Mexico~~/MFA~~'s sole discretion, of Project Owner's experience and ability to provide the services, including any past experience in providing said services.

These points may not be combined with points for Households with Children Housing Priority or Households with Special Housing Needs Housing Priority.

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

10. Households with Children Housing Priority — Up to ~~4~~8 Points

Commented [JR42]: This section was reworked to be consistent with Housing for Special Housing Needs

Projects in which 25% of all Units are reserved for Households with Children are eligible for points as described below:

In addition to meeting ~~Housing New Mexico/MFA's Mandatory~~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.

All Projects must include adequate common space for the provision of the proposed enrichment services. The Applicant must provide a description of the Project's specific design elements that serve the needs of Households with Children.

Housing priority points will be awarded based on the Project meeting the requirements above, through the selection of enrichment service activities as listed below. To receive points under this housing priority, the Project Owner must certify that a service coordinator will be on-site a minimum of two days per week for a cumulative minimum of ~~ten~~ five hours per week. The service coordinator must be in addition to the property manager. Enrichment services must be implemented within 90 calendar days following the issuance of a certificate of occupancy, optional to the residents, offered on-site and be actively linked to the Project, not simply available to the community at-large (e.g., Head Start) unless the on-site space where the program is held qualifies as a community service facility under the Code. 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 Children Housing Priority.

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. Where necessary, Project Owners must provide executed contracts with qualified service providers with the Placed In Service Application. Contracts with service providers must include: 1) a description of the service(s) to be provided including frequency, 2) indicate that service(s) will be provided on-site and 3) specify any fee for service(s) provided. Housing New Mexico~~/MFA~~ will not issue IRS Form(s) 8609 unless the Project Owner demonstrates, to Housing New Mexico~~/MFA~~'s sole satisfaction, that enrichment services are being delivered as committed to in the Initial Application. Housing New Mexico~~/MFA~~, at its sole discretion, may allow substitution of enrichment services as deemed appropriate by Housing New Mexico~~/MFA~~.

Recognizing that circumstances change over time, the services provided may evolve as the needs of residents and market conditions change. Project Owner must obtain Housing New Mexico~~/MFA~~ approval prior to instituting changes to the services delivered, and the new services must provide a similar level of service to the residents.

The housing priority requirement and any enrichment services committed to will be enforced through a provision in the LURA. Services must be provided throughout the Affordability Period and must not allow for more than a 30-day gap in service. Project Owner must notify Housing New Mexico~~/MFA~~ within seven days of the termination of service agreements/contracts. The Project will be determined 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.) The Project Owner will be required to maintain a file containing contracts with service providers, documentation of when and where services were provided, and documentation of time spent on-site by the service coordinator. Management must conduct an annual survey regarding need for and satisfaction or dissatisfaction with the service coordination, including coordinated services.

Additionally, there will be the following reporting requirements:

a. The number of hours of onsite Service Coordination and coordinated services provided,

b. The number of residents served by each, and

c. The results of the annual survey.

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 and Section 811 programs).

For Project Owner-provided services, Project Owner must provide sufficient documentation, in Housing New Mexico~~/MFA~~'s sole discretion, of Project Owner's experience and ability to provide the services, including any past experience in providing said services.

These points may not be combined with points for Projects Reserved for Seniors Housing Priority or Households with Special Housing Needs Housing Priority.

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),	1 point

homebuyer education and down payment assistance, income tax preparation in partnership with a certified public accountant or VITA program or community college.	
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

11. Leveraging Resources **Up to 10 Points**

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

12. Marketing Units to Households Listed on Public or Indian Agency Waiting Lists	**2 Points**

Projects providing a commitment to market the Units to households listed on public or Indian housing agency waiting lists are eligible for 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.

13. QCT/Concerted Community Revitalization Plan — 3 or 5 Points

Projects are eligible for 3 points if~~:~~

~~a)~~ the Project is located in an area covered by a Concerted Community Revitalization Plan (CCRP) **and** the development of the proposed Project contributes to the ~~Concerted Community Revitalization Plan~~CCRP by engaging in a housing activity promoted in the ~~plan~~CCRP. A Concerted Community Revitalization Plan 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~~.; or~~

~~b) 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.~~

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/.~~

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Commented [JR43]: The IRS requires that the project contribute to the plan. Since other formal plans are considered, this is redundant.

14. Projects with Units Intended for Eventual Tenant Ownership — 2 Points

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

15. Projects with Historic Significance — 2 Points

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 [JR44]: Move to Post Award Requirements Handbook

~~*16. Blighted Buildings and Brownfield Site Reuse* — 5 Points~~

~~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.~~

~~17.~~16. *Efficient Use of Tax Credits* — 1, 3, 5 Points

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

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

Tribal Projects:

New Construction Projects			
	5 Points	3 Points	1 Point
Low-Income Unit AND	$29,692.70 ~~$28,772.00~~	$31,426.46~~$30,452.00~~	
Low-Income Square Foot	$27.81~~$26.95~~	$30.51~~$29.56~~	
Low-Income Unit OR			$29,692.70~~$28,772.00~~
Low-Income Square Foot			$27.81~~$26.95~~
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$27,526.54~~$26,673.00~~	$29,043.58~~$28,143.00~~	
Low-Income Square Foot	$2,432.42~~$2,357.00~~	$26.70~~$25.87~~	
Low-Income Unit OR			$27,526.54~~$26,673.00~~
Low-Income Square Foot			$2,432.42~~$2,357.00~~
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$25,358.30~~$24,572.00~~	$26,659.66~~$2,583.00~~	
Low-Income Square Foot	$20.87~~$2,022.00~~	$22.87~~$22.16~~	
Low-Income Unit OR			$25,358.30~~$24,572.00~~
Low-Income Square Foot			$20.87~~$20.22~~

Permanent Supportive Housing Projects:

New Construction Projects			
	5 Points	3 Points	1 Point
Low-Income Unit	$29,692.70~~$28,772.00~~	$31,426.46~~$30,452.00~~	N/A

Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit	$27,526.54~~$26,673.00~~	$29,043.58~~$28,143.00~~	N/A
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit	$25,358.30~~$24,572.00~~	$26,043.55~~$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	$28,946.57~~$28,049.00~~	$30,604.99~~$29,656.00~~	
Low-Income Square Foot	$27.81~~$26.95~~	$30.51~~$29.56~~	
Low-Income Unit OR			$28,946.57~~$28,049.00~~
Low-Income Square Foot			$27.81~~$26.95~~
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$26,873.28~~$26,040.00~~	$28,325.30~~$27,447.00~~	
Low-Income Square Foot	$24.32~~$23.57~~	$26.70~~$25.87~~	
Low-Income Unit OR			$26,873.28~~$6,040.00~~
Low-Income Square Foot			$24.32~~$23.57~~
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$24,798.96~~$24,030.00~~	$26,043.55~~$25,236.00~~	
Low-Income Square Foot	$20.87~~$20.22~~	$22.87~~$22.16~~	
Low-Income Unit OR			$24,798.96~~$24,030.00~~
Low-Income Square Foot			$20.87~~$20.22~~

All Other Projects:

New Construction Projects			
	5 Points	3 Points	1 Point
Low-Income Unit AND	$28,946.57~~$28,049.00~~	$30,604.99~~$29,656.00~~	
Low-Income Square Foot	$26.60~~$25.78~~	$29.17~~$28.27~~	
Low-Income Unit OR			$28,946.57~~$28,049.00~~
Low-Income Square Foot			$26.60~~$25.78~~
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$26,873.28~~$26,040.00~~	$28,325.30~~$27,447.00~~	
Low-Income Square Foot	$23.26~~$22.54~~	$25.55~~$24.76~~	

Low-Income Unit OR			$26,873.28~~$26,040.00~~
Low-Income Square Foot			$23.26~~$22.54~~
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$24,798.96~~$24,030.00~~	$26,043.55~~$25,236.00~~	
Low-Income Square Foot	$19.96~~$19.34~~	$21.88~~$21.20~~	
Low-Income Unit OR			$24,798.96~~$24,030.00~~
Low-Income Square Foot			$19.96~~$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[10] 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.
- 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.

[10] PSH is Permanent Supportive Housing

- 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 Pproject is otherwise eligible for to obtain points in this category, however, Pprojects must meet underwriting guidelines for financial feasibility. Projects ~~which~~ that were awarded points for the Efficient Use of Credits Project Selection Criteria 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 III.G. for additional requirements concerning supplemental tax credits and the definition of a Casualty.

~~18.~~17. Non-Smoking Properties **4 or 6 Points**

~~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:

(i) 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);

(ii) 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);

(iii) 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.

~~19.~~18. ***Adaptive Reuse Projects*** **2 Points**

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.

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

~~20.~~19. ***Underserved Communities*** **Up to 9 Points**

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

(i) 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

(ii) 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);

(iii) 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);

~~21.~~20. ***Other Scoring Points Available*** **Up to ~~9~~ 6 Points**

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

(i) Deep Affordability:

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

(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)~~

Commented [JR45]: Need to discuss whether PBCA projects would be eligible for these points, since it may not be possible for them to obtain HUD approval prior to application.

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Commented [JR46]: Removed based on conversations with Ellie in early 2025, as staff reviewed the 9% round.

F. 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 may elect to forward allocate the remaining tax credits necessary for feasibility through a binding commitment.

Commented [JR47]: This reflects current practice. MFA doesn't award only a portion of the credits needed for financial feasibility, leaving an applicant to apply in a future competitive round for the remaining credits necessary for financial feasibility.

G. 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 IV.E.3 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 Section III.C.7.a.i by December 20, ~~2024~~ 2025 and the streamlined Application described below by the Application Deadline for the ~~2025~~ 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 ~~2025~~ 2026 round, as requests for supplemental tax credits will not compete against other Projects in the ~~2025~~ 2026 9% round.

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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 ~~2025~~ 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.

H. 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.

I. Recycled Allocations

Commented [JR48]: Move to post award handbook

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 ~~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 2024 will not participate in the 2025 round);
- The Project demonstrates that all financing necessary to place the Project in service is secured;
- The Project will place in service by December 31st of the year of the newly allocated credits and receive no further opportunity to recycle the tax credits (e.g., if 2022 LIHTC are returned in December 2024 in exchange for 2025 tax credits, the Project will place in service by December 31, 2025).

Commented [JR49]: The posted Post Awards Processes and Requirements Handbook updates the dates in this section.

- 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.~~

Commented [JR50]: This paragraph was included during the transition to this policy, and is no longer needed.

J. Property Standards

All newly constructed and/or rehabilitated properties must meet applicable state and local building codes, including but not limited to: the New Mexico Commercial Building Code, the New Mexico Residential Building Code, the New Mexico Energy Conservation Code, the New Mexico Existing Building Code, the New Mexico Plumbing Code, the New Mexico Mechanical Code the New Mexico Solar Energy Code, the New Mexico Electrical Code, the New Mexico Electrical Safety Code, and all international and uniform building codes as referenced and adopted by the aforementioned codes. In addition, all newly constructed Projects must obtain a Home Energy Rating System (HERS) score of 55 or better and all rehabilitation Projects must obtain a HERS score of 65 or better. All Projects must meet the provisions and requirements of the Americans with Disabilities Act (ADA) as applicable. Public and common use areas within Projects are subject to these requirements. Projects combining housing tax credits with another federal source of funding must comply with HUD Section 504 requirements as required in the 2010 ADA Standards. Projects must also adhere to the Federal Fair Housing Act and shall adhere to the federal fair housing accessibility and adaptability requirements promulgated through the Fair Housing Accessibility Guidelines {56 FR 9472, 3/6/91}. Finally, conformance to the Design Standards in the Application Package is mandatory for all Projects, including tax-exempt bond financed Projects.

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IV. Allocation Procedure and Application Requirements

A. Allocation Rounds

1. Submission Date(s)

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 reserves the right to~~may conduct additional LIHTC rounds or ~~to~~ award tax credits outside of the rounds. ~~**Initial Applications for the 2025 competitive LIHTC Application round will be accepted anytime between January 6, 2025 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 21, 2025 (Application Deadline).**~~ **Initial applications must be fully uploaded to the file sharing**

site identified in Section IV.A.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. ~~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.~~

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Initial Applications for tax-exempt bond financed Projects are accepted on a continuous basis but must meet the same form of submission requirements identified in **Section IV.A.3** below and are subject to the timing requirements outlined in **Section VI.**

2. ~~Place of Submission~~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.)

3. Form of Submission

Initial Applications ~~may not be~~ submitted ~~delivered~~ by any other means of delivery will be rejected~~facsimile transmission or e-mail.~~ Applicants shall submit ~~T~~the ~~2025~~ 2026 Housing New Mexico~~/MFA~~ Universal Rental Development Application and Schedules in excel format and one fully tabbed and bookmarked PDF file that include all materials listed on the Attachments Checklist at Tab 1a ~~must be uploaded to Housing New Mexico/MFA's file sharing site: https://mfa.internal.housingnm.org/SFT_HD/ (described below in **Section IV.A.4.b.**)~~ 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. 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.

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4. Content and Format: Complete Applications

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.

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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 2025 QAP that apply to the Project. ~~The 2025 Housing New Mexico/MFA Universal Rental Development Application Form and Schedules must be submitted in excel format.~~ ~~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~~ Applicants must redact protected personal information such as Social Security numbers and board member home addresses ~~redacted~~. Where required in the Application, the market study, architectural plans and specifications, capital needs assessment and appraisal shall be uploaded as stand-alone documents rather than included in the Application PDF. The PDF files must be "bookmarked" with each applicable tab ("Tab") and named accordingly (e.g., Tab 1, Tab 1a, Tab 2, etc.) following the tab numbers on the Application Checklist at Tab 1a. Each bookmark must include all of the documents required for the respective tab (including those in the 2025 Housing New Mexico~~/MFA~~ Universal Rental Development Application and Schedules), as identified in the Attachments Checklist and named accordingly (e.g., Tab 1f – Rehabilitation Scope of Work, Tab 1g – One-page summary of Developer affordable housing experience." All documents in the PDF must be submitted in numerical order. The entire Application Package (the 2025 Housing New Mexico~~/MFA~~ Universal Rental Development Application, Schedules and the PDF files) must be uploaded to Housing New Mexico~~/MFA~~'s file sharing site: https://~~mfa~~.internal.housingnm.org/SFT_HD/.

c) Complete Initial Applications must include Application fees as outlined in Section IV.B below.

d) 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.

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.

h) Except as Housing New Mexico~~/MFA~~ may determine is necessary to evaluate the "Applicant eligibility" threshold requirement in **Section III.C.5** 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

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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 IV.C.5 "*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.

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.

After award, all Applications 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.

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Commented [JR61]: Move this information to "Applications are Public Records".

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/applications-faq. No questions will be accepted after 5 p.m. Mountain Standard Time, January 13, 2025. Answers will be posted to the website and once posted will be deemed a part of this QAP. Answers to questions submitted on January 13, 2025 that can be answered by January 15, 2025 will be posted on January 16, 2025. 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 IV.H. and IV.I. herein. In addition to the provisions of Sections IV.H. and IV.I., 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

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 Exhibit 1. It

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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 IV.A.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**.

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B. Housing New Mexico~~/MFA~~ Fees and Direct Costs

Except where explicitly stated below, ~~A~~a**ll 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.

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

Direct Cost Fees

- Base Portion Design Review: $12,000 due at submission of tax credit Initial Application

This fee covers the base portion of the design reviews for compliance with Design Standards described at **Section IV.C.7a**. 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.

- 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 IV.C.5**) with an invoice via email.

Processing Fee

- Due 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.

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) to review further corrections or changes to the Project will incur a $1,500 fee per review.

Monitoring and Compliance Fees

- Due annually by January 31st ~~for each year~~through the end of 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.

Compliance Monitoring - Re-inspection Fees

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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.

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.

Appeal Fee

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

Change Requests

~~**Request for increase in tax credits,**~~ ~~R~~**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.**

~~**and/or 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~~

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.

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

Commented [JR63]: Request for additional tax credits would need to fall under a Supplemental LIHTC Request, so the fee would be the same as the application fee. There is no charge to increase the amount of tax credits for 4% projects if the eligible basis increases at 8609 review, and there are fees for additional reviews that were not there when this paragraph was originally written.

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- $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.

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
- $500 per week due upon invoice; $1,000 per week for 4% LIHTC Projects.

Commented [JR64]: Moved up a few paragraphs because this fee is incurred prior to 8609s.

C. 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 III.C. 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 IV.C.5 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. **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 130% 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 130% 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 II.J. above to the limits established in Sections IV.C.2.a. and b. above.

Commented [JR65]: Add to Underwriting Supplement

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 limits will be excluded when calculating the tax credit amount. These limits are binding through Final Allocations.

~~3.~~ **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.~~

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4. **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.

5. **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 III.C, 2) ~~address Complete Application items, including any issues with the electronic application, 3)~~ clarify ambiguous information, 3~~4~~) complete forms, ~~or~~ 4~~5~~) 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 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.~~ 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 IV.A.3** above.

~~5.~~ 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 IV.H**. 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.

~~6. **Supplemental Information Submission**. 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~~

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~~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.~~

~~7.~~6. **Design Review and Construction Start**. 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.

Commented [JR66]: Post award handbook

a. The base portion of the design review covered by the $12,000 fee 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.

Commented [JR67]: Moved to Fees section.

b. A CNA is required 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. See QAP Section II.J for details.
c. **Prior to commencing construction:**
    i. **Applicant must have Housing New Mexico~~/MFA~~'s written approval of complete construction documents;**
    ii. 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.
    iii. Applicants must close on all Project financing (except the permanent mortgage).

d. 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 IV.I.M

Commented [JR68]: Move to Post Award Submittals

~~8.~~7. **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 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. Applicants shall attach a complete list of **all** Projects in which the Principal and/or its Affiliate(s) have experience (*see* schedule of experience[11] 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.F.1** 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.~~

Commented [JR69]: Incorporated under Applicant Eligibility Threshold

~~9.~~8. **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* Section IV.G.7). 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~~

Commented [JR70]: Incorporated under Applicant Eligibility Threshold

~~[11] 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.~~

~~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~~.

D. Feasibility Analysis and Financial Considerations

Commented [JR71]: This section to be added to the Underwriting Supplement.

All Projects, in addition to the threshold review process described in the 2026 QAP, 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. ~~Initial Applications for any tax credits (4 or 9%) must include a~~ and a letter of interest from a tax credit syndicator or direct investor ~~stating~~must state the terms and pricing for the purchase of tax credits allocated to the Project. Financing Commitments (*see* Glossary) will be required as a "subsequent requirement" after the initial ~~Reservation~~ award is made.

~~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.~~ 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.

~~Project 15-year pro forma cash flow projections must include an operating expense inflation factor of at least 3%, a rental income inflation factor of no more than 2% and a vacancy factor of at least 7% for all occupancy-related income. However, for projects with at least 90% of all units covered by a federal rental assistance contract and any Project Reserved for Seniors, Housing New Mexico/MFA will use the market study vacancy factor but not less than 5%.~~

Commented [JR72]: Redundant with other sections of the Underwriting Supplement

1. **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. The 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. See Section II.J and Glossary for further details regarding the CNA. The acquisition cost on which tax credits are calculated will be held to the lowest among the sale price, Applicant's procured appraisal and the construction lender's appraisal. 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 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 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.

2. **Developer and other fees.** Fees are limited to the following standards:
   a. **Builder profit, overhead and general requirements**
   In Projects where an "identity of interest" (as defined in this section) is not present, builder profit may not exceed 6% of Construction Costs, builder overhead may not exceed 2% of Construction Costs and general requirements may not exceed 6% of Construction Costs. For the purposes of these calculations, see definition of Construction Costs in the Glossary.

   Where an Identity of Interest exists between or among the Developer/Project Owner, builder (e.g., the general contractor), design professionals and/or subcontractors, builder profit shall not exceed 4% of Construction Costs. 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), design professionals and/or subcontractors; 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 percentage limitations will be excluded from the Project's Eligible Basis when calculating the tax credit allocation.

   b. **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 (PRA) are eligible for a 5% boost to the capped developer fee (as calculated above; for qualifications, see below) For example, a 30-Unit Project which qualifies for $750,000 and which is at or below 14% of Total Development Cost qualifies for a 5% boost to the allowable Developer Fee resulting in a total Developer Fee of $787,500.

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 paragraph, 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.

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

***Section 811 Project-Based Rental Assistance Program (Section 811 PRA)**

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.

c. Architect and Engineering Fees

Architects' fees, including design and supervision fees, and engineering fees, must be capped at 3.3 percent of Total Development Cost. This 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.T. for information on subsidy layering reviews.

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.

3. **Reserves (escrows) included in Development Costs**. The development budget must include an operating reserve equal to a minimum of six (6) months of projected operating expenses, debt service payments and replacement reserve payments. 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. 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. 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.

4. **Operating expenses and replacement reserves**. 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.

5. **Debt service coverage and subordinate debt**. Applicants who are proposing subordinate debt must include the terms of the loan and pro formas must reflect the requirements set forth in the Housing New Mexico~~/MFA~~'s Universal Multifamily ~~Initial~~ Underwriting Supplement. Housing New Mexico~~/MFA~~ will consider total annual cash flow as well as debt service ratio when making this determination. 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.

6. **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.

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. See Housing New Mexico~~/MFA~~ Universal Multifamily ~~Initial~~ Underwriting Supplement - *Projects with Rental Subsidies* section for additional requirements. Note that in order to underwrite to such rents, a copy of a federally-approved rent schedule must be provided to Housing New Mexico~~/MFA~~, e.g. HUD, USDA. If project-based vouchers are 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. 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.

E. Credit Calculation Method

1. **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:
    a. Development Costs
    b. Funding sources available to the Project for construction and permanent financing:
        i. First mortgage loans
        ii. Grants
        iii. Tax credit proceeds
        iv. Project Owner equity
        v. Subordinate debt
    c. Projected operating income and expenses, cash flow and tax benefits
    d. Maximum tax credit eligibility
    e. Debt service coverage ratio
    f. Project reserves
    g. Developer fees and builder overhead and profit
    h. Per Unit and per square footage cost limits (section IV.C.2)

2. **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 number three below.

Tax credit proceeds. The Housing New Mexico~~/MFA~~ Universal Multifamily ~~Initial~~ Underwriting Supplement describes the method to be used to determine the equity pricing factor that will be used to calculate tax credit proceeds for underwriting purposes. 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 Protecting Americans from Tax Hikes (PATH) Act of 2015 permanently fixed the floor of the 9% credit at 9%. Similarly, the Consolidated Appropriations Act, passed by Congress on December 21, 2020, permanently fixed the floor of the 4% credit at 4%.~~ At the time of the Carryover Allocation for 9% credits, the Project Owner must deliver a written letter of intent from a syndicator or equity provider that clearly states the equity-pricing factor. That equity-pricing factor along with the Applicable Credit Percentage will

be used to estimate the tax credit ~~proceeds for the Carryover Allocation. The equity-pricing factor to be used at Final Allocation will be~~until the actual equity-pricing factor contained in the Project's syndication agreement at equity closing is available.~~and the Applicable Credit Percentage as determined at either Carryover or Placed In Service date.~~

~~For 4% credits the equity-pricing factor to be used at Final Allocation will be the actual equity-pricing factor contained in the Project's syndication agreement and the Applicable credit percentages determined at either the month the tax-exempt obligations are issued or Placed In Service date.~~

~~3.~~ **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 Reservations 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.~~

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

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~~4.~~3. **Other factors limiting the credit Reservation**. The amount of credit reserved, committed and finally allocated to a Project shall be the lesser of:

a. The maximum tax credit eligibility of the Project
    i. 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 as described in **Section IV.E.2** above or the Applicable Credit Percentage that was locked-in at Carryover (or in the case of tax-exempt bond financed Projects, the month the tax-exempt obligations are issued) or was in effect when the building was Placed In Service; or
    ii. The amount requested in the Application; or
    iii. The amount necessary to fill the funding gap.
b. 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 tax credit amount allowed based on the funding gap will

be determined by Housing New Mexico~~/MFA~~ limits stated in **Section IV.E.3** above.

5.4. **Increased basis for high cost areas**. Additional Eligible Basis (30% of the initial calculation) will be applied for Projects located in HUD-designated Difficult Development Areas (DDA) or Qualified Census Tracts (QCT). Applicants requesting such increases must deliver evidence in the Initial Application Package that the Project is located in a DDA or QCT.

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Projects, regardless of whether they are located in a DDA or QCT, may also be determined to be eligible for the state-designated basis boost (up to 30% of the initial calculation) if deemed necessary for Project feasibility as determined by Housing New Mexico~~/MFA~~.

The state-designated basis boost is available to the following 9% Projects:

a. Projects receiving points under the Households with Special Housing Needs Housing Priority
b. Projects receiving points under the Projects Reserved for Seniors Housing Priority
c. Projects receiving points under the Households with Children Housing Priority

The state-designated basis boost cannot be applied to Projects financed by tax-exempt bonds.

6.5. **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. Professionals performing the CNA must meet the minimum qualification/certification requirements set forth by Housing New Mexico~~/MFA~~ as defined in the Design Standards. 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.

7.6. **Federally required subsequent financial analysis**. Federal regulations require that housing credit agencies conduct evaluations at three specific times to determine the amount of applicable tax credits.

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

F. Final Processing and Awards

1. **Additional considerations**. 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. When scoring and ranking generates multiple Projects that would draw tenants from a single market area (as determined by the market studies for the Projects in question), Housing New Mexico/MFA may choose to eliminate the lower scoring or higher cost Project to avoid overbuilding and distribute credits more evenly throughout the state. In addition, Housing New Mexico/MFA reserves the right to reject any Project, which Housing New Mexico/MFA in its reasonable judgment determines is inconsistent with prudent business practices or with the intent and purpose of the QAP. Housing New Mexico/MFA may also make awards conditional on specific modifications to the Project that Housing New Mexico/MFA in its sound judgment considers necessary to enhance the feasibility or safety of the Project.

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2. **Selection of projects for awards**. Projects meeting the threshold review requirements listed in Section III.C will be ranked and ordered according to scoring procedures established in Sections II.C and III.E with consideration to the Allocation Set-asides as described in Section III.D. 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.

3. **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 **Section IV.F.4** below, the provisions of this section are not applicable to tax-exempt bond financed Projects.

4. **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 IV.A.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 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 IV.F.5, (or draft Letter of Determination in the case of tax-exempt bond financed Projects) will be issued.

5. **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 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.

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G. Notification of Approval and Subsequent Project Requirements

Note: Only Sub-sections 2, 7, 8 (at 8609 Application), and 9-11 of this section (IV.G) apply to tax-exempt bond financed Projects.

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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 ~~2025~~2026, shortly after approval of tax credit awards at the May ~~2025~~ 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.

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 IV.A.3.**

1. **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.

2. **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.

3. **By November 15th** (see footnote 5) of the allocation year

~~a. Threshold requirement number two:~~

~~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~~; and

~~b. All Applicants must deliver:~~

~~i. The contractor's resume, if it was not included in the Application.~~

~~ii.~~i. ~~Financing Commitment(s) (see definition) 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. Projects which include federal historic tax credits in~~

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~~the financing structure must submit evidence from the National Park Service that a complete historic certification – part two (2) for the Project has been received.~~

~~iii. For a Project to be financed by HUD (e.g., HUD 221(d)(4)), evidence that Applicant has submitted a site appraisal and market analysis (SAMA) application to HUD (for new construction Projects) or a feasibility application (for rehabilitation Projects).~~

~~iv. For a Project to be financed by Housing New Mexico/MFA's 542(c) Risk Sharing program, a HUD firm approval letter.~~

~~c.~~a. **Carryover Allocation requirements**. 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:~~

i. 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 ~~If the costs as identified on Schedule D of the original Application have changed more than~~ 5% requires submission of a narrative discussing each change (from $XX to $YY) and the reason(s) for the change.~~, then a detailed narrative description of the changes made in the construction drawings and/or Schedule D between Application and Carryover must be provided~~ Rents on Schedule B must be updated.

ii. Columns A and B of the Assignment of Building Identification Numbers form.

~~ii.~~iii. 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 changes to the initial commitments made in the I~~i~~nitial ~~Project~~ Application must be described in detail and be approved by Housing New Mexico~~/MFA~~ in writing.

iv. HERS information: statement that the Project will achieve either a certified HERS score not greater than 55 (new construction) or 65 (rehabilitation).

v. Copy of the Certificate of Partnership/Certificate of Good Standing.

vi. Copy of the Limited Partnership Agreement or Operating Agreement.

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vii. 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.

viii. Contractor's resume: if not included in the Initial Application.

ix. Financing Commitment(s) (see definition) 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.

x. HUD financed Projects (e.g., HUD 221(d)(4)), evidence that site appraisal and market analysis (SAMA) application (new construction Projects) or feasibility application (rehabilitation) were submitted to HUD.

xi. HUD 542(c) Risk Share financed Projects: HUD firm approval letter.

xii. 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).

xiii. 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.

xiv. 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.

~~iii. Projects which include~~If federal historic tax credits are included in the financing structure of the Project, ~~must submit~~ evidence ~~from the~~that the National Park Service has received ~~that~~ a complete part 2 of the Historic Preservation Certification Application ("Description of Rehabilitation")~~historic certification – part two (2) for the Project has been received~~.

~~iv.~~ 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

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(including resumes) in order to assess whether or not the Project is negatively impacted by the change.

~~d.~~b. **Relocation Plan** ~~**Rehabilitation and Adaptive reuse Projects**~~. 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's website: https://housingnm.org/developers/federal-regulations/uniform-relocation-act ~~In addition, rehabilitation Projects must provide, with the Carryover Application, an appraisal and a CNA of the existing Project, dated within 12 months of the Carryover 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.~~

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4. **March 1**[12] of the year following Carryover
   If applicable, the Housing New Mexico~~/MFA~~ 542(c) Risk Sharing commitment is to be fully executed.

5. **No later than June 30** (see footnote 5) of the year following Carryover
   The Applicant must submit complete final construction drawings, specifications and construction documents for Housing New Mexico~~/MFA~~ review for compliance with the Design Standards. See Section IV.C.7 for further details.

6. **August 31** (see footnote 5) of the year following Carryover
   a. The Applicant must submit evidence that the basis in the Project exceeds 10% of the reasonable expected total basis in the Project, an independent auditor's report 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~~ ("10% test.")
   b. 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.
   c. The Applicant must deliver an executed partnership agreement.
   d. 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 III.E.1.)
   ~~e. 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.~~

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[12] If such date falls on a weekend or holiday, the deadline shall be the first working day following such date.

~~f.~~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.

7. **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
   - ~~MOU required under Section III.E.8 above will be required for this meeting, as applicable~~. Memorandums of Understanding (MOUs) or service contracts memorializing the service commitments in the Initial Application, if not previously provided.

8. October 15th of the second year following the initial allocation.
   Applicants must submit Housing New Mexico's Land Use Restriction Agreement Request form. Housing New Mexico will use the information provided to prepare the LURA.

   30 days after the Project is Placed In Service or November 15th of the second year following 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, to ensure that all necessary administrative actions are taken in a timely manner.

~~8.~~9. **November 15th** (see footnote 5) of the second year following the initial allocation.

   ~~**Final Allocation and** **Placed In Service** **requirements**~~**Application**. 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.~~
   The Placed In Service Application includes:

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- Updated Housing New Mexico 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).

~~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.~~

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.

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 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.

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

~~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.~~

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

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Period, the Project Owner must submit a complete Final Allocation package, containing all items in the Final Allocation checklist, which include, among other items, the following:

a. 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).
b. 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.
c. A completed and fully executed Schedule "M" Addendum for Final Allocation.
d. 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.
e. **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. The cost certification consists of the following:
    a. Project Owner's certification, on Final Cost Certification, Housing New Mexico 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 Form B with correct federal tax identification number, prepared by an independent certified public accountant; and
    ~~a.~~c. Completed Costs Incurred by Building, MFA Form C, showing costs incurred separately for each building.
f. Copy of the signed cost certifications submitted to FHA, lenders, or RD (FmHA), as applicable.
g. 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 ~~P~~package.

~~=~~Completed "As Built" **Architect's certification**~~. A 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

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made in the Initial Application regarding design and building, unless otherwise approved in writing by Housing New Mexico/MFA.

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

i. **Fully executed ~~F~~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.~~

j. Updated cash flow analysis (15-year pro forma).

k. Complete (with all exhibits attached) copy of the executed partnership or operating agreement.

l. 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.

m. 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.

n. Copy of the Recorded Land Use Restriction Agreement (LURA).

o. Updated copy of the Social Services Plan including contracts with service providers and service provider resumes.

p. Fully executed promissory note between Project Owner and Developer for deferred developer fee, if any.

q. HERS Report/Certification prepared and executed by a qualified third-party HERS rater.

r. Copy of the current rental assistance contract, if applicable.

s. Copy of New Mexico Smoke Free at Home certification, as applicable.

t. Evidence that the Project is located within a 2026 QCT/DDA, if applicable.

u. For 4 percent LIHTC bond projects, final executed financing documents from all sources

~~b.~~a. ~~**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.~~

~~c.~~v. ~~**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~~.

~~d.~~a. ~~**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.~~

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~~e.a.~~ ~~**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.~~

~~9.~~10. **Design Review.** Housing New Mexico~~/MFA~~ must approve the final construction completion inspection described in Section IV.C.7. prior to 8609 issuance.

Commented [JR87]: Moved to design review in Post Awards Handbook

10. ~~**Other Project Owner responsibilities and elections**. 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.~~

11. **LURA or Extended Use Agreement**. Section 42(h)(6) of the Code requires imposition of "an extended low-income housing commitment." Housing New Mexico~~/MFA~~ complies with this requirement with a LURA filed ~~at the time of placement in service or Final Allocation~~when the Project is Placed In Service. ~~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.~~

Commented [JR88]: These requirements were added to the QAP section regarding the Compliance Period and Extended User Period QAP Section I.E. Other portions of this paragraph are included in the LURA or other sections, such as the separate section for Qualified Contract and separate requirement to deliver subordinations agreements.

H. 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~~of~~ this QAP, ~~Section IV.B and IV.G above or in~~ the Reservation Letter, and all appendices to this QAP.

Commented [JR89]: This previously referred to the fee schedule, the reservation and post-award processes. This language would potentially expand this to include the Design Standards, the Underwriting Supplement.

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 IV.I** 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

I. Notification to Housing New Mexico~~/MFA~~ of Changes 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 IV.B. ~~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 ~~awarded~~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

Commented [JR90]: Redundant - see "Legal fees" below

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 (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.

J. 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~~.**

K. Applications are Public Records

All information contained in Applications ~~for tax credits~~to Housing New Mexico 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.

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

L. 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.

V. Cost Certification

Commented [JR91]: This Section moved to Post Awards HandbookA

A. Applicability of Cost Certification

Certification by a CPA is required to certify compliance with the 10% test as defined in **Section IV.G.6.a**. 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. 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 II.S.

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.

VI. Processing of Tax-Exempt Bond Financed Project Applications

The Code allows tax-exempt bond financed Projects to receive an allocation of 4% tax credits provided they meet the minimum requirements for an allocation in the QAP. Housing New Mexico~~/MFA's~~ will determin~~eation whether that~~ a Project satisfies the requirements of the 4% LIHTC QAP and its appendices. ~~will be based on the Project meeting all minimum Project threshold requirements, staff analysis, Application processing, Feasibility Analysis and property standards described in the QAP in effect when the determination is made.~~ 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~~Housing New Mexico/MFA staff will undertake an analysis to determine the tax credit amount necessary for financial feasibility using the same underwriting criteria used in evaluating non-bond-financed projects~~.

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:
    - 7 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 into the following calendar year to close on the bonds."

~~Similar to competitive applications, 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. Additionally, all tax-exempt bond financed Projects are encouraged to meet with Housing New Mexico/MFA staff at least 30 days prior to submission to review and discuss the proposed Project.~~

~~**Requests for these determinations (Applications) must be made by the Project's Developer/sponsor**~~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 IV.B., a market study, a completed 2025 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 within the Market Study Parameters 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~~. (See Section III.C.4 for more information about Market Study requirements.) 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. Housing New Mexico~~/MFA~~'s initial response to the Application for 4% tax credits will be provided no later than 60 business days subsequent to receipt of the Complete Application by Housing New Mexico~~/MFA~~.

Unless otherwise stated, all provisions of this QAP are intended to apply to tax-exempt bond financed Projects. To assist in clarifying where provisions are different, Housing New Mexico~~/MFA~~ has prepared a separate application form for 4% Applications ~~and a 2025 Bond Checklist that are~~ available to download from Housing New Mexico~~/MFA~~'s website. In addition to the Project Narrative required for 9% Projects, 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.

~~i.~~j. 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"

Tax-exempt bond financed Projects may receive tax credits on the full amount of their Eligible Basis only if at least ~~50~~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.

To ensure that these credits are used to leverage the greatest possible amount of resources, the following additional minimum Project threshold requirements will apply:

1. **Percent of total sources limit**. The private activity bond volume cap allocation by the State Board of Finance must not exceed 60% of the Project's "aggregate basis". Waivers regarding this provision will be considered on a case-by-case basis for Projects that have received an allocation of volume cap and experience unanticipated cost increases that necessitate a waiver for Project feasibility. 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.

2.1. **Costs of issuance limit**. 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.

For all tax-exempt bond financed Projects, the Project Owner must provide notice to Housing New Mexico/MFA that Units have been Placed In Service by providing written notice and copies of the Certificates of Occupancy for new construction, the Certificate of Substantial Completion for rehabilitation within thirty (30) days of issuance. Additionally, the Project Owner must request the issuance of a LURA from Housing New Mexico/MFA within one month of the date on which the last Unit of the Project was Placed In Service.

"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."

The processing fee must be paid at this time and any other conditions noted in the 42(m) Letter, which may include evidence of continued site control, 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.

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VII. Amendments to the Allocation Plan and Waivers of Plan Provisions

Housing New Mexico~~/MFA reserves the right to~~may 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.

Commented [JR92]: Move this to QAP introduction, where cancellation or modification of QAP is discussed.

VIII. 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.

IX. 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.

X. Housing New Mexico~~/MFA~~ 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. 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 resident 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.

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XI. 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 IV.A.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.

Concerted Community Revitalization Plan – 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. 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 enacted by a tribal government prior to the Application Deadline, which identifies barriers to community vitality and promotes specific concerted revitalization activities within an area having distinct geographic boundaries and must contain more components than the LIHTC Project itself.

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.)

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

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

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

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

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

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

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

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

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

Initial Application – the Application first provided to Housing New Mexico~~/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 Dd~~e~~sign Ss~~t~~andards. 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), v~~~~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:~~

Commented [JR93]: This scoring criterion was removed.

~~(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.

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.

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.

XII. List of Appendices

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

- 2025 Housing New Mexico~~/MFA~~ Universal Rental Development Application
- 2025 Housing New Mexico~~/MFA~~ Universal Rental Development Schedules A – F
- 2025 Housing New Mexico~~/MFA~~ Underwriting Supplement
- 2025 Housing New Mexico~~/MFA~~ Design Standards
- 2025 Housing New Mexico~~/MFA~~ Design Standards – Supplement A – NHTF Requirements
- 2025 Market Study Parameters
- 2025 Bond Checklist
- 2025 Carryover Allocation & 10% Test Instructions & Checklist
    - Assignment of Building Identification Numbers
    - Architect's Certification
    - Option to Lock Applicable Credit Percentage (Section 42(b) of the Code)
    - Ten Percent Letter (Independent Accountant's Report)
    - Form of Owner's Attorney's Opinion
    - Exhibit A to Independent Auditor's Report
- Housing New Mexico~~/MFA~~ Compliance Addendum
- Service Coordination Checklist of Responsibilities
- 2025 Placed In Service and Final Allocation Instructions & Checklist
    - Schedule M Addendum to Application
    - Form A Instructions
    - Form A – Final Certification of Uses
    - Form B – Independent Accountant's Report
    - Form C1 – Owner's Cost Certification
    - Form C2 – General Contractor's Cost Certification
    - 2025 Housing New Mexico~~/MFA~~ form of Attorney Opinion
    - 2025 Form 8609 Certification
    - 2025 As-Built Architect Certification
    - 2025 Lender's Consent and Agreement to Recording of and Subordination to Land Use Restriction Agreement
    - 2025 Project Ownership Profile
    - 2025 Sample LIHTC LURA
    - 2025 Sample Equity Certification Letter
- Low-Income Housing Tax Credit Compliance Plan, December 2021 as may be amended
- Annual Owners Certification, December 2022 as may be amended

Exhibit 1

Board Members
Chair – Angel Reyes – Centinel Bank in Taos
Vice Chair – Derek Valdo – Chief Executive Officer, AMERIND Risk
Treasurer – Rebecca Wurzburger – Strategic Planning Consultant
Member – Howie Morales – Lieutenant Governor, state of New Mexico
Member – Raúl Torrez – Attorney General, state of New Mexico
Member – Laura M. Montoya – Treasurer, state of New Mexico
Member – Randy Traynor – Traynor Associates

Allocation Review Committee
Chair, Patricia A. Sullivan
Member, Michael A. D'Antonio
Member, Edward Archuleta
Member, Rosalyn Nguyen Chafey
Member, Robert White
Member, Nicole L. Martinez
Member, Kenneth Carson, Jr.

Management
Isidoro "Izzy" Hernandez, Executive Director and Chief Executive Officer
Donna Maestas-De Vries, Chief Housing Officer
Jeff Payne, Chief Lending Officer
Arundhati Bose, Chief Financial Officer
George Maestas, Director of Housing Development
Jacobo Martinez, Assistant Director of Housing Development
Jeanne Redondo, Tax Credit Program Manager II
Christi Wheelock, Tax Credit Program Manager

2026 QAP Comments:

Comments received prior to preparing the QAP:

Bill Rice at Synergy (before Developers Forum)

I really appreciate the invite as a new attendee (I am sure I likely bothered a number of old local timers with comments), but I think it is fantastic the state is thinking about and soliciting input. We are all biased, but hopefully because Synergy has worked on only 1 development in the State and while we would definitely like to work broader in the state, we don't have a specific self-interested objective in mind. Or at least we are doing our best to put any biases aside. Before the meeting, even with 3 closings we have been working on (the most intenstive being Sunset 1600) for the month, I tried to spend some weekends and late nights making some progress on collecting hopefully valuable data to try and think about your state's needs on the affordable housing front. And being an outside there is so much I don't know, but I have been pretty successful finding federal and state data that might be helpful to you all going forward (4% or 9%, or workforce housing etc, just housing in general).

I haven't come to any conclusions, but am really just trying to get at good data. So while I hope to get some free time to analyze it more, and slice and dice it, I wanted to at least share some of the information I have been able to put together just from a mapping standpoint.

1. Counties by HUD Poverty Tracts (ACS 5 Year Survey) + HUD LIHTC database - Legend below
2. 2). Poverty Rates by Census Tract (HUD considers <= 20% as being Low Poverty which qualifies for more PBC with an HA, 40% versus 25% cap on family).
3. 3) DDA/QCT Areas in the State (DDA - Green / QCT Magenta)
4. ABQ - There is much better data in the Capitol, but not all of these databases are available for the whole state. But I can add transportation stops, public schools, hospitals as well as the HUD LIHTC Project List

In the HUD project Data (https://lihtc.huduser.gov/), I have number of units, years, addresses, and a good deal more information. Here is a flattened for file size version of Texas' Project List (attached in .xlsx) and here is a link to the California Project List (https://www.treasurer.ca.gov/ctcac/projects.xlsx). Having this type of data that can track PIS Year (expiration year of affordable covenants, unit type, address, and target population is all very good information for future scoring on either 9% or 4%.

You may already have way better mapping and my apologies if this is too rudimentary. All of the above I was able to create without cost. The software for the mapping is QGiS which is open source instead of the $1k per year license for ARCGIS, and I am using all publicly available data from HUD/US Census/State of New Mexico etc. But private data could be added to, but for this email I wanted to keep it to public available data.

Our suggestions for policy goals we want to think more about and provide feedback to MFA (when do you need us to wrap up any useful comments by?) but in general, spreading out affordable housing to more areas, having it in higher income areas, and preserving expiring affordable covenant properties (we view this as 51%+ units at 60% or less AMI expiring in 5 years "At-Risk") are worthy goals that seem to promote long term acceptable and use of affordability. We don't have data on the Mixed Income information, but we do know that there is a large saturation of mainly 60% and 50% AMI households, so 30%/40% to 70%/80% are not often served.

Hope you all have a good weekend. If we can be of any assistance to MFA in any way, please don't hesitate to contact us.

Housing New Mexico considered these comments prior to preparing a draft QAP.

Erik Chung at CPP on May 29, 2025

am writing to express my strong support for prioritizing preservation within the Private Activity Bond (PAB) program and to urge the adoption of a scoring framework that reflects the critical needs of New Mexico's affordable housing program.

Scoring Priorities:

Projects with Project-Based Rental Assistance, particularly those covering a higher percentage of units (100% scores highest), as these serve the lowest-income households most effectively.

Projects with High Rehabilitation Costs, especially those exceeding $60,000 per unit, which typically indicate urgent repair needs and substantial reinvestment.

Projects with Deeper AMI Targeting, to ensure affordability for extremely low- and very low-income households.

Projects that Voluntarily Waive the Qualified Contract (QC) Process, to safeguard long-term affordability.

Projects that Extend Affordability Periods beyond the 30-year minimum, ideally up to 55 years, to align with long-term housing stability goals.

Projects Undergoing Their First LIHTC Rehabilitation, which often reflect aging stock at risk of loss without immediate reinvestment.

I also urge that at least 50% of PAB resources be allocated to acquisition-rehabilitation projects. These developments preserve existing affordable homes, prevent displacement, and represent a cost-effective and environmentally sustainable strategy for meeting housing demand.

Housing New Mexico considered these comments prior to preparing a draft QAP. The published draft includes prioritizing readiness to proceed rather than a scoring matrix.

Comments Submitted in Response to 2026 Draft QAP:

Colin Kruger

We respectfully request that the Qualified Allocation Plan clarify and permit that, when an applicant submits a Hybrid development as part of the 9% competitive round, the applicant may also submit an additional, separate 4% LIHTC application for the same development cycle.

The limit on 4% LIHTC Applications is tracked separately from the 9% LIHTC round. Applicants are permitted to submit a 4% LIHTC Application for a hybrid Project, but the 4% LIHTC QAP does not permit hybrid Projects to receive additional Projects by virtue of the structure of a Project. Applicants are free to submit an additional 4% LIHTC Project once the first Project has closed and started construction.

Colin Kruger on August 25, 2025

We respectfully request that MFA reconsider the proposed cap on 4% LIHTC applications and construction-phase projects. Unlike the highly competitive 9% program, 4% transactions are bond-driven and depend entirely on readiness to proceed. By limiting developers to one application and two projects under construction, MFA risks leaving private activity bond cap and federal equity underutilized at a time when New Mexico urgently needs more housing. The existing readiness requirements—including site control, zoning, financing commitments, and timely construction starts—already safeguard against speculative applications. Allowing qualified developers with demonstrated readiness and capacity to advance multiple 4% projects will accelerate housing production, improve economies of scale, and strengthen MFA's ability to meet statewide housing needs. As an alternative, MFA could allow up to three active 4% projects per developer, conditioned on proof of readiness, to ensure that federal resources are fully deployed to address New Mexico's critical housing shortage.

The limit on the number of Applications that can be submitted is through September, allowing the State Board of Finance the ability to award additional volume cap to additional projects that are ready to proceed before the volume cap expires.

Erik Chung of CPP on August 19, 2025

I wanted to provide some initial feedback on the 4% QAP and also had a few questions for clarification.

QAP Feedback

- **Increase application cap per developer/applicant to two projects.**
    - Other PAB-constrained states, such as Oregon, allow developers to apply for up to two projects in a calendar year.
    - Developers with significant experience (e.g., 5+ LIHTC projects nationally in the last three years) should be permitted to submit multiple applications.

- **Establish a per-project Private Activity Bond maximum of $20,000,000, with waivers available.**
    - California, for example, has an $80,000,000 cap but provides waivers for certain circumstances, such as preservation of at-risk affordable housing.
- **Implement a per-developer annual PAB allocation cap of 15% of the state's total.**
    - This would help ensure resources are distributed equitably across the affordable housing community.
- **Cap projects at 30% of aggregate basis for the 25% test.**
    - Recommend removing the current requirement that the Project's permanent mortgage loan be in first lien position.
        - Current language favors larger allocations per project.
            - Because the first-lien permanent mortgage loan amount is often **greater than 30% of aggregate basis**, projects usually qualify for a higher cap under the "greater of" test.
            - This results in **fewer overall projects** being funded, since larger individual allocations consume more of the limited private activity bond (PAB) volume cap.
        - A flat 30% cap spreads resources more equitably
            - Capping all projects at 30% ensures the state can fund **more total projects**, supporting both preservation and new construction pipelines.
            - It also creates a more level playing field by avoiding a situation where larger, more heavily mortgaged projects take up disproportionate bond allocations.
- **Create a dedicated Acquisition/Rehab PAB pool.**
    - Reserve 50% of the total pool for acquisition/rehab projects, with any unused cap reverting to new construction beginning September 1, 2026.

After discussing the comments above, Housing New Mexico has opted to keep the language in the draft QAP that limits volume cap to the greater of 30% of aggregate basis or the size of the Project's permanent loan in first lien position. The permanent loan is limited by the ability of the Project to repay the debt and was not significantly more than 30% of aggregate basis for the largest project that was funded in 2024.

1. Has the agency shifted from a competitive 4% LIHTC/PAB process back to a first-come, shovel-ready approach? Within the limitations stated in the QAP, yes the draft QAP contemplates accepting applications on a rolling basis, rather than a competitive process where all applications are due at the same time.

2. When will the agency begin accepting LOIs and applications for the 2026 PAB cycle? We could accept an LOI as early as November for a December application.

3. If we are able to close on a 4% LIHTC/PAB project in March/April 2026, would we be permitted to submit another application immediately thereafter, or would we need to wait until the September 1st date? Before September, the draft QAP permits one application that has not closed, plus up to two in the construction phase (through 8609).

John Montgomery of Rocky Mountain CRC on August 19, 2025

I understand that MFA is in the process of developing or revising language regarding ROFRs and Purchase Options ("PO").

RMCRC is a national long-term lender for hundreds of LIHTC projects. I felt it may helpful for you to know the language RMCRC requires in a ROFR or PO related to a Project held as collateral for one of its loans.

Similar to the income and rent restrictions in the LURA, a ROFR or PO are an encumbrance of the Project and impact value.

When a ROFR or PO are granted, RMCRC seeks a termination provision as to the ROFR or PO similar to how a LURA terminates the rent and income restrictions in the event of foreclosure or deed in lieu of foreclosure.

As MFA develops or revises its QAP and LURA requirements, RMCRC respectfully requests that the language below be taken into consideration. RMCRC requires this language or something materially the same to avoid the requirement of a separate ROFR or PO subordination agreement.

Thank you for your consideration.

RMCRC Subordination Language Requirements for a ROFR or PO related the Project held as collateral:

Notwithstanding any other provision of this Agreement to the contrary, until such time as the Company's indebtedness, liabilities and obligations to the Lenders in connection with each Mortgage Loan secured by the Project (the "Loan Obligations") have been paid and performed in full, the option and right of first refusal set forth in this Agreement shall be junior and subordinate in all respects to the Loan Obligations and the lien, terms and conditions of the deed of trust or mortgage from the Company for the benefit of the Lenders securing the Loan Obligations, as the same may be modified, extended, amended or restated from time to time.

Upon any foreclosure (or deed in lieu of foreclosure) by Lenders, or their successors or assigns with respect to the Project, the ROFR and all rights relating to the purchase, sale, transfer, or other disposition of the Project shall be forfeited and extinguished in their entirety.

Housing New Mexico considered this comment and determined that a lender is able to add the above provision to their loan documents. It doesn't need to be added to the QAP.

Manuela Ekowo of Insurance Institute for Business & Home Safety on August 21, 2025

The Insurance Institute for Business & Home Safety "strongly encourage[s] MFA to require or incentivize through the scoring criteria a designation from IBHS's FORTIFIED™ program for all projects seeking LIHTC funding in New Mexico. We also strongly [sic] MFA to require or incentivize through the scoring criteria a designation from IBHS's Wildfire Prepared program for

all single-family home projects seeking LIHTC funding in the state. Doing so will advance the survivability and insurability of affordable housing in New Mexico." – see letter for details.

Housing New Mexico permits developers to obtain additional certifications or to meet the requirements of additional certifications but is not mandating them. Developers consider the needs of the development, as they relate to preparedness for casualty events, since they will need to operate the development throughout the 30-year Extended Use Period and beyond. Developers also consider ways they can reduce the long-term operating costs of ownership, including how to reduce their insurance premiums.

Erinn Roos-Brown of Travois on August 28, 2025

Letter with the following requests:

Shift the application deadline to a few months before January or at least until February as it is difficult for them to coordinate with local review, Tribal Council and Housing Board to obtain approvals in December.

Expand the Underserved Populations Set-Aside to include projects that are not located within a Tribal Trust Lands boundary. It currently excludes fee simple land owned within Reservation boundaries . Request language to be modified to "Projects whose sponsor and developer are a Tribally Designated Housing Entity (TDHE) or other Tribal entity."

Additionally, they would like the points for Scoring Criteria A (Nonprofit, NMHA, TDHE or THA) to be expanded to "or government agency" to allow points for non TDHE or THA tribal entities.

Housing New Mexico will expand the locations that are eligible for the Underserved Populations Set Aside to include lands owned by the tribe that are entirely within the geographic boundaries of the Reservation that are Tribal Trust Land.

Thom Amdur of Lincoln Avenue Communities on August 29, 2025

Six-page letter that recommends:

- Clarify a mission statement into the QAP to includes six priorities they lay out.
- Supportive of the bifurcation of 9% and 4% QAPs that was done this year.
- *4% QAP:*
    - Supports limitation of volume cap at greater of 30% aggregate basis or perm loan in first lien position.
    - II.B: Support in principal incentivizing developers based on readiness to proceed, but want two projects in application phase and three projects in construction phase on a waiver basis if the applicant can demonstrate capacity to manage multiple applications.
    - III.B.1: Support rolling applications with timelines listed in QAP
- 9% QAP:

    - II.B: Supports limiting awards to one per developer
    - V.B: supports expanding distance requirements in Locational Efficiency
    - V.G: Supports change to 50 years of affordability
    - V.H-J: Supports proposal to reduce points in these criteria.
    - V.A: Would like to see out-of-state nonprofits be eligible for Tier 1 points. "best interest of the state to attract the most qualified nonprofit housing partners regardless of whether the board is comprised of a majority of New Mexico residents. If desired, to achieve Tier 1 points MFA could hold 'non-local nonprofits' to a higher net worth/net assets standard or demonstrate additional experience."
    - V.F: Request removal of Market Rate Units points, as "achievable market rents in many parts of the state hover around affordable rents at 70% AMI".
- Underwriting Supplement:
    - "We do not support the proposed additional language that '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." They feel that it is "an important preservation finance tool" because it increases eligible basis and allows a higher developer fee which also increases eligible basis.
    - Developer fees:
        - "To align with other state HFA industry standards as well as offset the potential negative financial impact of the proposed 25% language [25% test for bond volume cap], we suggest increasing the developer fee for 4% TEB transactions to 18-20 percent of total development costs."
        - Don't require that acquisition costs be deducted from total development costs when calculating the developer fee in a related party transaction. "This will discourage the use of bridge financing strategies which are critical to being competitive in today's hot acquisition markets."

Housing New Mexico considered the comments above but will not be changing the draft QAP in response to them.

Xavier Obando on behalf of New Mexico AIA Committee on the Environment on September 4, 2025

The group requested that points be added for Advanced Energy Efficient Buildings. Specifically five points are requested for Phius CORE certification and eight points are requested for Phius ZERO certification.

Housing New Mexico permits developers to obtain additional certifications or to meet the requirements of additional certifications but is not mandating them. Developers consider the needs of the development, including ways to reduce long-term operating costs, since they will need to operate the development throughout the 30-year Extended Use Period and beyond.

Chris Baca of YES Housing on September 5, 2025

Supports the re-structuring of the QAP

9% QAP:

Section II.B Limitation on Tax Credit Awards to a Single Project or Principal – allow two projects per developer because the "best" projects should be the ones funded. Nonprofits, tribal entities and housing authorities may be asked to participate in multiple developments (Scoring Criteria V.A) and would have the capacity to fulfill that role on more than one project, and their participation should not limit competitiveness.

III.C Housing New Mexico | MFA Fees and Direct Costs – $1,500 late fee for compliance fees not submitted on time is excessive. Noncompliance fees for 8823 forms is punitive because the loss of credits is also a financial burden. Fees should also not be higher for properties in rural areas of the State.

IV.B Zoning – Suggest evidence of zoning rather than a letter from the local jurisdiction be sufficient to demonstrate zoning. It can take more than six weeks to receive a letter from the City of Albuquerque.

V.H-J – supportive of reduction in score and required services, allowing for flexibility in already stretched operating budgets.

V.P Blighted Buildings and Brownfield Site Reuse – Propose this scoring criterion be eliminated because these sites cost more to develop.

V.Q Efficient Use of Tax Credits – Disagree with this scoring criterion, as limiting tax credits "has long-term implications for long-term property operations and maintenance. To continue to limit credit (equity) subsidy at a time when building costs are increasing and gap funding sources are decreasing makes a very difficult task nearly impossible." If kept, they request the amounts be increased.

4% QAP:

II.B Limitation on Private Activity Bond Volume Cap to a Single Project or Principal – The limits on per project volume cap allocation tied to the amount of the permanent mortgage is arbitrary and may not be appropriate in all cases. The aggregate basis limit should be sufficient to limit allocation size.

Limit for "Application phase" of one project per Applicant or General Partner are also not necessary. Projects may have delays for a variety of reasons beyond the developer's control.

III.C Housing New Mexico | MFA Fees and Direct Costs – In addition to objections above for fees described for 9% Projects, Extension fees of $1,000 per week to extend a closing deadline are

excessive and closing delays are often beyond a developer's control (local jurisdiction processing/HUD subsidy layering approvals). We suggest this extension fee be reduced substantially or eliminated completely.

Underwriting Supplement:

Developer Fees for 9% developments have not been increased in some time. Additionally, the "low-income unit" methodology disincentivizes mixed-income developments. The project size cutoff for fees also seems rather arbitrary. Request calculation as a percentage of overall development costs.

Housing New Mexico considered the comments above and will be making the following changes to the QAP in response:

- ***The points for Blighted Buildings and Brownfield Site Reuse will be removed.***
- ***Housing New Mexico will evaluate construction cost increases to potentially increase the ceilings for points in the Efficient Use of Credits scoring criterion.***
- ***The time to close and start construction will be increased to 7 months based on comments from developers at conferences, now that SBOF has indicated a willingness to provide volume cap extensions mid-year.***

Developer fees were increased in 2025.

Ryan Laber of Spire Development on September 5, 2025

Offered the following comments regarding the 9% QAP:

Efficient Use of Tax Credits – recommends that the ceilings be increased to reflect current market conditions and that the scoring be based solely on tax credits per unit rather than the current combination of per unit and per square foot. "Because income to a property is driven by the number of units, not square feet, the number of units should be the driver of the credits awarded. … the current ceilings for tax credits per square foot within the QAP incentivize buildings that are less efficient than could otherwise be achieved. In today's construction cost environment, efficiency of net rentable square footage to gross square footage should be incentivized rather than discouraged."

Maximum Tax Credit Awards per Applicant – We believe the maximum number of tax credit awards per applicant should remain at two per round. We recognize concerns regarding applicant's ability to execute and deliver projects when they hold multiple outstanding reservations. Therefore, we recommend that Housing New Mexico limit applications to no new awards if an award would result in any applicant having more than two tax credit reservations for projects that have yet to close and commence construction.

Households with Children Scoring Criterion – We recommend that the scoring for Households with Children Housing Priority be equivalent to scoring for Households with Special Housing Needs and for Projects Reserved for Seniors. Delivering projects for Households with Children Housing Priority presents unique challenges, including larger unit sizes and additional parking

requirements, which often necessitate larger sites and higher land acquisition costs. These projects are also frequently more challenging to obtain entitlements through the zoning process. This project type should not be at a scoring disadvantage relative to the other two categories. The existing scoring discrepancy has been in place for several years, and the need for serving Households with Children should not be disincentivized long-term.

Nonprofit Participation – Right of First Refusal Requirement: We recommend removing the requirement for executing a Right of First Refusal (ROFR) in order to qualify for points under the Nonprofit Participation scoring criterion. The length of the affordability period and the likelihood that a project will be operated to high standards are not determined by the tax status of the project owner.

In response to these comments, Housing New Mexico will evaluate construction cost increases, and if warranted, increase the ceilings for the Efficient Use of Credits scoring criterion. However, removing the cost per square foot from the scoring criterion encourages smaller units and shifts the score towards projects proposing units with fewer bedrooms.

The decrease to one award per developer was discussed and it was determined that this allows a more even playing field in an environment where the maximum number of awards is still limited to five total.

Demographics in New Mexico point to a greater need for Senior Housing at this time, so the one point advantage for Senior Housing over Households with Children will not be changed at this time.

The Nonprofit Participation scoring criterion includes the ROFR that is in the Code. This scoring criterion only rewards for-profit developers that include nonprofit organizations that will benefit from the ROFR provision in the Code.

Jenn Lopez for Project Moxie on September 5, 2025

Strengthen the PSH Set-Aside and PSH Feasibility:

- Recommends increasing developer fee that would be dedicated towards a 15-year services reserve (modeled on CHFA) in the amount of 5% (pro-rated to the PSH share) with all added equity committed in the LURA to services/rental assistance for PSH households at or below 30% AMI.
- Recommends minimal or no hard debt on PSH units by explicitly permitting $0 amortizing first-lien debt on PSH units (or a materially lower required DSCR on a blended basis) when the project has the 15-year services reserve. This allows cash flow to support tenancy stabilization instead of debt service.
- Provide additional points for securing services funding. Assigning extra points to PSH proposals with verified services funding would recognize their higher operating costs and keep them competitive with non-PSH deals.

Restore/Increase scoring for Special Housing Needs

- Reducing services to contain costs is counterproductive for Special Housing Needs projects that require higher intensity services than the other two groups. Therefore recommend restoring points to 10 points for this population while leaving the others at their proposed levels.

One-award-per round limit

- Recommends restoring two awards or at least allowing a second award solely for a PSH project that meets the PSH definition and has PBVs/operating subsidy secured. This avoids penalizing capable sponsors who are uniquely positioned to deliver multiple high-need projects statewide.

In response to these comments, Housing New Mexico will remove the requirement for hard debt on PSH Projects that deposit all cash flow into a supportive services reserve. In addition, PSH Projects will be eligible for a 5% increase in the calculated 9% developer fee of which all will be placed into a supportive services reserve.

Christy Bologanini for SWEEP on September 5, 2025

Recommends updating the Design Standards to specify that the State of New Mexico has adopted the 2021 International Energy Conservation Code.

Rather than removing EV Capable parking spaces, SWEEP recommends that EV parking spaces be installed per the 2021 New Mexico Commercial Energy Conservation Code or the 2021 New Mexico Residential Energy Conservation Code and to local parking requirements.

Recommends requiring high-efficiency electric equipment and appliances or pre-wiring and electric-ready infrastructure to convert to electric in the future.

Recommends specific HVAC efficiencies that reflect ENERGY STAR New Homes National Program Requirements, Version 3.2.

Recommends requiring a maximum HERS score of 63 in lieu of the current score of 65.

Recommends five points for obtaining one of the following energy certifications: 2020 Enterprise Green Communities, 2020 Enterprise Green Communities Plus, LEED silver or higher, NGBS silver or higher or PHIUS CORE

Housing New Mexico permits developers to obtain additional certifications or to meet the requirements of additional certifications but is not mandating them. Developers consider the needs of the development, including ways to reduce long-term operating costs, since they will need to operate the development throughout the 30-year Extended Use Period and beyond.

Brooke Troxmondo for Julie Shiyou-Woodard of Smart Home America on September 5, 2025

As advocates for resilient and sustainable housing solutions nationwide, we strongly support the use of science-based construction standards that enhance wind resistance and wildfire protection in New Mexico's affordable housing investments.

Recommends requiring a FORTIFIED program certification for wind resistance with a hail supplement from IIBHS (see comments from them above).

Wildfire Prepared program for fire protection

Recommends addition of 5 points for Resilient Construction for varying levels of FORTIFIED designation and Wildfire Prepared certification

Housing New Mexico permits developers to obtain additional certifications or to meet the requirements of additional certifications but is not mandating them. Developers consider the needs of the development, as they relate to preparedness for casualty events, since they will need to operate the development throughout the 30-year Extended Use Period and beyond. Developers also consider ways they can reduce the long-term operating costs of ownership, including how to reduce their insurance premiums.

Austin VanDerHeyden for Dominium on September 5, 2025

Supports 30% of aggregate basis cap on bond volume cap. (Letter is silent regarding perm loan.)

Recommends increasing developer fee, saying that it will increase production. Allowing the deferred developer fee increase will bring more funds to the project, which is especially needed after dropping to a 30% cap on bond requests.

Housing New Mexico considered the comments above but will not be increasing developer fees at this time.

Dan Foster for Chelsea Investment Corporation on September 5, 2025

Overall supportive of the restructuring of the QAP

Limitation on PAB Volume Cap to a Single Project or Principal

Recommends postponing the implementation on the number of projects until 2027 to evaluate whether the limitation negatively impacts housing production and allow developers time to adjust their project pipelines accordingly. Many developments require 1 – 3 years in pre-development before reaching the funding application state. The proposed limitation could make it difficult, if not impossible, to complete closely phased projects. Additionally, they recommend using the completion of construction or cost certification as the benchmark to determine when a project has finished the construction phase, since this milestone is often outside the developer's control and may occur up to a year after construction concludes.

Closing Deadline:

We appreciate the intent to streamline the development timeline and ensure projects are ready to proceed. However, the proposed deadlines are overly aggressive given the complexity of closing on multi-layered financing. Many developments are unable to engage the lengthy federal approval processes, such as obtaining requisite HUD or USDA authorizations without the 42(m) letter. The three-month expiration of a draft 42(m) letter is "inconsistent with the bond allocation deadlines and may create confusion." They recommend extending the closing window to better reflect the realities of development timelines.

Additional Fees

Suggest a flat fee of $125 for re-inspections. A tiered fee structure based on geography will disproportionately impact rural projects, which are often smaller and have limited cash flow. A flat fee ensures fairness across all regions and project types.

9% Additional Points – Deep Affordability

Recommends allowing ELI units to have federal subsidy across the board rather than points for ELI units without federal subsidy. "The current language may inadvertently encourage the creation of ELI units without rental subsidies, which could result in unsustainable housing cost burdens for residents"

Zoning Letter Threshold

Zoning officials may not have access to information regarding legal proceedings or appeals. Recommend that the requirement focus on confirming that multifamily use is not prohibited under current zoning.

Housing New Mexico considered the comments above and will change the scoring criterion for extra points for ELI units to allow the use of federal subsidy to provide additional units at 30% AMI.

Linda Bridge of Albuquerque Housing Authority September 5, 2025

Underserved Populations Set-Aside

- Recommend adding projects with 100% project-based subsidy to this set aside.

Allocation of New Construction and Rehabilitation Projects

- Strongly recommends removing the allocation preference towards new construction projects.

Sustaining Affordability

- RAD projects should be afforded the full 10 points that are given to new federal rental assistance (rather than the 8 points currently provided) because the housing authority signs a new federal rental assistance contract with HUD.

Fees:

- Recommends removing all new fees and increases in fees. (extension fee, compliance and reinspection fees)

Limitation on Tax Credit Awards to a Single Project or Principal

Recommends reconsideration of the limit to one project because an investor may not be interested in one small project, but might be interested in two small projects.

Reduction in service coordination hours and number of services

- Supports the changes proposed and requests further evaluation of these criteria to build in more flexibility. Funding cuts are impacting availability of service providers, and AHA has discovered a need to be able to adapt plans to be responsive to tenant needs/requests and encourage more participation.

Reduction in Cushion to TDC Average from 130% to 120%

- Reconsider this limit, since costs are not decreasing and they are just beginning to evaluate the effects of implementation of BABA. Recommend waiting until more data on BABA is available.

4% LIHTC QAP:

- Limitations on PAB volume cap: recommends allowing more cushion or waiting to allow more time to test how this limit will impact projects currently in the pipeline.
- Deadlines to close and begin construction: HUD projects require that all financing be in place and they can't get those approvals without an allocation of volume cap. Recommend including some discretion to still support these projects that have additional steps in the closing timeline.
- Extension Fees: $1,000 per week extension fees starting at 6 months after the date of the 42(m) letter would be burdensome for a projects.

Housing New Mexico considered the comments provided and will be revising the draft QAP to extend the deadline to close as a result of them.

Tab 6

HOUSING NEW MEXICO | MFA

Contracted Services/Credit Committee Meeting

Wednesday, October 8, 2025 @ 11:00 am

Webex- call in information is 1-408-418-9388 (access code): 2482 724 5045
Or you can join the call from the calendar item

AGENDA ITEM	TIME ALLOTTED	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
Recommended for Consent Agenda 1 Bi-Annual Mortgage Operations Compliance Report- 10.2025 – Jackie Nutima	11:00-11:05	3-Ø	YES
Agenda 2 Desert Willow – NMHTF Loan Request – Clarissa Aragon & George Maestas	11:05-11:10	3-Ø	YES
3 Housing Innovation Award Recommendation – La Casa – Daniela Freamon & Robyn Powell	11:10-11:15	3-Ø	YES
4 RFP for Financial Advisory Services – Alex Lundy	11:15-11:20	3-Ø	YES
Informational Items 5 Questions/comments from Committee	11:20-11:25	✓	NO

Committee Members present:

Rebecca Wurzburger, Chair	☐ present	☐ absent	☑ conference call
Attorney General Raul Torrez/ Designee Julie Ann Meade	☐ present	☐ absent	☑ conference call
Randy Traynor	☐ present	☐ absent	☐ conference call

Hernandez

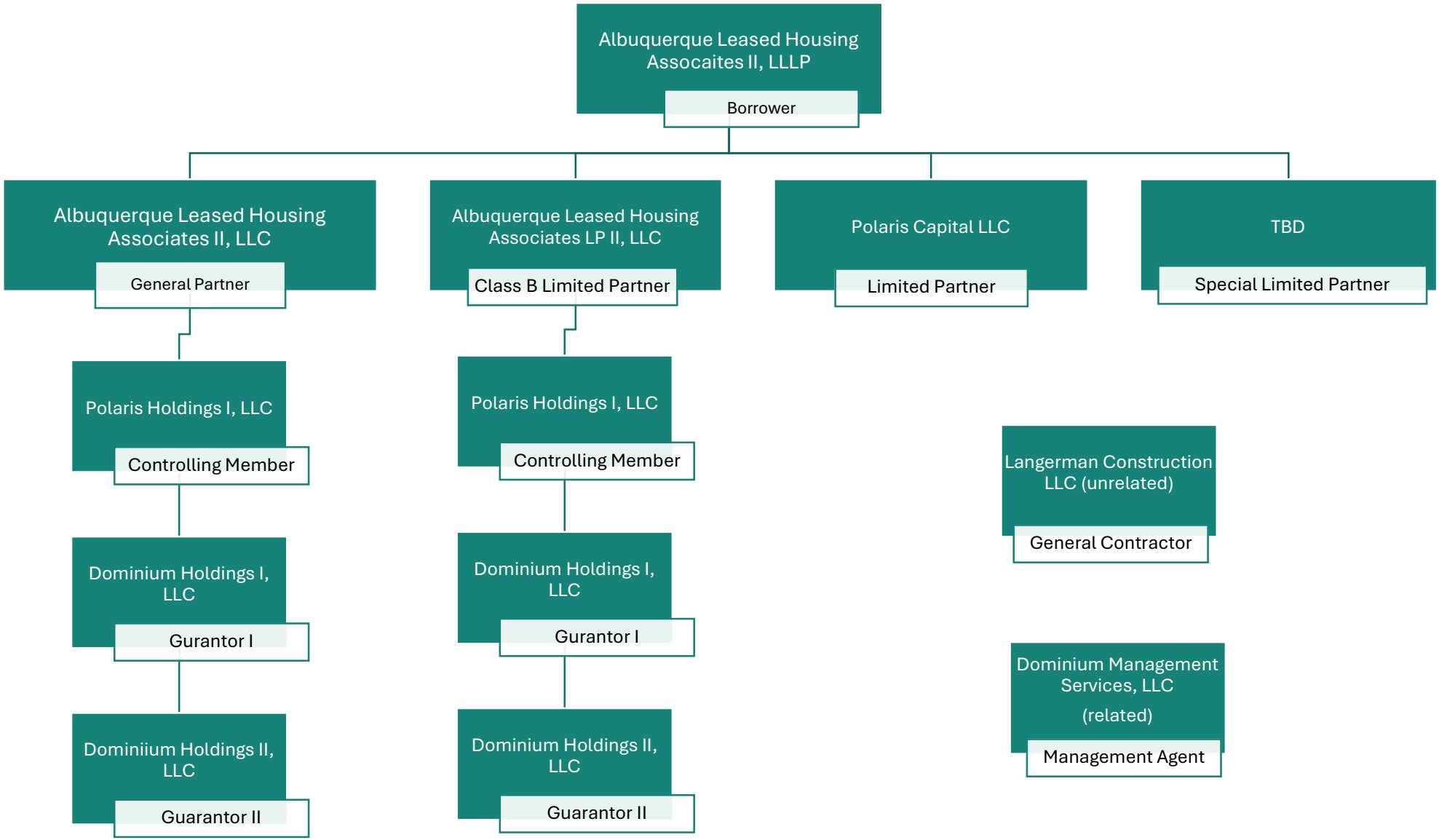
2025 RENTAL AWARD SUMMARY

Project Name & Address	Desert Willow 8901 Jefferson St NE, Albuquerque, NM 87113 – Bernalillo County			
Proposed Awards	$2,000,000	NMHTF Construction and Permanent	Rate	2.0%
Borrowers	**Albuquerque Leased Housing Associates II, LLLP**, a Minnesota limited liability limited partnership owned 0.005% by Albuquerque Leased Housing Associates II, LLC as General Partner, 0.005% by Albuquerque Leased Housing Associates LP II, LLC, as Class B Limited Partner, 0.01% by a to-be formed entity as Special Limited Partner and, 99.98% by a to-be-determined Limited Partner (tax credit investor).			
Management	**Dominium Management Services, LLC** was founded in 1976 and is the management affiliate of Dominium Development and Acquisition, LLC. This company currently manages over 25,000 housing units, including approximately 20,000 affordable housing units, across 22 states including New Mexico.			
Developer	**Dominium Development and Acquisition, LLC (Dominium)** is a Minnesota limited liability company incorporated in 1999 that is a vertically integrated developer, owner, and manager of housing communities across the United States. Dominium is the second largest developer of affordable housing in the nation, having developed over 220 projects consisting of over 38,000 housing units. This company has extensive experience working with Section 42, Section 8, Senior, Family, Historic, and Market Rate Homes. Consolidated audited financial statements for Dominium Holdings I, LLC and Dominium Holdings II, LLC ending on 12/31/23 show Unrestricted Cash of $5.8MM, Total Assets of $93.5MM, and a Net Worth of $93.5MM. Consolidated audited financial statements for Dominium Holdings I, LLC and Dominium Holdings II, LLC ending on 12/31/24 show Unrestricted Cash of $5.8MM, Total Assets of $87.5MM, and a Net Worth of $87.5MM. Dominium Holdings I, LLC and Dominium Holdings II, LLC's 6-month consolidated internally prepared financial statements as of fiscal year end 06/30/2025 show Unrestricted Cash of $7.1MM, Total Assets of $380MM, and a Net Worth of $380MM. Dominium is an experienced developer that has a proven history of obtaining LIHTC equity investment at good prices and large bank financing at favorable rates.			
Project Type & Size	Acquisition and rehabilitation of 224-unit multifamily development located on an approximately 9-acre site. The property consists of 112 one-bedroom and 112 two-bedroom units, all 224 units are restricted to 60% or less of the area median income. All units will target households with children.			
Project Description	Dominium is proposing the acquisition and rehabilitation of Desert Willow Apartments, a 224-unit apartment project targeting households with children in Albuquerque, NM. The project is comprised of 112 one-bedroom units at approximately 574 square feet and 112 two-bedroom units at approximately 839 square feet. The units will be spread across 12 residential, two- and three- story buildings with a total gross square footage of 207,661 square feet. Amenities will include a children's playground, a pool/spa area, a furnished central clubhouse, fitness center, leasing office and a laundry facility. The rehabilitation activities will include in-unit and exterior upgrades including hard surfaced countertops, hardwood flooring and carpets in bedrooms, cabinet and closet storage, xeriscape landscaping, conversion of (2) existing detached garage parking spaces into maintenance storage room, conversion of (3) existing detached garage parking spaces into a common area laundry facility consisting of 19 commercial washers and dryers.			

	The project will also provide improvements to existing items such as roof repairs, unit building stair tread repairs, pool fence and gates, access control, CCTV camera system, sidewalk, parking and drive aisle pavement to comply with accessibility requirements as well as site furnishings. Improvements to the community building will see improvements to exterior doors and interior furniture, fixtures and equipment. Four of the existing ground floor accessible units will be converted to twelve to comply with ADA standards. These ADA units will include Six one-bedroom/one-bath units and six two-bedroom/two-bath units. Five ground floor units will be converted to Audio-Visual impaired units comprising of two one-bedroom/one-bathroom units and three two-bedroom/two-bath units. Novogradac conducted a market study dated 2/21/25 that generally defines the Subject's Primary Market Area generally consists of the northern portion of the city of Albuquerque and surrounding areas with boundaries that are generally defined as Sandia Pueblo reservation to the North, Sandia Mountains to the East, Montgomery Boulevard/Montano road to the South and Rio Grande River to the West. The market study advises that due to very high demand for quality affordable housing in the area the Subject is marketable as proposed. The Subject's market is currently performing well, with stable occupancy levels and waiting lists at several of the affordable comparables. The market study demand analysis shows a Capture Rate of 8.9%, which is considered low and indicative of a deep base of potential support for the project. As an existing project the Subject property is currently occupied, however, the analysis shows the project will experience an absorption rate of 22 units per month, reaching a stabilized occupancy within 10 months of renovation completion.
Environmental & Site	A Phase I Environmental Site Assessment will be required for the Subject property prior to closing.
Project Financials, Projections and Assumptions, and Subsidy Layering Review (HOME only)	This project was underwritten utilizing Housing New Mexico's standard 7% vacancy rate; this is considered conservative due to vacancy rates at nearby affordable housing properties being reported as approximately 3.9% in Desert Willow's market study. The applicant has provided a detailed 15-year cash flow projection for the project, which assumes a total annual income of $2,832,527. The developers estimate $1,016,592 in total operating expenses less reserves and social services (i.e., $4,538 per unit per year), which is within Housing New Mexico's standard underwriting range of $4,300 to $5,800. The project's Debt Service Coverage Ratio (DSCR) starts at 1.19 to 1.00 in year one, increasing to 1.44 to 1.00 in year 15. This ratio is slightly below Housing New Mexico's underwriting standard of a range between 1.20 – 1.40 to 1.00 in year one but falls within the range from year 2 to 13 and increases slightly above the range in years 14 and 15. The interest rate for JLL Real Estate Capital, LLC (JLL) first mortgage loan is assumed to be 6.07% (6.57% adjusted upwards by 50 basis points for underwriting). If, for any reason, the rate increases too much to accommodate the required DSCR, then the first mortgage permanent loan can be reduced and that portion of it replaced by a cash flow loan from Dominium. Currently, it appears that 100% of the $5,988,534 developer fee will be deferred. Generally, a deferral in fee could be used to replace a portion of the first mortgage loan and would mitigate any possible interest rate risk that may occur between commitment and inception of the permanent loan. Deferring the developer fee is allowable, provided that cash flow can repay the deferred fee by the end of the 15-year LIHTC compliance period. Current projections indicate the Subject would fully pay off the deferred developer fee by the end of year 14. Based on the investor's letter of interest, the project is currently underwritten using a credit price of 85 cents on the dollar, which is within the average range for recent LIHTC projects. Every one (1) cent drop in that price would create the need for an additional $193,385 in deferred developer fee or cash flow loan from Dominium.

Affordability Requirements	**NMHTF:** Two hundred twenty-four (224) units income-restricted to households earning 60% or less of AMI for which a Land Use Restriction Agreement (LURA) will be filed in Bernalillo County. The NMHTF affordability period is 20 years as required by Affordable Housing Act Rules and starts on the date the Certificate of Occupancy is issued.
Repayment and Disbursement	**NMHTF:** Payments: Interest only monthly during the construction period not to exceed 24 months; 239 equal principal & interest payments during the permanent loan period, based on a 30-year amortization, with one final payment of all outstanding principal and interest due at maturity. All outstanding principal and interest due at the earlier of maturity, refinance, or sale of the project. Disbursement: Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.
Special Conditions	1. All loans are subject to Housing New Mexico's final underwriting for project feasibility if needed. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e. interest rate & amortization) may be revised in line with projected cash flow at closing; 2. Any changes or additions to the following development team members listed in the loan application must be approved by Housing New Mexico: developer, contractor, management company, consultant, or architect; 3. Financing commitments acceptable to Housing New Mexico prior to disbursing all funding sources; 4. Acceptance of 2025 award of Low-Income Housing Tax Credits (LIHTC); 5. Approval of plans/construction monitoring/draws by MFA's Architectural Services Representative or a third party acceptable to Housing New Mexico (i.e. hired by Housing New Mexico, investor, or primary construction lender) and shared with Housing New Mexico. Cost to be paid by applicant; 6. Other conditions as may be determined by staff; and 7. Subject to availability of funds. **Additional Conditions: NMHTF** 16. Loan to be in second lien position; and 17. Dominium must provide guarantees during the construction period.
Housing New Mexico Commitments to Other Projects	**Dominium:** 2024 4% LIHTC – Sandoval Flats - $4,717,334 2024 NMHTF – Sandoval Flats - $3,000,000 2024 4% LIHTC – Turquoise Trail - $6,226,321 2024 HOME – Turquoise Trail - $2,000,000 2024 NMHTF – Turquoise Trail - $2,000,000 (1) *Risk Share loans carry 10% Housing New Mexico risk* (2) *Bonds are non-recourse to Housing New Mexico* (3) *Loan Balances as of 8/30/2025*
Housing New Mexico Exposure	$7,000,000 (excludes LIHTC, grants, and loans pending approval)

Risk Factors	1. **Market – Low** (Strong demand in PMA) 2. **Construction – Medium** (Construction material pricing remains high; however, the developer is experienced plus the investor and main construction lender will provide additional oversight and controls) 3. **Developer – Low** (Experienced developer, strong balance sheet) 4. **Guarantor – Low** (Strong balance sheet and unrestricted cash) 5. **General Partner/Managing Member – Low** (i.e. the developer) 6. **Community Opposition – Low** (existing property) 7. **Financing – Medium** (As long as market conditions for interest rates & LIHTC pricing do not fluctuate too much, the project is feasible. However, in the event of adverse market conditions the project may not move forward. Final underwriting is required before loan closing to ensure viability before final commitment)	
Summary & Recommendation	The proposed project presents a favorable risk profile and is recommended for approval.	
Prepared by	Clarissa Aragon, Development Loan Manager	Date 09/30/2025
Reviewed by	George Maestas, Director of Housing Development	Date 09/30/2025


Albuquerque Leased Housing Assocaites II, LLLP
Borrower
Albuquerque Leased Housing Associates II, LLC
General Partner
Albuquerque Leased Housing Associates LP II, LLC
Class B Limited Partner
Polaris Capital LLC
Limited Partner
TBD
Special Limited Partner
Polaris Holdings I, LLC
Controlling Member
Dominium Holdings I, LLC
Gurantor I
Dominiium Holdings II, LLC
Guarantor II
Polaris Holdings I, LLC
Controlling Member
Dominium Holdings I, LLC
Gurantor I
Dominium Holdings II, LLC
Guarantor II
Langerman Construction LLC (unrelated)
General Contractor
Dominium Management Services, LLC
(related)
Management Agent

Development Cost Budget		
Desert Willow	**Gross Sq. Footage:**	207,661
Albuquerque	**TOTAL COST**	**COST/GSF**
ACQUISITION COSTS		
Land Acquisition		$ -
Building Acquisition	$ 31,000,000	$ 149.28
Other:	$ -	$ -
SUBTOTAL	**$ 31,000,000**	**$ 149.28**
CONSTRUCTION HARD COSTS		
Demolition	$ -	$ -
Accessory Structures	$ -	$ -
Site Construction	$ 314,720	$ 1.52
Buildings and Structures	$ 3,615,105	$ 17.41
Off-Site Improvements	$ -	$ -
Other:	$ -	$ -
SUBTOTAL	**$ 3,929,825**	**$ 18.92**
OTHER CONSTRUCTION COSTS		
Contractor Overhead	$ 78,596	$ 0.38
Contractor Profit	$ 235,789	$ 1.14
General Requirements	$ 235,789	$ 1.14
Construction Contingency	$ 392,982	$ 1.89
Gross Receipts Tax (GRT)	$ 275,088	$ 1.32
Landscaping	$ -	$ -
Furniture, Fixtures, & Equipment	$ 574,345	$ 2.77
Other:	$ -	$ -
SUBTOTAL	**$ 1,792,589**	**$ 8.63**
PROFESSIONAL SERVICES/FEES		
Architect (Design)	$ 477,485	$ 2.30
Architect (Supervision)	$ 970,574	$ 4.67
Attorney (Real Estate)		$ -
Engineer/Survey	$ 145,000	$ 0.70
Other:		$ -
SUBTOTAL	**$ 1,593,059**	**$ 7.67**
CONSTRUCTION FINANCING COSTS		
Hazard Insurance	$ 44,800	$ 0.22
Liability Insurance	$ 59,439	$ 0.29
Performance Bond		$ -
Interest	$ 1,709,809	$ 8.23
Origination\Discount Points	$ 203,158	$ 0.98
Credit Enhancement	$ -	$ -
Inspection Fees	$ 313,050	$ 1.51
Title and Recording	$ 198,660	$ 0.96
Legal	$ 384,686	$ 1.85
Taxes	$ -	$ -
Other:	$ -	$ -
SUBTOTAL	**$ 2,913,602**	**$ 14.03**

Project: Desert Willow		
PERMANENT FINANCING COSTS		
Bond Premium	$ -	$ -
Credit Report	$ -	$ -
Origination\Discount Points		$ -
Credit Enhancement	$ -	$ -
Title and Recording	$ -	$ -
Legal	$ 105,000	$ 0.51
Cost of Bond Issuance	$ 54,500	$ 0.26
Pre-Paid MIP	$ -	$ -
Reserves and Escrows	$ 604,800	$ 2.91
Other:		$ -
SUBTOTAL	**$ 764,300**	**$ 3.68**
SOFT COSTS		
Market Study	$ 11,500	$ 0.06
Environmental		$ -
Tax Credit Fees	$ 400,373	$ 1.93
Appraisal	$ 22,000	$ 0.11
Hard Relocation Costs	$ 336,000	$ 1.62
Accounting/Cost Certification	$ 12,000	$ 0.06
Other:	$ -	$ -
SUBTOTAL	**$ 781,873**	**$ 3.77**
SYNDICATION		
Organization		$ -
Bridge Loan	$ -	$ -
Tax Opinion	$ -	$ -
Other:	$ -	$ -
SUBTOTAL	**$ -**	**$ -**
TDC before Dev. Fees & Reserves	**$ 42,775,248**	**$ 206**
RESERVES		
Rent Up	$ -	$ -
Operating	$ 1,267,671	$ 6.10
Replacement	$ -	$ -
Escrows/Working Capital	$ -	$ -
Other:	$ -	$ -
SUBTOTAL	**$ 1,267,671**	**$ 6.10**
DEVELOPER FEES		
Developer Fee	$ 5,988,534	$ 28.84
Consultant Fee	$ -	$ -
SUBTOTAL	**$ 5,988,534**	**$ 28.84**
Total Development Cost (TDC)	**$ 50,031,453**	**$ 240.93**
TDC w/o Land, Reserves & Commercial	**$ 48,763,782**	**$ 234.82**

PROJECT INFORMATION SUMMARY						
Project Name		**City**	**NC, AR, or NC/AR**	**Total # Units**	**Unit Sizes**	**Target AMIs**
Desert Willow		**Albuquerque**				
Total Development Cost	**$ 50,031,453**		AR	224	1-BED & 2-BED	60% AMI
Borrower	**Albuquerque Leased Housing Developer II, LLLP**					
Management	**Dominium New Mexico Management Services, LLC**		**YEAR BUILT (AR)**		**LIHTC ALLOC**	**4% or 9%**
Developers	**Dominium Development & Acquisition, LLC**		1999		$ 1,933,851	4%
			NC = New Construction			
			AR = Acquisition/Rehab			
			AMI = Area Median Income			
			MR = Market Rate apartments			

NEW MEXICO HOUSING TRUST FUND (NMHTF) LOAN INFORMATION			**NUMBER OF NMHTF UNITS:**	**224**
Funds Available as of:	08/30/25	$4,344,763		
	MFA Guidelines	**Loan Request**	**EXCEPTIONS/CONDITIONS/NOTES**	
Maximum Loan Amount	$3,000,000	$2,000,000		
Rates	0.0% to 5.0%	2.0%	Base rate for 4% LIHTC projects is 2%	
Loan Fees	N/A			
Maximum Loan Term	2 yr construct, 40 yr perm	2 yr construct, 20 yr perm	Balloon payment due at end of 20 year term	
Loan Amortization	Mthly during perm	Mthly during perm	30 year amortization	
Lien Position	Subordinate allowed	2nd lien		
Affordability Requirements	Min 20 years, Max 60% AMI	30 yrs, 224 units @ at or below 60% AMI		
DSCR	1.20 to 1.40 : 1 on all must-pay debt	1.19 : 1.00 in year 1 and increasing to 1.44 : 1.00 by year 15	DSCR within guidelines years 2-13. Year 1, slightly below guidelines. Years 14-15, slightly above guidelines.	
Scoring Criteria	57-112 points	57		

TOTAL DEVELOPMENT COST INFORMATION SUMMARY				
Project:	**Desert Willow**	**Total**	**% TDC**	**Cost/GSF***
Acquisition Costs *(land, building acquisition, & other acquisition costs)*		$ 31,000,000	62.0%	$ 149.28
Construction Hard Costs		$ 3,929,825	7.9%	$ 18.92
Other Construction Costs *(contractor O&P, general req, GRT, landscaping, furnishings, etc)*		$ 1,792,589	3.6%	$ 8.63
Professional Services/Fees *(architect, engineer, real estate legal, etc)*		$ 1,593,059	3.2%	$ 7.67
Construction Financing Costs *(interest, insurance, inspections, fees, etc)*		$ 2,913,602	5.8%	$ 14.03
Permanent Financing Costs *(fees, title/recording, etc)*		$ 764,300	1.5%	$ 3.68
Other Soft Costs *(tax credit fees, environmental reports, appraisals, accounting, etc)*		$ 781,873	1.6%	$ 3.77
Syndication-Related Costs *(organization, bridge loan, tax opinion, etc)*		$ -	0.0%	$ -
Reserves *(rent-up, operating, replacement, escrows, etc)*		$ 1,267,671	2.5%	$ 6.10
Developer Fees *(inc consultant fees)*		$ 5,988,534	12.0%	$ 28.84
Total Development Costs (TDC)		**$ 50,031,453**	**100%**	**$ 240.93**
TDC w/o Land, Reserves & Commercial		**$ 48,763,782**	**97%**	**$ 234.82**

CONSTRUCTION SOURCES				
Project:	**Desert Willow**	**Total**	**% of Total**	**Per Unit**
First Mortgage	Freddie Immediate TE - JLL	$ 22,865,840	45.7%	$ 102,079.64
2nd Lien Holder	Housing NM/NMHTF	$ 2,000,000	4.0%	$ 8,928.57
3rd Lien Holder	Mezzanine Loan - JLL	$ 3,030,000	6.1%	$ 13,526.79
4th Lien Holder	Taxable Equity Bridge/Construction - JLL	$ 15,770,774	31.5%	$ 70,405.24
Deferred Developer Fee	Dominium	$ 5,988,534	12.0%	$ 26,734.53
Other Equity	Developer Contribution (Dominium)	$ 200	0.0%	$ 0.89
LIHTC Equity	TBD Tax Credit Investor	$ 376,103	0.8%	$ 1,679.03
Total Construction Sources		**$ 50,031,451**	**100.0%**	**$ 223,354.69**

PERMANENT SOURCES				
Project:	**Desert Willow**	**Total**	**% of Total**	**Per Unit**
First Mortgage	Freddie Immediate TE - JLL	$ 20,700,000	41.4%	$ 92,410.71
2nd Lien Holder	Housing NM/NMHTF	$ 2,000,000	4.0%	$ 8,928.57
3rd Lien Holder	Mezzanine Loan - JLL	$ 3,030,000	6.1%	$ 13,526.79
Deferred Developer Fee	Dominium	$ 5,988,534	12.0%	$ 26,734.53
Other Equity	Developer Contribution (Dominium)	$ 1,875,182	3.7%	$ 8,371.35
LIHTC Equity	TBD Tax Credit Investor	$ 16,437,735	32.9%	$ 73,382.75
Total Permanent Sources		**$ 50,031,451**	**100.0%**	**$ 223,354.69**

Tab 7

MEMO

TO:	Housing New Mexico Board of Directors **Through:** New Mexico Housing Trust Fund Advisory Committee – October 6, 2025 **Through:** Contracted Services Committee – October 8, 2025 **Through:** Policy Committee – September 2, 2025
FROM:	Daniela Freamon, Sonja Unrau, & Robyn Powell
DATE:	October 15, 2025
SUBJECT:	Recommendation for Housing Innovation Award Approval – **La Casa, Inc. for Acquisition and Rehabilitation of Transitional Housing**

Recommendation:

Staff recommend the approval of a **$500,000.00** grant under the Housing Innovation Program Notice of Funding Availability (NOFA) for the acquisition and rehabilitation of transitional housing serving low- to moderate income seniors and adults with disabilities who are survivors of domestic violence.

Background:

The Housing Innovation Program NOFA was approved by the Housing New Mexico Board of Directors in August 2025 as a resource to address housing needs that are currently not being served through other Housing New Mexico programs and as an opportunity for eligible applicants to fund community tailored housing solutions.

Discussion:

About the Awardee. La Casa, Inc. has been in operation for over 40 years and serves as the only comprehensive domestic-violence provider for Doña Ana, Luna, and Hidalgo counties. Currently overseeing emergency shelters, transitional housing, and rapid rehousing programs – all aiming to assist individuals/families in moving from crisis to stability.

About the Project. La Casa has applied to the Housing Innovation Program for Sunrise Canyon, the acquisition and rehabilitation of a single- family home to be used as transitional housing for low- to moderate income seniors and adults with disabilities who

are survivors of domestic violence. The home pairs a welcoming and accessible setting (zero-step entry, widened doors, roll-in shower, visual/audible alarms) with wraparound supportive services (case management, legal advocacy, Medicaid behavioral and primary health care, benefits recovery, accessible transportation, and pathways to permanent housing via a partnership Mesilla Valley Housing Authority) for a wholistic approach to housing stability for a vulnerable population.

Award Summary.

Housing Innovation Award	**$500,000.00**
Acquisition	$385,000
Accessibility Rehabilitation	$115,000
Leverage	**$50,000**
La Casa, Inc. contribution to cover building furnishings	$50,000
Total Project Cost	**$550,000**
Number of Beneficiaries	4 Residents Annually
Income Level Served	60% Area Median Income
Award Scope of Work	Acquisition and accessibility rehabilitation of a single-family home in Las Cruces.

Summary:

Staff recommend the approval of a **$500,000.00** grant under the Housing Innovation Program NOFA for the acquisition and rehabilitation of transitional housing serving low- to moderate income seniors and adults with disabilities who are survivors of domestic violence.

Tab 8

MEMO

TO:	Housing New Mexico | MFA Board of Directors **Through**: Contracted Services Committee – October 8, 2025 **Through**: Policy Committee – September 30, 2025
FROM:	Alex Lundy, Finance Manager
DATE:	October 15, 2025
SUBJECT:	Approval of Request for Proposals (RFP) for the Financial Advisory Services

Recommendation:

Staff request the approval of the Request for Proposals (RFP) for Financial Advisory Services for its single family and multifamily programs. If approved, the RFP would be posted on October 22, 2025 and responses will be accepted by Housing New Mexico until December 22, 2025. Recommendations for award would then first be presented at the February 2026 board meeting. A copy of the 2025 RFP draft, redlined against the 2020 RFP, is attached to this memo.

Background:

Housing New Mexico last issued an RFP for Financial Advisory Services in November 2020. The contract was awarded to CSG Advisors for a term of three years with the possibility of two one-year extensions at the option of Policy Committee. Policy Committee exercised both available extensions, setting the expiration date for March 31, 2026.

Discussion:

Staff recommend the issuance of a new RFP for Financial Advisory Services. The term would begin on the date that the Board approves the award and would end on March 31, 2029 with the option for the Board of Directors to exercise two one-year extensions.

Staff reviewed the RFP and made changes consisting mostly of references to Housing New Mexico's new branding; however, additional revisions included:

1. Removing references to Anti-Harassment removed and revising to reference Housing New Mexico's Third-Party Code of Conduct.
2. Revising the frequency of the weekly rate setting call to biweekly, as is the case currently.
3. Revising the approval of extensions to be exercised by the Board of Directors.
4. Clarifying the minor nature regarding "irregularities in proposals".
5. Adding a request for disclosure on the potential use of generative artificial intelligence when carrying out services.

Staff have submitted the redlined RFP for some additional review by Housing New Mexico's general counsel and are waiting for some comments.

Summary

Housing New Mexico issued an RFP for Financial Advisory Services for in 2020. At that time, the Board selected CSG Advisors to provide those services for three years and Policy Committee subsequently exercised both of the available one-year extensions until March 31, 2026. The selected Financial Advisor would provide services for a similar term (i.e., three years, with the option for the Board of Directors to exercise two one-year extensions) that, if fully extended, would expire on March 31, 2031. Staff recommend the approval of the RFP for Financial Advisory Services.

Housing New Mexico | New Mexico Mortgage Finance Authority
Request for Proposals
To Provide Financial Advisory Services for Single Family and Multifamily Housing Programs

~~**New Mexico Mortgage Finance Authority**~~
~~**Request for Proposals**~~
~~**To Provide Financial Advisory Services for Single Family and Multifamily Housing Programs**~~

Part I: Background & General Information

Introduction

~~The~~Housing New Mexico | New Mexico Mortgage Finance Authority (~~"~~MFA~~"~~)(hereinafter "Housing New Mexico") is a governmental instrumentality, separate and apart from the state, created by the Mortgage Finance Authority Act, NMSA Sections 58-18-1 to 27 for the purpose of financing affordable housing for low- and moderate-income New Mexico residents.

Purpose

The purpose of this Request for Proposals (RFP) is to solicit proposals, in accordance with the New Mexico Mortgage Finance Authority Procurement Policy, from qualified Financial Advisory Firms which by reason of their skill, knowledge, and experience are able to furnish Financial Advisor services for Single Family and Multifamily Programs to MFA in connection with its housing programs. ("Offerors").

Questions and Answers

Questions pertaining to this RFP and application must be submitted via the ~~MFA~~ Housing New Mexico website at http://www.housingnm.org/~~community_development~~funding-opportunities/rfps-rfqs. Then ~~under "Current RFP's,"~~ select "Financial Advisory Services – 2025-2026 RFP~~.~~" and then ~~O~~on the Financial Advisory Services RFP page, ~~select~~ questions may be submitted under the ~~the~~ "~~Financial Advisory Services FAQs~~Questions and Answers" ~~link~~section. Questions will be checked on a daily basis. The FAQ will open the day ~~after~~ the RFP issues (~~December~~ October ~~1~~22~~7~~~~th~~nd, 202~~5~~0) and will close on ~~January~~ December ~~21~~8~~st~~th~~t~~, 202~~1~~6. To submit your questions, ~~scroll down to the "Ask a question" section,~~ enter your name, email address, organization, and type your question in the "Question" box, type in the two (2) words in the CAPTCHA box and click on "Send my question". ~~MFA~~ Housing New Mexico will make every attempt to answer questions within two (2) business days.

Proposal Submission

Proposal submissions must be received no later than ~~January~~ December 2~~2~~1~~st~~nd~~t~~, 202~~1~~5 at 4:00 p.m., Mountain Time. Send via e-mail to alundy~~chall~~@housingnm.org with a subject line of "Proposal to Furnish Financial Advisory Services."
Proposals which are not received by this time will not be accepted.

Proposal Tenure

All proposals shall include a statement that the proposal shall be valid until contract award, but no more than ninety (90) calendar days from the proposal due date.

RFP Revisions and Supplements

If it becomes necessary to revise any part of this RFP or if additional information is necessary to clarify any provision of this RFP, the revision or additional information will be posted on the ~~MFA~~ Housing New Mexico web~~-~~site.

Incurred Expenses

~~MFA~~ Housing New Mexico shall not be responsible for any expenses incurred by an Offeror in responding to this RFP. All costs incurred by Offerors in the preparation, transmittal or presentation of any proposal or material submitted in response to this RFP will be borne solely by the Offerors.

Cancellation of Requests for Proposals or Rejection of Proposals

~~MFA~~ Housing New Mexico may cancel this RFP at any time for any reason ~~MFA~~ Housing New Mexico and may reject all proposals (or any proposal) which are/is not responsive.

Offeror's Rights to Withdraw Proposal

Offerors will be allowed to withdraw their proposals by submitting a written withdrawal request via email to ~~chall~~alundy@housingnm.org.

Evaluation of Proposals, Selection and Negotiation

Proposals will be evaluated by an Internal Review Committee made up of ~~MFA~~ Housing New Mexico staff using the criteria listed in Part II Minimum Qualifications and Requirements, Part III Services to be Performed, and Part IV Compensation, below, pursuant to the Evaluation Criteria and scoring shown in Part V, Evaluation Criteria. Final selection shall be made by the full Board of Directors.

~~MFA~~ Housing New Mexico may provide Offerors whose proposals are reasonably likely, in ~~MFA's~~ Housing New Mexico's discretion, to be selected, an opportunity to discuss and revise their proposals prior to award, for the purpose of obtaining final and best offers. Proposals shall be evaluated on the criteria listed in Part IV Evaluation Criteria, below.

The ~~MFA~~ Housing New Mexico Board of Directors shall select the Offeror(s) whose proposal(s) is/are deemed to be most advantageous to ~~MFA~~ Housing New Mexico to enter into contract negotiations with ~~MFA~~Housing New Mexico. If a final contract cannot be negotiated, then ~~MFA~~ Housing New Mexico will enter into negotiations with the other Offeror(s). The agreed-upon draft final contract will then be referred to the Contracted Services Committee of the ~~MFA~~ Housing New Mexico Board of Directors for its review and recommendation, with final approval to be made by the full Board of Directors.

Interview

If selected as a finalist, Offerors agree to provide ~~MFA~~ Houuosing New Mexico the opportunity to interview proposed staff members identified by the Internal Review Committee. The Internal Review Committee may request a finalist to provide an oral presentation of the proposal as an opportunity for the Internal Review Committee to ask questions and seek clarifications. All requests for interviews and oral presentations shall be made in ~~MFA's~~ Housing New Mexico's sole discretion.

Award Notice

~~MFA~~ Housing New Mexico shall provide written notice of the award to all Offerors within ten (10) days of the date of the award. The award shall be contingent upon successful negotiations of a final contract between ~~MFA~~ Housing New Mexico and the Offeror(s) whose proposal(s) is/are accepted by ~~MFA~~Housing New Mexico.

Proposal Confidentiality

Offerors or their representatives shall not communicate with ~~MFA's~~ Housing New Mexico's Board of Directors or staff members regarding any proposal under consideration or that will be submitted for consideration, except in response to an inquiry initiated by the Internal Review Committee, or a request from the Board of Directors, or its Contracted Services Committee / Finance Committee for a presentation and interview. A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of the Offeror attempts to influence members of the Board of Directors or staff during any portion of the RFP review process, including any period immediately following release of the RFP.

~~MFA~~ Housing New Mexico will not disclose, discuss or otherwise make available the contents of any proposal to competing or potential Offerors prior to the expiration of the protest period, which in the event a protest is presented, shall not occur until after final determination by the Board of Directors.

Irregularities in Proposals

~~MFA~~ Housing New Mexico may waive any minor technical irregularities in the form of proposal of any Offeror selected for award provided that the waiver of the technical irregularity~~which~~ does not alter the price, quality or quantity of the services offered. Note especially that the date and time of proposal submission as indicated herein under "Part I Background and General Information, Proposal Submission" cannot be waived under any circumstances.

Responsibility of Offerors

A Responsible Offeror means an Offeror who submits a proposal that conforms in all material respects to the requirements of this RFP and who has furnished, when required, information and data to prove that its financial resources, facilities, personnel, reputation and experience are adequate to make satisfactory delivery of the services described in this RFP. The unreasonable failure of an Offeror to promptly supply information in connection with an inquiry with respect to responsibility is grounds for a determination that the Offeror is not a Responsible Offeror. If an Offeror who otherwise would have been awarded a contract is found not to be a Responsible Offeror, a determination that the Offeror is not a Responsible Offeror, setting forth the basis of the finding, shall be prepared and the Offeror shall be disqualified from

receiving the award. ~~A Responsible Offeror means an Offeror who submits a proposal that conforms in all material respects to the requirements of this RFP and who has furnished, when required, information and data to prove that his financial resources, facilities, personnel, reputation and experience are adequate to make satisfactory delivery of the services described in this RFP. The unreasonable failure of an Offeror to promptly supply information in connection with an inquiry with respect to responsibility is grounds for a determination that the Offeror is not a Responsible Offeror.~~

Protest

Any Offeror who is aggrieved in connection with this RFP or the award of a Contract pursuant to this RFP may protest to ~~the MFA~~Housing New Mexico. The protest must be written and addressed to:

Alex Lundy~~Cooper Hall~~, Finance Manager~~Financial Analyst~~
New Mexico Mortgage Finance Authority
~~344 Fourth Street S.W.~~7425 Jefferson Street NE
Albuquerque, New Mexico 8710~~2~~92

Or:

~~chall~~alundy@housingnm.org

The protest must be submitted to ~~MFA~~ Housing New Mexico within five (5) business days after the notice of award. Upon the timely filing of a protest, the Contact Person shall give notice of the protest to all Offerors who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The Offerors receiving notice may file responses to the protest within five (5) business days of notice of protest. The protest process shall be:

- The protest will be reviewed by the Contracted Services Committee of ~~MFA's~~ Housing New Mexico's Board of Directors, and that committee shall make a recommendation to the full Board of Directors regarding the disposition of the protest.

- The Board of Directors shall make a final determination regarding the disposition of the protest, which determination shall not be subject to appeal.

Offerors or their representatives shall not communicate with ~~MFA~~ Housing New Mexico Board of Directors or staff members regarding any proposal under consideration, except when specifically permitted to present testimony to the committee of the Board of Directors, until the protest period has expired, which if there is a protest shall not expire until final determination by the Board of Directors. A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of Offeror attempts to influence members of the Board of Directors or staff during any portion of the RFP review process, which remains in effect until the expiration of the protest period, or does not follow the prescribed proposal and protest process.

Confidential Data

After award, and after the expiration of the protest period, which shall include final determination of any protest by Housing New Mexico's Board of Directors, all proposals will be open to the public for inspection and copying pursuant to Housing New Mexico's Request to Inspect Documents Policy.

Offerors must redact confidential and personal identifier information from documents if the information is not specifically required by Housing New Mexico. Offeror agrees to indemnify Housing New Mexico from any claims arising from or related to Housing New Mexico's disclosure or nondisclosure of materials submitted to Housing New Mexico related to the proposal.
~~Offerors may request, in writing, nondisclosure of confidential information which Offeror includes in its proposal. Such confidential information shall accompany the proposal but shall be readily separable from the proposal so as to facilitate public inspection of the non-confidential portions of the proposal. After the expiration of the protest period, which shall include final determination of any protest by MFA's Housing New Mexico's Board of Directors, all proposals will be open to the public for inspection pursuant to MFA's Housing New Mexico's Request to Inspect Documents Policy. Confidential information shall only include such information as is excepted under Section 14-2-1 NMSA 1978.~~

~~If MFA Housing New Mexico receives a request for inspection of its records which would require the disclosure of information identified by Offeror as confidential information, it will examine Offeror's request for confidentiality and make a written determination that specifies which portions of the proposal, including any information identified by Offeror as confidential information, shall be disclosed. MFA will provide the Offeror with a written notice of determination which details which information MFA Housing New Mexico intends to disclose and the date it shall disclose such information.~~

Part II: Minimum Qualifications and Requirements

Only those Offerors who meet the following minimum criteria are eligible to submit a proposal pursuant to this RFP:

1. All Offerors must have met the registration requirements of both the SEC and MSRB.

2. All Offerors must have at least ten years' experience providing Financial Advisory Services to state housing authorities for single family and multifamily housing programs.

3. All Offerors must have at least five years' documented experience with at least one state housing agency that utilizes a master (open) indenture for single family programs, and five years' documented experience with at least one state housing agency that utilizes a stand-alone indenture both single family and multifamily programs.

4. Offeror must utilize DBC software to structure transactions and prepare annual cash flows.

Selected Offerors must also meet the following requirements:

5. Offeror shall provide a written statement disclosing: (1) any political contribution or gift valued in excess of $250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any ~~MFA~~ Housing New Mexico member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.

6. Offeror shall provide a written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party

agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.

7. A Written certification that Offeror has read and shall at all times conduct itself in a manner consistent with ~~MFA's~~ Housing New Mexico's Third-Party Code of Conduct ~~and MFA's Anti-Harassment Policy~~. A copy of ~~MFA's~~ Housing New Mexico's Third-Party Code of Conduct ~~and MFA's Anti-Harassment Policy~~ is posted on the ~~MFA~~ Housing New Mexico website for review at http://www.housingnm.org/rfp. Upon request by ~~MFA~~Housing New Mexico, Offeror shall disclose information ~~MFA~~ Housing New Mexico may reasonably request relating to conflict or potential conflicts of interest.

8. Offeror shall provide a written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.

Part III: Services to be Performed

As requested by ~~MFA~~Housing New Mexico, professional Financial Advisory services for ~~MFA's~~ Housing New Mexico's Single and Multifamily housing programs required to be provided and to be incorporated into the contract to be awarded pursuant to this RFP include, but are not limited to, the following:

1. Aggressively pursue trends and creative ideas for financing single family and multifamily housing programs.

2. Assist in the development and refinement of loan programs and programmatic goals, based on projected mortgage loan demand;

3. Loan pipeline analysis based on expected demand, type of loans, origination dates of loans, where applicable, and portfolio acquisition schedule(s);

4. Identification and analysis of all financing options to determine the optimal financing approach for selection by ~~MFA~~Housing New Mexico. This would include a financing structure, summary of terms, including interest cost, the resulting cash flow projected over the life of the financing, the impact on future financing plans, timing of issuance, method of sales strategies (competitive versus negotiated), economic considerations, market conditions, use of volume cap, identification of various risks and strategies to mitigate those risks, as applicable. Additionally, recommend structures/strategies for the creation of down payment assistance and work with Underwriters to ensure marketability of the financing structure;

5. Prepare pre-pricing and post-pricing summaries of a transaction in the format prescribed by ~~MFA~~Housing New Mexico;

6. Negotiation with all parties to the transaction to ensure that ~~MFA~~ Housing New Mexico secures the best possible terms for its chosen financing option;

7. Development of schedules for the financings responsive to ~~the MFA's~~ Housing New Mexico's objectives;

8. Ongoing observation of market conditions and trends, as well as applicable government regulations to identify any developments that would adversely or favorably affect ~~MFA's~~ Housing New Mexico's financing plans;

9. Work with ~~MFA's~~ Housing New Mexico's Financing Team to develop documents, including ~~MFA's~~ Housing New Mexico's Preliminary and Final Official Statements ("POS" and "OS"), the Indenture, and all program documents in conjunction with Bond Counsel and Underwriter's Counsel;

10. Provide assistance in presentations to rating agencies and potential credit or liquidity providers, ~~MFA's~~ Housing New Mexico's Board of Directors, Legislative Oversight Committee and other public presentations as requested by ~~MFA~~Housing New Mexico;

11. Participate in ~~quarterly~~ single family and multifamily financing team meetings, as ~~required~~organized;

12. Participate in ~~weekly~~ biweekly Rate Setting Committee meetings and the preparation of market indicators for review at that meeting;

13. Work with Underwriters to market the financing, including the identification of appropriate institutional and retail investors, development of sales memoranda to raise investor awareness, informational meetings for investors, as needed to provide efficient distribution of the securities;

14. Review the pricing of the securities to achieve the lowest cost financing possible while ensuring market acceptance for future financings. Work with Underwriters to achieve a consensus scale;

15. Assist ~~MFA~~ Housing New Mexico with volume cap recycling and storage of volume cap;

16. Assist with review and questions regarding bond redemptions; also assist with issues involving bond redemptions as they arise;

17. Act as bidding agent, hedge advisor and oversee the bidding of a guaranteed investment contract for each transaction as applicable, including providing draw down schedules and average life information;

18. Assist ~~the MFA~~ Housing New Mexico with the continued development of its TBA program;

19. Recommend new structures, refundings and/or other restructurings of ~~MFA's~~ Housing New Mexico's existing single family and multifamily bond issues, advise on total balance sheet financial planning as may be beneficial to meet ~~MFA's~~ Housing New Mexico's program needs. Analyze future financing plans with respect to the current program, and make recommendations regarding advantages, timing, and structures for subsequent issues;

20. Provide initial, final and ongoing cash flow calculations including yield analysis, 32-year rule analyses, etc., as needed or requested by ~~MFA~~ Housing New Mexico or the rating agencies for

bond issues. The cash flow calculations will include but are not limited to consolidated cash flows for the single family ~~Master I~~indentures, stand-alone indenture cash flows for multifamily bond transactions and analysis of refunding opportunities in addition to tracking of the genealogy. Provide a monthly PSA report for all of ~~MFA's~~ Housing New Mexico's outstanding single family bond issues, if required. Provide updated DBC electronic files after the sale of a bond issue, and updated files on all outstanding single family bond issues on an annual basis to the ~~MFA~~Housing New Mexico.

21. Provide cash flow verification for multifamily cash flows run by a third party.

22. Prepare a final pricing book after the pricing of each bond sale for distribution to ~~MFA~~ Housing New Mexico and containing at a minimum the information requested by ~~MFA~~ Housing New Mexico such as the performance of each member of the underwriting syndicate (requests and allocations), distribution of bonds by retail/institutional and type of investor, pricing and expense characteristics of comparable sales by other issuers, 10-year Treasury at the time of sale, any pertinent economic information at the time of sale, etc.

23. Provide other Financial Advisory services as requested by ~~MFA~~Housing New Mexico.

Part IV: Compensation

Fee basis should be an all-inclusive, hourly fee or fixed-fee, depending on services to be provided. Fees should include staff time and "out-of-pocket expenses." Offeror must also state in their submission how long the Offeror can hold the all-inclusive fees with the minimum amount of time being three (3) years from the date of proposal and should address how increases will be negotiated. If selected, contracts with Offerors must reflect the all-inclusive, hourly fee or fixed- fee rates proposed.

Billing shall occur on a monthly basis and/or prior to the closing of a transaction.

Lodging and other travel related expenses shall be reimbursed by ~~MFA~~ Housing New Mexico in accordance with ~~MFA~~ Housing New Mexico expense reimbursement policies set forth in its Policies and Procedures Manual.

All Offerors are responsible for determining fees or costs associated with doing business in New Mexico and those costs must be included as part of the proposal.

Part V: Evaluation Criteria

~~MFA~~ Housing New Mexico shall award the contract for Financial Advisory Services for Single Family and Multifamily Housing Programs to the Offeror whose proposal is most advantageous to ~~MFA~~Housing New Mexico. Proposals that meet the Minimum Qualifications and Requirements shall be evaluated primarily on experience and fees. Proposals shall be scored on a scale of 1 to 100 based on the criteria listed below.

Please note that a serious deficiency in any one criterion may be grounds for rejection regardless of overall score.

Criteria	**Point Range**	**Maximum Points**
1. Experience and Qualifications: Offeror's qualifications, skill, knowledge and experience as outlined in Part VI, Section 3 of this RFP. Qualifications of Personnel Financial Advisory Experience	 0-25 0-25	 25 25
2. Responsiveness to MFA and Technical Capabilities: Offeror's ability to deliver financial advisory services and Offeror's availability as outlined in part VI, section 4 of this RFP.	0-15	15
3. Fees: Single Family Multifamily	 0-15 0-5	 15 5
4. References	0-5	5
5. New Mexico Resident Business: Offeror is licensed to do business in New Mexico and the majority of Offeror's employees who would perform the services to be performed in New Mexico reside in New Mexico	0~~N/A~~ or 5	5
6. Interviews, if held	0-5	5
Maximum Points	100	100

*Note: Only those firms selected for an interview will be evaluated on that Evaluation Criteria.

Part VI: Proposal Format and Instructions to Offeror

Proposals submitted to ~~MFA~~ Housing New Mexico must, at a minimum, contain the following information and shall be organized as follows:

1. Letter of Transmittal – to include at least the following:

A. Name, address and telephone number of Offeror and name of contact person.

B. A signature of the Offeror or any partner, officer or employee who certifies that he or she has the authority to bind the Offeror.

C. Date of proposal.

D. A statement that the Offeror, if awarded the contract, will comply with the contract terms and conditions set forth in this RFP.

E. A statement describing how long the Offeror can hold the fee schedule with the minimum being three (3) years from date of proposal.

F. A statement that the Offeror's proposal is valid for ninety (90) days after the deadline for submission of proposals.

2. Disclosure and Certifications – Offeror shall provide:

A. A written statement disclosing: (1) any political contribution or gift valued in excess of $250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any ~~MFA~~ Housing New Mexico member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.

B. A written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.

C. A Written certification that Offeror has read and shall always conduct itself in a manner consistent with ~~MFA's~~ Housing New Mexico's Third-Party Code of Conduct ~~and MFA's Anti-Harassment Policy~~.

D. A written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.

E. Location. Provide the location of the Offeror's main office and the location of the office where the Offeror's main contact person is located.

F. Offeror must provide an explanation of the generative artificial intelligence ("GenAI") model name, product owner, product description (including purpose,

functionality, and key characteristics), use case (or goal e.g. image recognition, natural language processing, text summarization), and the intended information use (context for how information is used in the model) if any GenAI would be used to carry out Contractor's services.

~~E.~~G.

3. Experience and Qualifications

   A. A description of clients for which Offeror has performed services currently or in the last ten years.

   B. Number of years the firm has been involved in performing Financial Advisory services for state housing agencies.

   C. Describe any situations that arose in which the Offeror was not able to fulfill the requirements of a Financial Advisory contract.

   D. Is the Offeror affiliated with or related to any broker-dealer? If so, please provide the name of the broker-dealer. Have any of the personnel assigned to ~~MFA's~~ Housing New Mexico's account been associated with a broker-dealer firm within the last two years?

   E. Describe the amounts and types of insurance carried, including the deductible amount, to cover errors and omissions, improper judgments, or negligence.

   F. Identify the individual who will manage ~~MFA's~~ Housing New Mexico's account on a day-to-day basis and who will be the backup day-to-day person assigned to the account for both single family and multifamily programs. Define each individual's position within the firm, where they are each located, their length of experience with state housing agencies, and indicate the housing clients to which they are assigned and in what capacity. Also indicate the degree to which they will be able to commit the firm's resources to ~~MFA's~~ Housing New Mexico's program. Indicate the availability of these individuals to perform services for ~~MFA~~Housing New Mexico.

   G. Identify the individual(s) who will be running cash flow analysis and all other schedules necessary for both single family and multifamily bond issues and other types of transactions (i.e. notes, analysis of MBS sale, etc.). Who will be the backup person running numbers? Define each individual's position within the firm, how long they have been in their current position, where they are located, housing clients to which they are assigned and in what capacity, and the type of transactions for which they have run numbers. Indicate the availability of these individuals to perform services for ~~MFA~~Housing New Mexico.

   H. Identify other professionals from your firm who will be assigned to work on ~~MFA's~~ Housing New Mexico's account, their roles and responsibilities, and relevant aspects of their background.

   I. Discuss experience of the Offeror and the individuals assigned to ~~MFA's~~ Housing New Mexico's account to provide the services listed in Section III: Services to be Performed include especially:

i. Describe programmatic single family and multifamily approaches and innovations you have designed since January 20~~15~~20 to help make single family and multifamily programs more successful in volume, cost including reducing negative arbitrage, and serving underserved markets. For single family programs, ~~MFA~~ Housing New Mexico is particularly interested in ways of expanding volume in rural areas among minorities and lower-income buyers; of financing home improvement and rehabilitation loans; and of funding down-payment assistance loans. For multifamily programs, ~~MFA~~ Housing New Mexico is particularly interested in refining loan programs and designing a small issuance program.

ii. Describe Offeror's experience with implementing/expanding housing agencies TBA program for single family loans

iii. Describe Offeror's methodology for ensuring that ~~MFA~~ Housing New Mexico receives the lowest cost financing possible.

J. List all state and local housing finance agencies for which your firm currently serves as Financial Advisor, and the term of service with each. Indicate if you serve on single family and/or multifamily transactions, if the state housing agency uses a master indenture, stand-alone indenture, or both. Indicate the lead individuals assigned to each client.

K. List housing bond issues for which your firm has acted as Financial Advisor on single family and multifamily transactions since January 20~~15~~20, and include the name of issuer, type of issue (new money, refunding, pass through), dollar amount of issue, and lead Financial Advisor assigned to the issue.

4. Responsiveness to ~~MFA~~ Housing New Mexico and Technical Capabilities

A. Offeror's proposal for delivering services, including organization of responsibilities, work plan, approach, and the availability of personnel for consultation, discussion and coordination with staff, and for travel both within and outside New Mexico, as necessary, to serve the needs of ~~MFA~~Housing New Mexico.

B. A detailed description of Offeror's technical capabilities to provide responsive and professional services to ~~MFA~~ Housing New Mexico if the contract were awarded to Offeror (e.g., ability to prepare and respond to documents in a timely manner, expertise of administrative support staff, etc.).

C. Discuss the complexities and challenges your firm has incurred in running the consolidated cash flows for a master (open) indenture.

D. Describe your firm's computer capabilities for structuring and analyzing program alternatives, including a description of computer hardware and software.

E. Discuss the firm's access to sources of current market information to assist in pricing of negotiated sales.

F. Describe the process that the Offeror would use to familiarize itself with ~~MFA~~Housing New Mexico. What will ~~MFA~~ Housing New Mexico staff's involvement be in this process?

G. ~~Disaster Recovery.~~ Describe the Offeror's disaster recovery procedures for its financial advisory function, the projected response time to catastrophic events, the frequency, extent and results of testing of these procedures. In the event of a disaster that required the Offeror to rely on these procedures, describe the impacts ~~MFA~~ Housing New Mexico would experience as a result.

5. Fees

Offeror must absorb the cost of familiarizing itself with ~~MFA~~ Housing New Mexico programs, policies and procedures, rules, regulations and past bond issues. Program documents and any other relevant information shall be made available for Offeror's review at ~~MFA's~~ Housing New Mexico's office in Albuquerque. ~~MFA~~ Housing New Mexico will not pay for such work. Indicate how much time Offeror expects to devote to familiarizing itself with ~~MFA~~ Housing New Mexico programs, policies and procedures, rules, regulations and provide a timetable for doing so. Please prepare a fee schedule to include the following:

A. Single Family:

i. Please provide the following bond transaction based fees in the format shown below (assumed fixed rate bond issue):

Issue Size	Basis for Fee Cap	Minimum Fee	Maximum Fee
	$ per thousand	$	$
	$ per thousand		

ii. If applicable, indicate the separate fee for preparing cash flow and bond yield calculations for an issue: $_____

Examples of Fee Schedule:

Issue Size	Advisory Fee	Structuring Fee	Transaction Fee
$20 million		$	$
$30 million			
$40 million			
$50 million			

iii. Fees for General Advisory Services: For fees not related to a specific financing transaction, please ~~—~~indicate the position and respective hourly rate. ~~MFA~~ Housing New Mexico would require an estimate of the cost of general advisory services and would need to approve such services prior to execution. Please provide information

in the following format and separately include any annual fee caps for general advisory services:

Position	Hourly Rate
	$

iv. On an annual basis at the end of ~~MFA's~~ Housing New Mexico's fiscal year, which is September 30, the Financial Advisor would be required to run consolidated cash flows for ~~MFA's~~ Housing New Mexio's two single family ~~Master I~~indentures. As of ~~November~~ August 3~~0~~1, 202~~0~~5, the 2005 General Indenture has 40~~27~~ fixed rate bond issues within that Indenture. The 2009 Master Indenture is comprised of ~~4~~1 fixed rate bond programs issued under the Treasury program. Please indicate the fee(s) for preparing the annual cash flows.

v. Please indicate if separate fees would be charged:

(a) for services in connection with a note or bond issue which is not successfully sold;

(b) for any other services performed under "Part III: Services to be Performed" not directly related ~~—~~to a note or bond issue such as bidding agent and/or hedge advisory services.

B. Multifamily (historically ~~MFA~~ Housing New Mexico has issued multifamily bond issues under stand-alone indentures):

i. Please provide the following fee information for bond transactions:

(a) publicly sold bond transaction that is a conduit issue;
(b) publicly sold bond transactions that is an FHA/FHA Risk Share transaction;
(c) preparation of bond issue cash flows;
(d) verification of cash flows run by a third party.

ii. Fees for General Advisory Services: For fees not related to a specific financing transaction, please indicate the position and respective hourly rate. ~~MFA~~ Housing New Mexico would require an estimate of the cost of general ~~—~~advisory services and would need to approve such services prior to execution. Please provide information in the following format:

Position	Hourly Rate
	$

ii. Please indicate if separate fees would be charged:

(a) for services in connection with a note or bond issue which is not successfully sold;

(b) for any other services performed under "Part III: Services to be Performed" not directly related ~~————————~~to a note or bond issue.

6. References

   A. Please provide names of at least three references from housing agencies that have worked with the same primary personnel that would be assigned to ~~MFA's~~ Housing New Mexico's account, including both single family and multifamily transactions. At least one of the references should be from a state housing agency utilizing a master indenture for single family transactions.

   B. Offeror shall provide the form attached hereto as **Exhibit A** to all references.

7. New Mexico Resident Business

   A. Evidence that the Offeror is licensed to do business in New Mexico.

   B. Representation that the majority of Offeror's employees who would perform the services to be performed reside in New Mexico.

8. Please provide any other relevant information which will assist ~~MFA~~ Housing New Mexico in evaluating Offeror's ability to provide financial advisory services to ~~MFA~~Housing New Mexico.

Part VII: Principal Contract Terms and Conditions

In addition to the terms respecting the services to be performed and compensation described above, the contract between ~~MFA~~ Housing New Mexico and the successful Offeror (herein "Contractor") shall include, but may not be limited to, terms substantially similar to the following:

Contract Term: The term of the Financial Advisory Services for Single Family and Multifamily Programs Contract shall begin the date the ~~MFA~~ Housing New Mexico Board of Directors approves the award and end March 31, 202~~4~~6. At the option of the Board of Directors~~Policy~~, the contract may be extended for two one-year periods under the same terms and conditions. There will be a transition period for matters in process at the beginning and the end of the contract term.

Hold Harmless and Indemnification. ~~Offeror~~ Contractor shall indemnify, defend, and hold harmless ~~MFA~~ Housing New Mexico and the State of New Mexico, its officers, directors, agents, employees, successors and permitted assigns (each, a "~~MFA~~ Housing New Mexico Indemnitee") from and against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs or expenses of whatever kind, including attorneys' fees, that are incurred by a ~~MFA~~ Housing New Mexico Indemnitee (collectively, "Losses") arising out of or related to any third party claim alleging (i) breach or non-fulfillment of any provision of this Agreement by ~~Offeror~~ Contractor or ~~Offeror's~~ Contractor's personnel; (ii) any negligent or more culpable act or omission of ~~Offeror~~ Contractor or ~~Offeror~~ Contractor's personnel, including any reckless or willful misconduct, in connection with the performance

of ~~Offeror's~~ Contractor's obligations under this Agreement; (iii) any bodily injury, death of any person, or damage to real or tangible, personal property resulting from willful, fraudulent, or negligent acts or omissions of ~~Offeror~~ Contractor or ~~Offeror~~ Contractor's personnel, or (iv) any failure by ~~Offeror~~ Contractor or its personnel to comply with any applicable federal, state or local laws, regulations, or codes in the performance of its obligations under this Agreement. ~~Offeror~~ Contractor shall further defend, indemnify, and hold harmless the ~~MFA~~ Housing New Mexico Indemnitees from and against any and all claims that any of the Services or deliverables or ~~MFA's~~ Housing New Mexico's receipt or use thereof infringes any intellectual property right of a third party.

Permitted Subcontractors. ~~Offeror~~ Contractor shall obtain ~~MFA's~~ Housing New Mexico's written approval, which approval shall be given in ~~MFA's~~ Housing New Mexico's sole discretion, prior to entering into any agreements with or otherwise engaging any person, including all subcontractors, other than ~~Offeror's~~ Contractor's employees, to provide any Services to ~~MFA~~ Housing New Mexico (each such approved subcontractor or other third party, a "Permitted Subcontractor"). ~~MFA's~~ Housing New Mexico's approval shall not relieve ~~Offeror~~ Contractor of its obligations under the Agreement, for any reason, including but not limited to Permitted Subcontractor's bankruptcy, insolvency, or other inability to perform the services required under any subcontract, a~~n~~ ~~Offeror~~ Contractor shall remain fully responsible for the performance of each such Permitted Subcontractor and its employees and for their compliance with all of the terms and conditions of this Agreement as if they were ~~Offeror's~~ Contractor's own employees. Nothing contained in this Agreement shall create any contractual relationship between ~~MFA~~ Housing New Mexico and any Permitted Subcontractor or supplier. ~~Offeror~~ Contractor shall require each such Permitted Subcontractor to be bound in writing by the confidentiality and intellectual property assignment provisions of this Agreement.

Records. Maintain complete and accurate records relating to the provision of the Services under this Agreement, including records of the time spent and materials used by ~~Offeror~~ Contractor in providing the Services in such form as ~~MFA~~ Housing New Mexico shall approve. During the Term and for a period of two years thereafter, upon ~~MFA's~~ Housing New Mexico's written request, ~~Offeror~~ Contractor shall allow ~~MFA~~ Housing New Mexico or ~~MFA's~~ Housing New Mexico's representative to inspect and make copies of such records and interview ~~Offeror~~ Contractor personnel in connection with the provision of the Services. ~~MFA~~ Housing New Mexico shall have the right to audit bills submitted to ~~MFA~~ Housing New Mexico under this Agreement both before and after payment. Payment under this Agreement shall not foreclose the right of ~~MFA~~ Housing New Mexico to recover excessive and/or illegal payments.

Payment. Payment shall be made to ~~Offeror~~ Contractor at the times, and in the amounts, that shall be set forth in a Service Agreement between ~~MFA~~ Housing New Mexico and ~~Offeror~~Contractor.

Insurance. ~~Offeror~~ Contractor shall procure and maintain at its expense until final payment by ~~MFA~~ Housing New Mexico for Services covered by this Agreement, insurance in the kinds and amounts hereinafter provided with insurance companies authorized to do business in the state of New Mexico, covering all operations under this Agreement, whether performed by the ~~Offeror~~ Contractor or its agents. Before commencing the Services, and on the renewal of all coverages, the ~~Offeror~~ Contractor shall furnish to ~~MFA~~ Housing New Mexico a certificate or certificates, providing for not less than thirty (30) days' notice to ~~MFA~~ Housing New Mexico of non-renewal or cancellation, in form satisfactory to ~~MFA~~ Housing New Mexico showing that it has complied with this Sub-Section. Various types of required insurance may be written in one or more policies. With respect to all coverages required other than workers' compensation, ~~MFA~~ Housing New Mexico shall be named an additional insured. Kinds and amounts of insurance required are as follows:

i. Commercial General Liability insuring the activities of ~~Offeror~~ Contractor under this Agreement with limits no less than $750,000 per occurrence and $750,000 in the aggregate, and with a claim/aggregate deductible in an amount reasonable for a firm of ~~Offeror's~~ Contractor's size and financial condition, in a form acceptable to ~~MFA~~Housing New Mexico.

ii. Professional Liability covering all liabilities and risks inherent in ~~Offeror's~~ Contractor's performance of the services required under this Agreement, with limits no less than $1,000,000 per occurrence and $2,000,000 in the aggregate and with a claim/aggregate deductible in an amount reasonable for a firm of ~~Offeror's~~ Contractor's size and financial condition, in a form acceptable to ~~MFA~~Housing New Mexico.

Equal Opportunity Data. The ~~Offeror~~ Contractor will maintain data relative to "Equal Opportunity" as related to Minority Business Enterprises ("MBE") and Women Business Enterprises ("WBE"). At a minimum, such data shall include the number and dollar value of MBE/WBE contracts and subcontracts awarded. This data is required to be reported to ~~MFA~~ Housing New Mexico annually in the format prescribed ~~MFA~~ by Housing New Mexico and is due to ~~MFA~~ Housing New Mexico each year at a time to be determined by ~~MFA~~ Housing New Mexico in its sole discretion.

Termination. If, in the judgment of ~~MFA~~Housing New Mexico, the ~~Offeror~~Contractor, for any cause, fails or omits to
carry out the Work in an acceptable manner ~~MFA~~ Housing New Mexico may give notice in writing of such failure or omission and of a reasonable time within which to cure the deficiency. The Contractor ~~Successful Offeror~~ shall take corrective measures within such time. The ~~Successful Offeror 's~~Contractor's failure to comply with such notice and to cure the deficiency as provided in the notice shall subject this Agreement to immediate termination by ~~MFA~~Housing New Mexico. In the event of a for-cause termination, ~~MFA~~ Housing New Mexico shall terminate this Agreement by delivering to ~~Architect~~ Contractor a written notice of termination. The effective date of termination shall be the date stated in the notice or, if no date is stated, then the date of delivery of the notice. Upon such termination, ~~Successful Offeror~~Contractor shall deliver to ~~MFA~~ Housing New Mexico all ~~design plans, construction estimates, drawings, documents, survey books, and all other~~ materials developed under this Agreement. ~~MFA Housing New Mexico shall then have the right to retain the services of other design professionals to complete Successful Offeror's~~Contractor's ~~Work under this Agreement and shall have no obligation to seek bids for that replacement design professional(s). The cost of completing Successful Offeror's~~Contractor's ~~Work under this Agreement shall be paid for by applying the balance of the contract amount remaining on this Agreement at the time of termination. If the cost to complete the Work under this Agreement is less than the remaining contract amount, the remaining contract amount shall be paid to Successful Offeror~~Contractor~~. If the cost of completing the Work under this Agreement exceeds the contract amount, then Successful Offeror~~Contractor shall pay MFA Housing New Mexico for the difference between the contract amount and the cost to complete Successful Offeror's~~Contractor's ~~Work~~.

Termination for convenience of ~~MFA~~Housing New Mexico. On fifteen (15) business day's written notice to ~~Successful Offeror~~Contractor, ~~MFA~~ Housing New Mexico may terminate this Agreement in whole or in part for its own convenience in the absence of termination for cause or any default of ~~Successful Offeror~~Contractor. In the event of a termination for convenience, ~~MFA~~ Housing New Mexico shall terminate this Agreement by delivering to ~~Successful Offeror~~Contractor notice of termination without cause specifying the extent to which performance of Work under this Agreement is terminated and the date upon which such termination becomes effective. Within ten (10) calendar days of the effective date

of termination, ~~Successful Offeror~~Contractor shall deliver to ~~MFA~~ Housing New Mexico all ~~design plans, construction estimates, drawings, documents, survey books and any or all other~~ materials developed under this Agreement. Upon delivery of such notice, ~~Successful Offeror~~Contractor shall have the right to receive payment for services satisfactorily performed to termination date, including reimbursement then due.

All ~~Offerors~~ Contractors must be in good standing with ~~MFA~~ Housing New Mexico and all other state and federal affordable housing agencies. For example, debarment from HUD, ~~MFA~~ Housing New Mexico or other federal housing programs, bankruptcy, criminal indictments or convictions, poor performance on prior ~~MFA~~ Housing New Mexico or federally-financed Projects on the part of any ~~Offeror~~ Contractor may result in termination of this Agreement.

Independent ~~Offeror~~Contractor. The nature of the ~~Offeror's~~ Contractor's and its staff's relationship to ~~MFA~~ Housing New Mexico will be that of an independent contractor, and the ~~Offeror~~ Contractor will not be deemed an agent, employee or servant of ~~MFA~~Housing New Mexico. The compensation agreed upon by ~~MFA~~ Housing New Mexico and the ~~Offeror~~ Contractor will not be subject to withholding from taxes, F.I.C.A., or otherwise, and nothing in this Agreement burdens ~~MFA~~ Housing New Mexico with the duties of an employer concerning the ~~Offeror~~ Contractor and its staff under any state worker's compensation laws, state or federal occupational health and safety laws, or any other state or federal laws. The ~~Offeror~~ Contractor and its staff will not participate in any of the fringe benefits generally made available by ~~MFA~~ Housing New Mexico to its officers or employees. ~~MFA~~ Housing New Mexico will not provide the ~~Offeror~~ Contractor office space, clerical help, office supplies or the like except as mutually agreed to by ~~MFA~~ Housing New Mexico and the ~~Offeror~~Contractor. Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture, or other form of joint enterprise, employment, or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever.

Awards to Other Offerors. The ~~Offeror~~ Contractor shall not assign or transfer any rights, duties, obligations or interest in or to the proceeds of this Agreement without the prior written approval of ~~MFA~~Housing New Mexico. If approved, any assignee will be subject to all terms, conditions and provision of this Agreement. No such approval by ~~MFA~~ Housing New Mexico of any assignment shall obligate ~~MFA~~ Housing New Mexico for payment of amounts in excess of the Program Funds. In accordance with 2 CFR 200.213, ~~Offeror~~ Contractor shall not make any awards or permit any award (subcontract or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible to participate in Federal assistance programs under Executive Order 12549 and 12689, "Debarment and Suspension."

Intellectual Property Rights; Ownership. ~~MFA~~ Housing New Mexico is, and shall be, the sole and exclusive owner of all right, title, and interest in and to the deliverables provided pursuant to the provision of the Services, including all Intellectual Property Rights therein. ~~Offeror~~ Contractor agrees, and will cause its ~~Offeror~~ Contractor personnel to agree, that with respect to any deliverables that may qualify as "work made for hire" as defined in 17 U.S.C. §101, such deliverables are hereby deemed a "work made for hire" for ~~MFA~~Housing New Mexico. To the extent that any of the Deliverables do not constitute a "work made for hire", ~~Offeror~~ Contractor hereby irrevocably assigns, and shall cause the ~~Offeror~~ Contractor personnel to irrevocably assign to ~~MFA~~Housing New Mexico, in each case without additional consideration, all right, title, and interest throughout the world in and to the deliverables, including all Intellectual Property Rights therein. The ~~Offeror~~ Contractor shall cause the ~~Offeror~~ Contractor personnel to irrevocably waive, to the extent permitted by applicable law, any and all claims such ~~Offeror~~ Contractor personnel may now or

hereafter have in any jurisdiction to so-called "moral rights" or rights of droit moral with respect to the deliverables. Upon the request of ~~MFA~~Housing New Mexico, ~~Offeror~~ Contractor shall, and shall cause the ~~Offeror~~ Contractor personnel to, promptly take such further actions, including execution and delivery of all appropriate instruments of conveyance, as may be necessary to assist ~~MFA~~ Housing New Mexico to prosecute, register, perfect, or record its rights in or to any deliverables.

Confidential Information. Simultaneous herewith, ~~Offeror~~ Contractor shall enter into a Non-Disclosure Agreement with ~~MFA~~ Housing New Mexico under which ~~Offeror~~ Contractor shall agree ~~Offeror~~ Contractor will not, during the term of this Agreement, or thereafter, without the written consent of ~~MFA~~Housing New Mexico, disclose to anyone, or use for ~~Offeror's~~ Contractor's own account, any confidential information concerning the businesses or affairs of ~~MFA~~Housing New Mexico. ~~Offeror~~ Contractor will retain all such knowledge and information respecting such confidential information in trust for the sole benefit of ~~MFA~~Housing New Mexico. Upon termination of this Agreement, ~~Offeror~~ Contractor will deliver to ~~MFA~~ Housing New Mexico all writings relating to or containing confidential information or destroyed with destruction certified by the receiving Party.

Generative Artificial Intelligence. Generative Artificial Intelligence contract terms to be determined between Contractor and Housing New Mexico.

Remedies. ~~Offeror~~ Contractor recognizes that irreparable injury would be caused by any breach of any of the provisions of this Agreement by ~~Offeror~~Contractor. ~~MFA~~Housing New Mexico, in addition to all other rights and remedies at law or equity as may exist in its favor, will have the right to enforce the specific performance of the provisions of this Agreement and to apply for injunctive relief against any act that would violate any such provisions. ~~Offeror~~ Contractor shall reimburse ~~MFA~~ Housing New Mexico for all costs and expenses, including reasonable attorney fees incurred by ~~MFA~~ Housing New Mexico by reason of ~~Offeror's~~ Contractor's breach of this Agreement. Nothing herein shall be read to limit ~~Offeror's~~ Contractor's remedies in the event of a breach of this Agreement by the ~~MFA~~Housing New Mexico.

Licenses/Compliance with Laws and Regulations. Before the date on which the Services are to start, obtain, and at all times during the Term of this Agreement maintain, all necessary licenses and consents and comply with all relevant laws applicable to the provision of the Services.

Compliance with ~~MFA~~ Housing New Mexico Rules, Regulations and Policies. Comply with, and ensure that all ~~Offeror~~ Contractor personnel comply with, all rules, regulations, and policies of ~~MFA~~ Housing New Mexico that are communicated to ~~Offeror~~ Contractor in writing, including security procedures concerning systems and data and remote access thereto, building security procedures, and general health and safety practices and procedures.

Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico without giving effect to any choice or conflict of law provision or rule that would cause the application of laws of any jurisdiction other than those of the State of New Mexico. Any legal suit, action, or proceeding arising out of, or related to, this Agreement or the Services provided hereunder shall be instituted exclusively in the federal courts of the United States or the courts of the State of New Mexico in each case located in the city of Albuquerque and County of Bernalillo, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding.

New Mexico Mortgage Finance Authority

Board Members

Chair Angel Reyes – President, Centinel Bank in Taos
Vice Chair – Derek Valdo – Chief Executive Officer, AMERIND Risk
Treasurer Rebecca Wurzburger – Strategic Planning Consultant
Member Howie Morales – Lieutenant Governor, State of New Mexico
Member Raul Torres~~Hector Balderas~~ – Attorney General, State of New Mexico
Member Laura M. Montoya~~Tim Eichenberg~~ – Treasurer, State of New Mexico
Member ~~Rosalyn Nguyen Chaffey~~Randy Traynor – Traynor Associates, LLC

Management

Isidoro Hernandez, Executive Director / Chief Executive Officer
~~Gina Hickman~~Arundhati Bose, ~~Deputy Director of Finance & Administration~~Chief Financial Officer
Donna Maestas-De Vries, ~~Deputy Director of Programs~~Chief Housing Officer
Jeff Payne, Chief Lending Officer

EXHIBIT A

ORGANIZATIONAL REFERENCE QUESTIONNAIRE

The New Mexico Mortgage Finance Authority, as part of the RFP process, requires Offerors to submit at least three references from housing agencies that have worked with the same primary personnel that would be assigned to ~~MFA's~~ Housing New Mexico's account, including both single family and multifamily transactions. ~~—~~At least one of the references should be from a state housing agency utilizing a master indenture for single family transactions. ~~a~~At least one reference for whom financial advisory services have been provided as required within this document. ~~–~~The purpose of these references is to document Offeror's experience relevant to the scope of work in an effort to establish Offeror's responsibility. Please send the following reference form to each business reference listed in Offeror's proposal.

FINANCIAL ADVISORY SERVICES RFP

ORGANIZATIONAL REFERENCE QUESTIONNAIRE FOR:

This form is being submitted to your company for completion as a business reference for the company named above. This form is to be returned to the New Mexico Mortgage Finance Authority via facsimile or e-mail at:

Name: ~~Cooper Hall~~Alex Lundy
Address: ~~344 4th St. SW~~7425 Jefferson Street NE
Albuquerque, NM 8710~~2~~9
Telephone: (505) 767-224~~8~~8~~4~~
~~Fax: (505) 243-3289~~
E-mail: ~~chall~~alundy@housingnm.org

No later than ~~January~~ December 2~~2~~1~~st~~nd, 2025~~1~~ **4:00 p.m. Mountain Time** and must **NOT** be returned to the company requesting the reference.

For questions or concerns regarding this form, please contact the individual first named above.

Company providing reference:	
Contact name and title/position:	
Contact telephone number:	
Contact e-mail address:	
Description of services provided:	
Dates services provided (starting and ending):	

1. How would you rate the timeliness of work conducted and information requested?

____ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

2. How would you rate how the work was planned and executed?

____ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

3. How would you rate the knowledge and technical expertise demonstrated?

____ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

4. How would you rate the value added to your organization through the Offeror's recommendations?

____ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

5. With which aspect(s) of this Offeror's services are you most satisfied?

COMMENTS:

6. With which aspect(s) of this Offeror's services are you least satisfied?

COMMENTS:

7. Would you recommend this Offeror's services?

COMMENTS:

Tab 9

Staff Actions Requiring Notice to Board
During the Period of September 2025

Department and Program	Project	Action Taken	Comments / Date Approved
Community Development Department – Home Improvement Program (HIP)	Home Improvement Program (HIP) - Charge Staff Time and Travel to HOME Admin	Approval of charging staff and travel time to HOME Admin rather than Project Delivery for the Home Improvement Program.	Approved by Policy Committee on September 23, 2025
Community Development Department	Partner Satisfaction Survey results	Community Development Director presented the results of the 2025 Partner Satisfaction and Feedback Survey that was sent to 60 partner agencies earlier in the year. Policy Committee discussed the results and gave feedback for next year's process.	September 23, 2023 (no approval needed)
Community Development Department – Restoring our Communities	Restoring our Communities (ROC) - Exception to 5 open projects limit	Approval to allow Homewise an exception to the 5 open projects limit. PC also approved to increase the limit on open projects to 10 for service providers that have completed 5 projects. 3 of the 10 must be outside of the service providers' home area.	Approved by Policy on Committee September 23, 2025

MEMO

TO: Housing New Mexico | MFA Board of Directors
Through: Policy Committee – September 30, 2025

FROM: Alex Lundy, Finance Manager

DATE: October 15, 2025

SUBJECT: Single Family Mortgage Program Bonds, 2025 Series E/F, Pricing & Closing Summary

Summary:
The 2025 Series E/F transaction is a new money bond issue which priced on July 31, 2025 and closed on August 27, 2025. Below is a summary of the bond sale:

Structure: This deal closed $100.0 million in principal value solely providing new money for financing single-family first-time homebuyer mortgages. It is financed by non-AMT serial bonds, term bonds, and premium amortization class ("PAC") bonds. This issuance blended $60 million tax-exempt with $40 million taxable bonds in order to stretch state-allocated Private Activity Bond (PAB) volume cap efficiently while keeping rates aligned with the New Mexico market average for borrowers.

Marketing: To enhance the marketing of bonds to retail investors, our selling group members participated in the underwriting syndicate, namely, Fidelity Capital Markets, Hilltop Securities, D.A. Davidson, FHN Financial (a new member of the selling group), and Jefferies. This underwriting syndicate submitted $8.210 million in orders and was allotted $6.845 million of bonds.

Tax-Exempt Issue Performance:
- $169.6 million institutional orders
- $21.48 million retail orders
  - $1.68 million of which from NM-based retail investors

Taxable Issue Performance:
- $161 million institutional orders
- $0.46 million retail orders

Total orders for the bond issue were $352.54 million for both retail and institutional investors (not including stock member orders), which is a decrease of 29.7% in total orders compared to the 2025 Series C/D issuance. The decrease in orders coincides with the 28.5% decrease in overall issuance size from the last bond issue ($140 million). In some cases, demand for certain bonds resulted in meaningful oversubscription which allowed Housing New Mexico to

revise its pricing and lead to yields that were more advantageous for the Authority.

Use of Bond Proceeds: The $100.0 million will finance the purchase of new securitized mortgage loans originated under Housing New Mexico's First*Home* program and to roll forward a subsidy generated from prior bond issues which helped maintain competitive mortgage rates. The weighted average mortgage rates that will be funded by the proceeds of the bonds will be as follows:

Program	Government (FHA-insured)	Conventional (FNMA & FHLMC-insured)
First*Home*	6.220%	6.595%

Yield Spread: Spread is the difference between the above mortgage loan yield and the bond yield. The maximum spread permitted by federal tax law on tax-exempt bond issues is 1.125% but when blended with taxable bond issues, the aggregate spread can be higher. The following table details the individual spread anticipated for each portion of the issue:

	Tax-Exempt	Taxable	Aggregate
Loan Yield	5.852%	6.986%	6.288%
Bond Yield	4.732%	5.714%	5.126%
Spread	**1.120%**	**1.272%**	**1.162%**

Additionally, the net present value benefit of the entirety of the transaction is estimated at $1.7 million or approximately 1.7% of the bonds issued. To keep our interest rates competitive with a rate-decreasing market, this net economic value utilizes $1.5 million of zero participating loans from prior issuances (zeroes) while keeping yield spread maximized.

Investment of Bond Proceeds: Until they are fully spent, funds from the bond issue are invested in Federated Hermes' Government Obligations Fund Institutional Shares (GOIXX) through Zions Bank, the General Indenture Trustee.

Exhibits:

1. The attached Exhibit 1 contains a table summarizing more detailed information about the 2025 Series E/F bond issue as well as bond issue characteristics from other recent single-family issuances for comparative purposes.
2. The attached Exhibit 2 is a comprehensive in-depth "Post-Sale Analysis" for 2025 Series E/F, prepared by Housing New Mexico's Financial Advisor, CSG Advisors Inc.
3. The attached Exhibit 3 is a summary from the rating agency, Moody's, detailing how zero participations (or zeroes) function when they are created in a bond issue.

EXHIBIT 1

Housing New Mexico | MFA

Summary of Recent Bond Issue Characteristics

		For Info Only	For Info Only	For Info Only	For Info Only	
		2024E/F	**2024G**	**2025A/B**	**2025C/D**	**2025E/F**
		New Money Blended	New Money Tax-Exempt	New Money Blended	New Money Blended	New Money Blended
Type of Structure		Traditional	Traditional	Traditional	Traditional	Traditional
1	Tax Exempt Bonds	$105,000,000	$70,000,000	$72,000,000	$100,000,000	$60,000,000
	Taxable Bonds	$45,000,000	$0	$48,000,000	$40,000,000	$40,000,000
	Tax-Exempt Refunding Bonds	n/a	n/a	n/a	n/a	n/a
	Taxable Refunding Bonds	n/a	n/a	n/a	n/a	n/a
	Total Amount of Bonds Issued	$150,000,000	$70,000,000	$120,000,000	$140,000,000	$100,000,000
2	Bond Issue(s) Refunded	n/a	n/a	n/a	n/a	n/a
3	Economic Benefit/Net of PV Subsidies*	$7.0 million/$8.9 million	$2.2 million/$3.5 million	$4.0 million/$3.5 million	$4.4 million/$3.7 million	$3.2 million/$1.7 million
4	Original/Current Bond Ratings: Moody's	Aaa/Aa1	Aaa/Aa1	Aaa/Aa1	Aa1	Aa1
5	Pricing Date(s)	7/16/2024	11/18/2024	1/23/2025	4/26/2025	7/31/2025
6	Bond Closing Date	8/20/2024	12/19/2024	2/26/2025	5/29/2025	8/27/2025
7	Serial Bond Maturities					
	AMT	None	None	None	None	None
	Non-AMT	9/1/25-9/1/36	3/1/26-9/1/36	9/1/26-9/1/37	9/1/26-9/1/37	9/1/26-9/1/37
	Taxable	9/1/25-9/1/34	None	9/1/26-9/1/36	3/1/27-9/1/36	9/1/26-9/1/33
8	Term Bond Maturities					
	Non-AMT	9/1/39,9/1/44 9/1/49,9/1/54	9/1/39,9/1/44 9/1/49,9/1/54	9/1/40,9/1/45 9/1/50,9/1/55	9/1/40,9/1/45 9/1/50,9/1/55	9/1/40,9/1/45 9/1/50,9/1/55
	Taxable	9/1/39,9/1/44 9/1/49,9/1/54	None None	9/1/40,9/1/45 9/1/50,9/1/55	9/1/40,9/1/45 9/1/50,9/1/55	9/1/37,9/1/40 9/1/45,9/1/50 9/1/55
9	Premium PAC Maturity					
	Non-AMT	3/1/55	9/1/55	$57,040	3/1/2056	3/1/2056
	Taxable	3/1/55	None	$57,040	3/1/2056	3/1/2056
10	Split Between FIRST HOME Government and Conventional Loans					
	Government	72%	82%	66%	70%	80%
	Conventional	28%	18%	34%	30%	20%
11	Weighted Average Loan Rates+					
	FIRST HOME - Government	6.252%	5.750%	5.985%	6.220%	6.220%
	FIRST HOME - FNMA <80%	6.619%	6.125%	6.360%	6.595%	6.478%
	FIRST HOME - FNMA >80%	6.619%	6.125%	6.360%	6.595%	6.478%
	FIRST HOME - FHLMC <80%	6.619%	6.125%	6.360%	6.595%	6.478%
	FIRST HOME - FHLMC >80%	6.619%	6.125%	6.360%	6.595%	6.478%
12	10-Year Treasury Rate at Pricing	4.16%	4.42%	4.65%	4.30%	4.37%
13	MFA Contribution at Closing					
	Cost of Issuance (COI)	$1,235,000	$680,000	$1,035,000	$1,180,000	$910,000
	COI as a % of Bonds Issued	0.82%	0.97%	0.86%	0.84%	0.91%
	Negative Arbitrage Deposit	$2,000,000	$1,250,000	$3,000,000	$3,200,000	$3,000,000
14	Administrative Fee (to MFA)	0.180%	0.180%	0.200%	0.200%	0.200%
15	Bond Allocation System Followed***	Yes	Yes	Yes	Yes	Yes

*Subsidy generated/(utilized) by a prior bond issue. Assumed 150% PSA over the life of the bonds.

+Weighted average rate of loans in the pipeline.

**The Guaranteed Investment Contract is competitively bid.

***The bond allocation system that is followed is common in the investment banking industry and is as follows:
The lead manager keeps track of when the orders are received which is referred to as an order flow tracking system.
The bond allocation system also dictates that Bonds are awarded to managers prior to any selling group members
even though group members may have entered orders first. In-state retail orders receive first priority,
followed by orders for the benefit of the group which are allocated by management fee percentage;
next are net designated orders placed through the senior manager where the buyer designates the sales credit
to specific managers, and finally, member orders receive the lowest priority.

$100,000,000
New Mexico Mortgage Finance Authority
Single Family Mortgage Program Class I Bonds
$60,000,000 2025 Series E (Tax-Exempt) (Non-AMT)
$40,000,000 2025 Series F (Federally Taxable)

POST-SALE ANALYSIS

KEY RESULTS FOR HNM

Purpose. This transaction is a traditional single-family bond issue with semi-annual interest and principal, though bonds can be redeemed quarterly from excess revenues. Its purpose, like similar prior new money transactions, is to:

1. Finance new loan production at attractive interest rates for homebuyers,
2. Provide beneficial economics to HNM with as close to the maximum yield spread permitted by the IRS as possible,
3. Use taxable financing for 40% of the par amount of the bonds, thus stretching scarce private activity bond volume cap,
4. Strategically use HNM's zero participation loans as needed, and
5. Keep negative arbitrage to a minimum.

Additionally, this transaction uses some of the zero participation loans from past series (2025 Series AB). 2025 Series EF will use approximately $3.5 million of HNM's estimated $26.7 million zero participation loans pipeline. A future bond issue will reallocate the remaining zero participation loans from 2025 Series AB.

Approach and Strategy. For just the sixth time in at least a decade, MFA issued a portion of a new money financing with taxable bonds, thus reducing the amount of new volume cap needed in the transaction. MFA has used taxable bonds in the recent past to economically refund prior bonds, but only recently starting with 2024 Series AB used taxable bonds to finance the purchase of new loans.

From a strategic point of view, HNM has been:

1. Building a loan pipeline by reserving loans, while reviewing expected rates on a traditional bond structure,
2. Issuing bonds to begin financing mortgage-backed securities at bond closing through a 3 to 4 month origination period, and
3. Protecting itself against rates rising before bonds are sold by using zero participation interest subsidies it has earned from past transactions.

Primary Objectives. HNM therefore has four primary objectives in this issuance:

1. Finance existing production at the lowest yield possible,
2. While keeping mortgage loan rates low, strategically use HNM's approximately $26.7 million of zero participations (prior to issuing 2025EF) to achieve full spread and preserve more zero participations for future production, and
3. Include taxable bonds (40% of total par) in the structure, thus reducing the use of new volume cap which is in greater demand across the state, and
4. Raise bond premium in order to generate proceeds to help fund the purchase of the MBS from the servicer at 101%, to fund cash flow lag, and to fund all of the costs of issuance of the transaction.

Structure. The 2025EF bonds:

- Included bond proceeds sufficient to finance $100.0 million of new pipeline production and provide sufficient proceeds to use and store zero participations,
- Both 2025E and 2025F were structured with serial bonds, term bonds, and Planned Amortization Class (PAC) bonds,
- Sold the 2025E and 2025F PAC bonds with a total premium of $2.4 million which provides additional funds to purchase $100.0 million of MBS and costs of issuance.
- Were priced 4 weeks prior to closing, enabling HNM to lock in its borrowing cost sooner as well as finance more of its pipeline production prior to closing, thus reducing both interest rate risk and negative arbitrage,
- Allow for either GNMA, Fannie Mae (FNMA), or Freddie Mac (FHLMC) MBS depending on HNM's loan pipeline,
- Provided HNM with an optional call in 8 years at par (or slight premium with regard to the PAC bond) if it proves profitable to redeem the bonds in the future,
- Deposited $3.0 million of Authority General funds in a negative arbitrage account to provide necessary funds to cover non-origination stress test in rating agency cash flow runs. We expect most or all such funds to be transferred back to HNM within 12 to 18 months.

Results. Both the 2025E and 2025F bond structure consisted of three major components: serial bonds, term bonds and premium PAC bonds.

1. **Yields.** The aggregate bond yield (true interest cost) of the total 2025EF issuance was 5.13% assuming 100% FHA prepayments (compared to 5.07% for the 2025CD bonds sold three months prior in April, which was 28.6% taxable).

2. **Use of Zero Participations.** In order to achieve full yield spread, 2025EF is forecasted to use $3.50 million in zeros on a nominal basis resulting in a total of $23.15 million in zeros for future bond issues (assuming participation with a future issue in 7 months).

3. **Net Economic Benefits.** The transaction's projected net present value was $3.22 million at 150% PSA prepayment speed, or approximately 3.2% of the bonds issued. Including the impact of zeros consumed, the net present value was $1.68 million.

Bond Results. Following are key highlights:

1. **Timing.** The bonds were priced on Thursday, July 31st, with a combined single two hour order period for both retail and institutional buyers.

   General municipal bond issuance as well as housing bond issuance was strong during the week of 2025EF's pricing. In addition to HNM's sale, two other state HFAs priced single family tax-exempt bonds during the week of July 28th (Montana and Maryland), while Maryland sold both tax-exempt and taxable bonds.

   On the pricing date of July 31st, the 10-year Treasury ended the day at a yield of 4.37%, 1 bp lower on the day, while the 10-year MMD rate of 3.32% was lower by 2 bps. The tone of the bond market was significantly improved compared to the tone earlier this year when the announced tariffs caused the bond market to effectively shut down from any new bond purchases. See "Market Details" below for

a full description of the market leading up to the pricing date.

Retail Interest. On the morning of Thursday, July 31st, a two hour order period was established with first priority to orders from New Mexico retail investors and second priority to national retail investors. This resulted in a total of $21.48 million of retail orders for the 2025E bonds ($1.68 million of New Mexico retail). There were only $0.46 million of retail orders for the taxable 2025F bonds, as taxable demand largely comes from institutions.

2. **2025E Institutional Interest.** In all, institutions put in orders for the 2025E bonds totaling $169.6 million (compared to $352.5 million for 2025C). Due to subscription across the serial bonds four of the serial bond yields were lowered by 5 bps. The 2045, 2050 and 2055 term bonds were oversubscribed by 4.7x, 5.3x, and 5.9x, resulting in 5 bp yield reduction for each of those term bonds. Investor interest in the $18.0 million of PAC bonds was sufficient, with 1.4x subscription resulting in a 115 basis points spread.

3. **2025F Institutional Interest.** In all, institutions put in orders for the 2025F bonds totaling $161 million compared to only $40 million of bonds offered. Due to sufficient oversubscription across the serial bonds, yields on all of the serials were adjusted lower in yield by 2 to 7 bps. The 2045, 2050, and 2055 term bonds were oversubscribed by 2.4x, 4.0x, and 4.8x and were lowered by 2 bps, 4 bps, and 4 bps, respectively. The PAC bond also received strong demand at 5.3x subscription and was lowered in yield by 5 bps.

4. **Selling Group.** To enhance the order flow, particularly with retail investors, four selling group members were included in the underwriting syndicate for 2025E. Selling group members included D.A. Davidson, Hilltop Securities, Bancroft Capital, Jefferies, and FHN Financial Markets. See below for orders and allotments from the selling group, of which Fidelity brought the most orders to the pricing:

TABLE 1: RETAIL ORDERS BY SELLING GROUP MEMBER (THOUSANDS):

Selling Group Member	Orders	Allotments
Fidelity Capital Markets	$ 8,035	$ 6,670
Hilltop Securities	50	50
D.A. Davidson	125	125
FHN Financial	-	-
Jefferies	-	-
TOTAL	***$ 8,210***	***$ 6,845***

**excludes unfilled stock orders.*

The selling group was useful to the issuance in terms of generating additional retail interest. Fidelity led the selling group by a wide margin in generating orders that received allotments.

5. **2025E Comparable Transactions (Tax-Exempt).** The 2025E bonds priced similarly on a nominal yield basis as the other comparable tax-exempt issues that priced the same week, the $75 million Montana (Aa1/AA+) issue and the $95 million Maryland issue (Aa1/AA+), though on a spread to MMD basis, HNM's bonds priced at wider spreads due to a drop in MMD. Most importantly, the 3 longest term bonds priced 5 bps lower in yield than Montana two days prior. HNM's PAC bond (5 year average life, 75-500% PSA band) priced at a spread of +117, 2 bps higher than Montana's PAC bond (5 year A/L, 75-600% PSA band) sold on July 29th.

6. **2025F Comparable Transactions (Taxable).** The 2025F taxable bonds priced at very similar spreads to Maryland's taxable issues, but at higher nominal yields given the higher US Treasury rates later in the week when HNM priced its bonds. HNM's PAC bond spread of +103 to the 5-year UST was well

inside the +110 that Maryland achieved due to its 5.3x oversubscription. Overall, MFA's 2025F taxable issuance priced in line with recent taxable housing bond transactions with strong results for the PAC bond.

MARKET DETAILS

Key Dates:	Retail and Institutional Order Period:	Thursday, July 31, 2025
	Closing Date:	Wednesday, August 27, 2025

Market Dynamics. Both treasury and municipal bond markets experienced tremendous shocks from late March through the middle of April 2025, with unprecedented tariffs on global counterparties announced by the Administration. Corporate investment-grade, high yield, and the Municipal Market Daily ("MMD") yields all widened significantly, with Treasury yields also selling off despite their typical safe-haven status during times of market disruption.

In the months since, bond markets have been accessible and municipal bond ratios to UST yields have improved. Since the few weeks in April when the markets effectively shut down, municipal bond issuers have accessed the market successfully with investor demand ample for such supply. Beginning in June, fundamentals in the muni market have been strong, with large amounts of bond redemptions and maturities providing investors with increased cash to reinvest into muni bonds. Such seasonal reinvestment flows have been a key source of strength in the muni market since early June.

Interest Rates. On Wednesday, July 30th, the day before pricing, the 10-year US Treasury closed at a yield of 4.38%. As for munis, 10-year and 30-year MMD both decreased by 2 bps on the day. After experiencing one of the most volatile months of the stock market in U.S. history in April, on par with volatility experienced during the COVID shutdown in 2020, the Great Financial Crisis of 2007 and 2008, and the Great Depression, treasury and municipal markets have since restored functionality.

Municipals.

Additional factors affecting the municipal bond market include:

- Supply. In 2024, the supply of new issue municipal bonds was the highest of the last five years at $534 billion, a 43% increase to the $373 billion issued in 2023. As of July 31st, The Bond Buyer's 30-day visible supply for negotiated offerings stood at $14.2 billion, well above the $12.3 billion weekly average year-to-date.

- Demand. Over the last 18 months, while outflows continued from traditional bond mutual funds, municipal exchange traded funds ("ETFs") grew, helping to retain a more positive tone to investor demand in the muni market. A favorable market for municipal issuers has continued, evidenced by attractive MMD/Treasury ratios.

- Ratios. Showing the greater sensitivity of treasury yields to global investor sentiment and other market changes, ratios between the 10-year MMD index and the 10-year treasury bond yields and the 30-year MMD and the 30-year treasury yields often do not move in sync. Spreads between the 10-year and 30-year MMD index levels and their respective US Treasury yields are important indicators for institutional investors in tax-exempt bonds and remain favorable to HFAs. On the date of pricing for 2025EF, the 10-year MMD/Treasury ratio was 76%, compared to ratios in the 59-67% range throughout 2024 and early 2025 (*see* ***Table 2*** *below*).

TABLE 2: COMPARISON OF RATES IN RECENT TRANSACTIONS

Issue	Date	10 Year MMD	10 Year Treasury	MMD to Treasury Ratio	30 Year MMD	30 Year Treasury	MMD to Treasury Ratio
2024 AB	1/25/24	2.46%	4.13%	60%	3.61%	4.38%	82%
2024 CD	4/16/24	2.74%	4.66%	59%	3.90%	4.76%	82%
2024 EF	7/16/24	2.78%	4.16%	67%	3.66%	4.37%	84%
2024 G	11/18/24	2.94%	4.42%	67%	3.79%	4.61%	82%
2025 AB	1/23/25	3.07%	4.65%	66%	4.02%	4.87%	83%
2025 CD	4/24/25	3.44%	4.30%	80%	4.48%	4.77%	94%
2025 EF	**7/31/25**	**3.32%**	**4.37%**	**76%**	**4.67%**	**4.89%**	**96%**
Change from 2025CD to 2025EF		***- 12 bps***	***+ 7 bps***	***- 4%***	***+ 19 bps***	***+ 12 bps***	***+ 2%***

UNDERWRITING

Underwriter. RBC Capital Markets served as senior managing underwriter and Raymond James as co-manager. As described above, there was also a five-firm selling group.

Underwriting Fees. The underwriter discount of $6.73 per $1,000 bonds is reasonable compared to other similarly sized issues in the market.

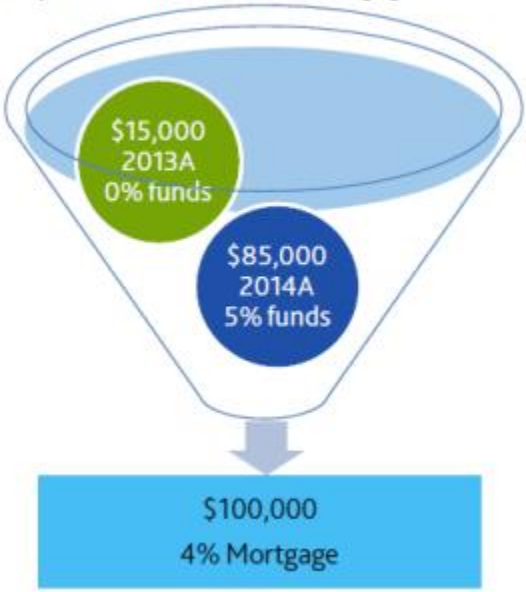
Performance. RBC Capital Markets as book-running senior manager and Raymond James as co-manager worked well together and achieved sufficient order flow as described above and evidenced by ~$340 million in total orders (excluding stock member orders).

The five-firm selling group enhanced the sale of the bonds. We recommend that HNM use a selling group on the next traditional bond issuance as well.

0% participation funds: HFAs may elect to save the subsidy generated by the excess yield as "0% participation funds" (called zeroes) so they can be used to "blend" down higher mortgage rates in the future. For example, an HFA can earn full-spread on bond-financed mortgages if it can borrow at 4% and lend at 5%, but the prevailing mortgage rate is 4%. In this case, bond financing would not have been practical to the HFA in the example because its full-spread 5% mortgage rate is considerably higher than its competition's 4% rate. However, if the HFA in the example has zeroes generated by a prior bond issue with excess spreads (2013A in the exhibit below) that can be used to subsidize the new bond-financed mortgages, the bond financing would be practical. That is because after the new bond sale, the HFA will have two pots of bond proceeds available for mortgage financing – one with a 5% interest rate (non-zeroes) from 2014A and the other with a 0% interest rate (zeroes) from 2013A. Therefore, the HFA in this example can blend the non-zeroes and zeroes pools to offer a 4% mortgage (see Exhibit 2).

EXHIBIT 2

Blending 0% proceeds and 5% proceeds to fund a 4% mortgage



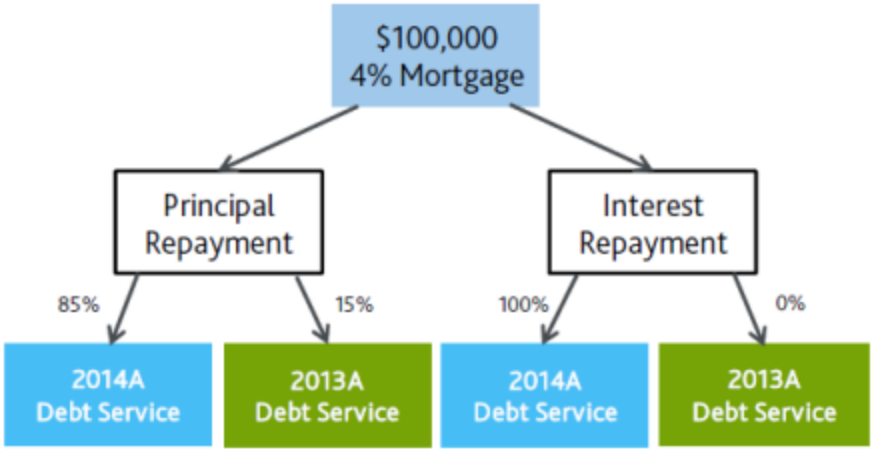
Source: Moody's Investors Service

To achieve full-spread as prescribed by the federal tax law, the HFA in this example will fund (or "participate") 85% of this mortgage with moneys from the non-zero pool and the remaining 15% from the zeroes pool. Going forward, 100% of the interest repayment from the mortgage will be used to pay debt service on 2014A bonds (whose proceeds funded the non-zeroes pool), with the principal repayment and prepayment split 85/15 between the 2014A and 2013A bonds (see Exhibit 3).

EXHIBIT 3

EXHIBIT 3

100% of interest repayment and 85% of principal repayment from the mortgage are used to pay 2014A debt service



Source: Moody's Investors Service

Tab 10

Housing New Mexico | MFA
Marketing & Communications Monthly Report

September 2025

Press Releases

September 16, 2025
Housing New Mexico celebrates Calle Cuarta Apartments ribbon-cutting ceremony in Albuquerque Tuesday
https://housingnm.org/about-us/news/housing-new-mexico-celebrates-calle-cuarta-apartments-ribbon-cutting-ceremony-in-albuquerque-tuesday

September 22, 2025
Housing New Mexico presents awards to 14 affordable housing leaders at 2025 New Mexico Housing Summit
https://housingnm.org/about-us/news/housing-new-mexico-presents-awards-to-14-affordable-housing-leaders-at-2025-new-mexico-housing-summit

Media Interviews

Isidoro Hernandez, Housing New Mexico Executive Director/CEO

September 16, 2025
KOAT TV
Topic: 2025 New Mexico Housing Summit

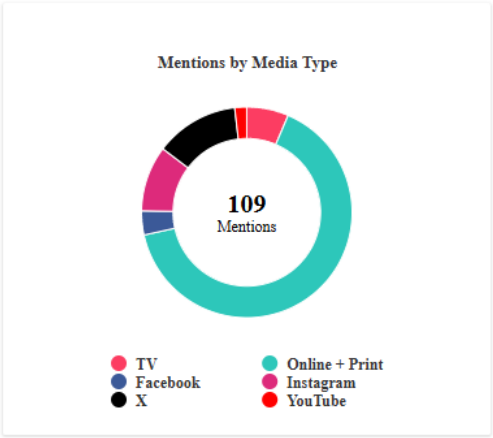
September 22, 2025
Western Landowner's Alliance
Topic: Environmentally friendly housing solutions in New Mexico

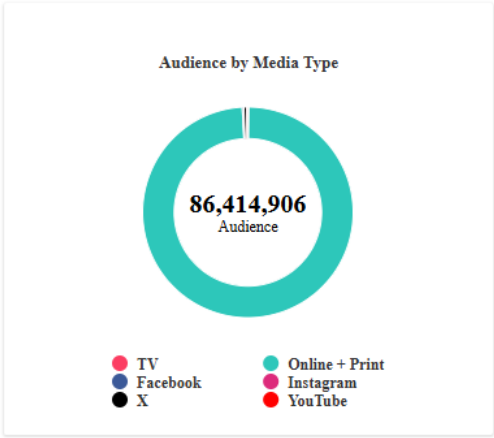
September 24, 2025
Tax Credit Advisor
Topic: Calle Cuarta Development in Albuquerque

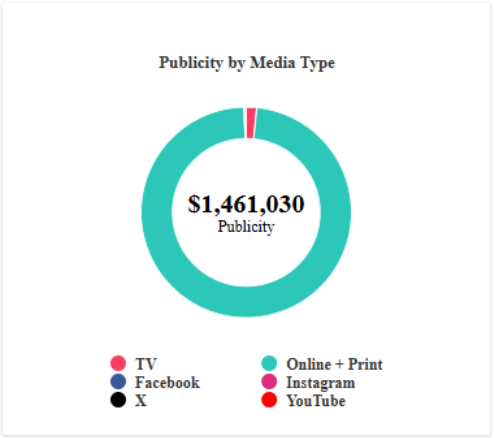
Media Mentions/News Coverage

9.1.25 to 9.30.25 Media Mentions Report

Mention Analytics







Critical Mention calculates the **value of publicity** differently for each media type:

1. TV: The Nielsen Score is multiplied by the cost per point (CPP) provided by SQAD, which is a company that provides advertising cost data (https://www.linkedin.com/company/sqad-inc./about/).

2. Radio: Nielsen's hourly ad spend data per station is used to calculate per market cost-per-thousand (CPM), which is applied it to the audience value.

3. Online: The value is based on the site's importance, estimated monthly visitors and article length. If only audience value is available, an estimate is made using a $9.25 CPM.

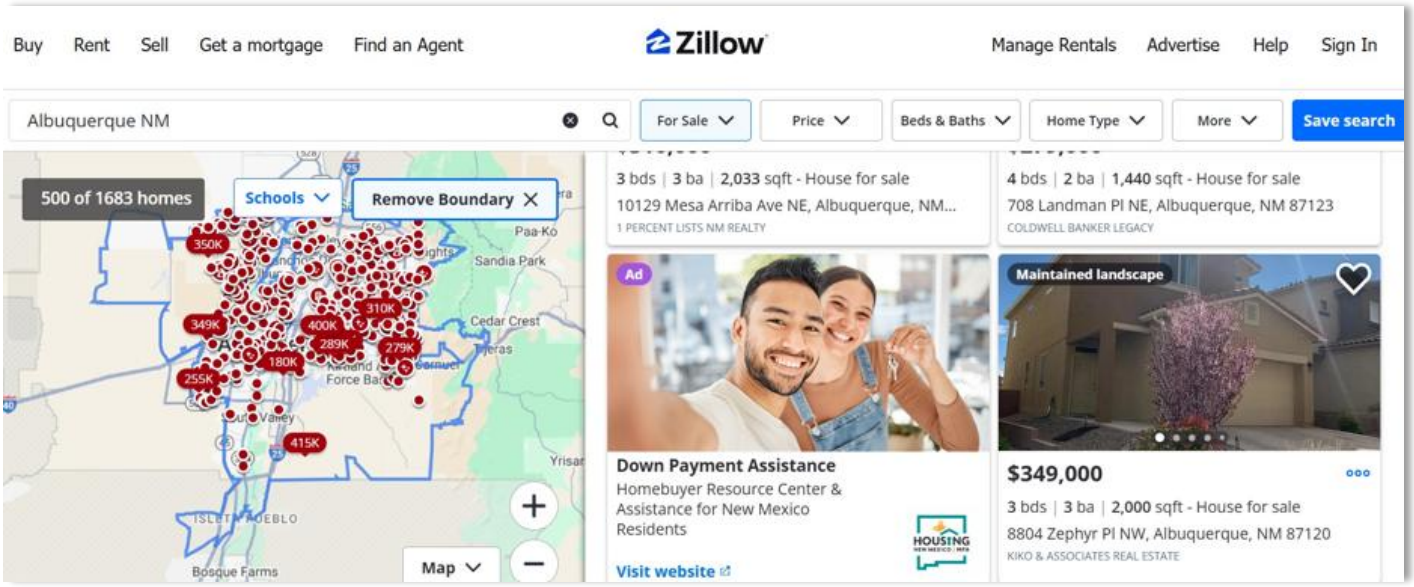
4. Podcast: The audience value is multiplied by an $18 CPM.

5. Social Media: Platform-specific formulas are used. For example, on Instagram, the value is calculated as number of followers multiplied by $5 CPM.

These calculations help estimate the monetary impact of earned (non-paid) media mentions across different platforms.

Advertisements

Zillow



New Mexico Society of CPAs E-Newsletter



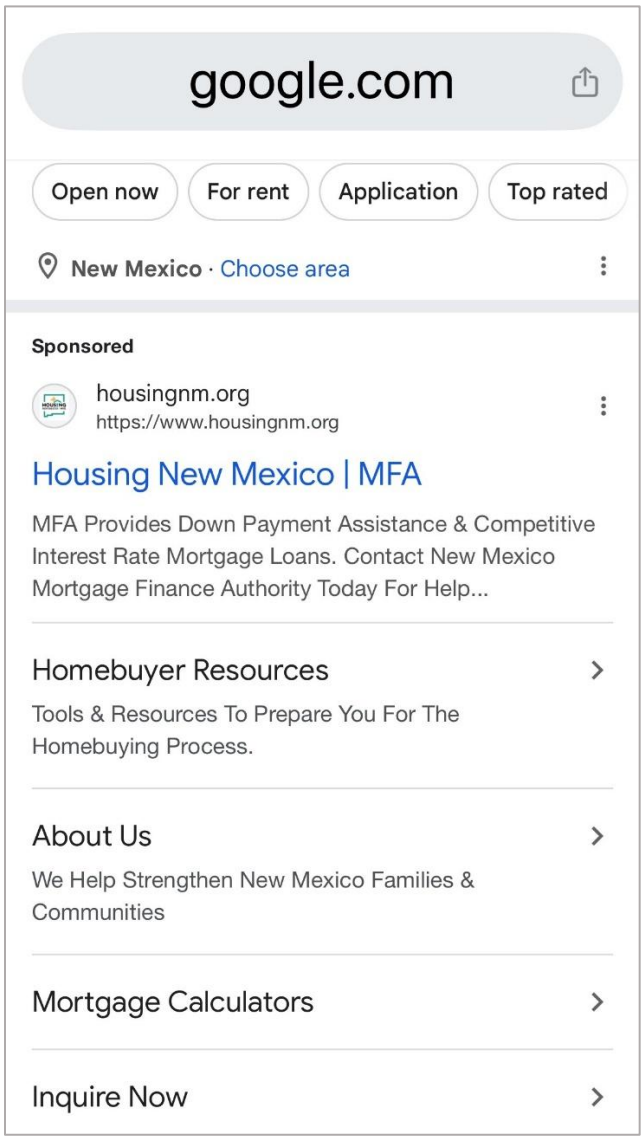
Google Ads

September Report:

Housing New Mexico's down payment assistance and affordable housing Google ad campaign yielded 1,125 conversions in September as follows:

- Phone calls directly from ads: 152
- Phone calls from the website after clicking an ad: 534
- Contact form submissions: 439

Conversions = The number of leads Housing New Mexico received after a user clicked on an ad
Click-through rate = The percentage of impressions that result in a click on an ad
Impression = Each time an ad is shown to a user





Outreach & Sponsorships

September 9: New Mexico Mortgage Lenders Association Charity Golf Tournament (Albuquerque)

September 16-19: New Mexico Municipal League Annual Conference (Ruidoso)

September 17-19: New Mexico Housing Summit (Bernalillo)

September 25: UNM Career Fair (Bernalillo)



September 25: Zuni Housing Authority Annual Summit (Zuni)



September 26: Hozho Center for Personal Enhancement September Recovery Month Celebration (Gallup)



2025-2026 New Mexico Counties Business Partnership
Weekly in September: New Mexico Counties News Brief

NEW MEXICO COUNTIES
33 STRONG

Zia Business Partners

34 Strong

NEW MEXICO FINANCEAUTHORITY

34 Strong

NMFA

Roadrunner Business Partners

Enterprise Fleet Management | Housing New Mexico MFA | Indivior | Invenergy Mooring USA | NextEra ENERGY RESOURCES | NM DOT - Aviation Division

Yucca Business Partner

Santa Fe Community College

NACo EDGE Partners

ClearGov
Plan, build, and present your budget with confidence.

NACo EDGE

Nationwide

Constituent Inquiries

122

Search enter keywords... ENG ESP

HOUSING NEW MEXICO | MFA

About Us Programs Partners Plans & Reports Funding Opportunities Meetings, Notices & Webcasts Logins Contact Us

Contact Us

Housing New Mexico | MFA is open from 8 a.m. to 5 p.m. Monday through Friday.
Mortgage payments may be dropped in the front drop box anytime.



Housing New Mexico offers a wide variety of housing-related programs. Please select the drop-down menu topic that best applies to your situation.*

Please Select

First name* Last name*

Phone number* Email*

Property address*

Developer Contact Form (Developers Only)

Please note that this form is intended for developers interested in partnering with Housing New Mexico. For general inquiries, please fill out our Contact Us Form.

Company name*

First Name* Last Name*

Email* Phone number*

Program*

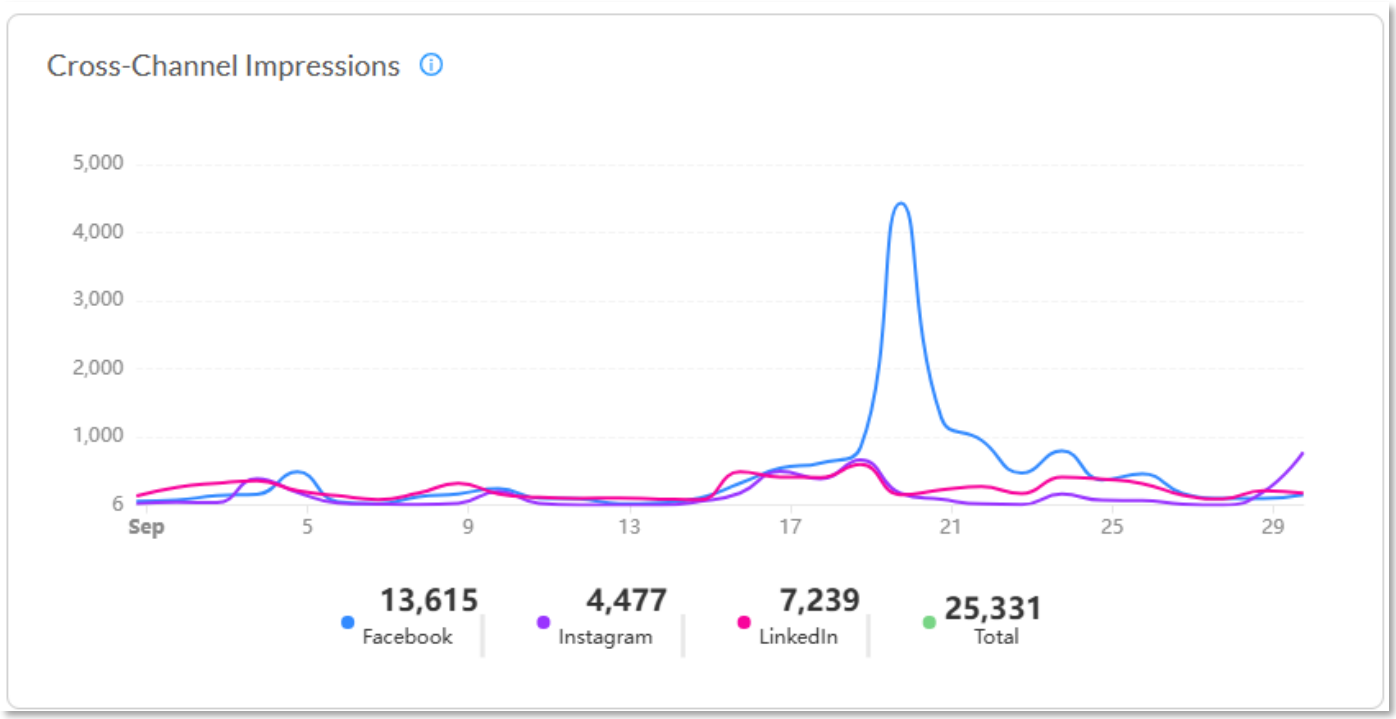
Please Select

Message*

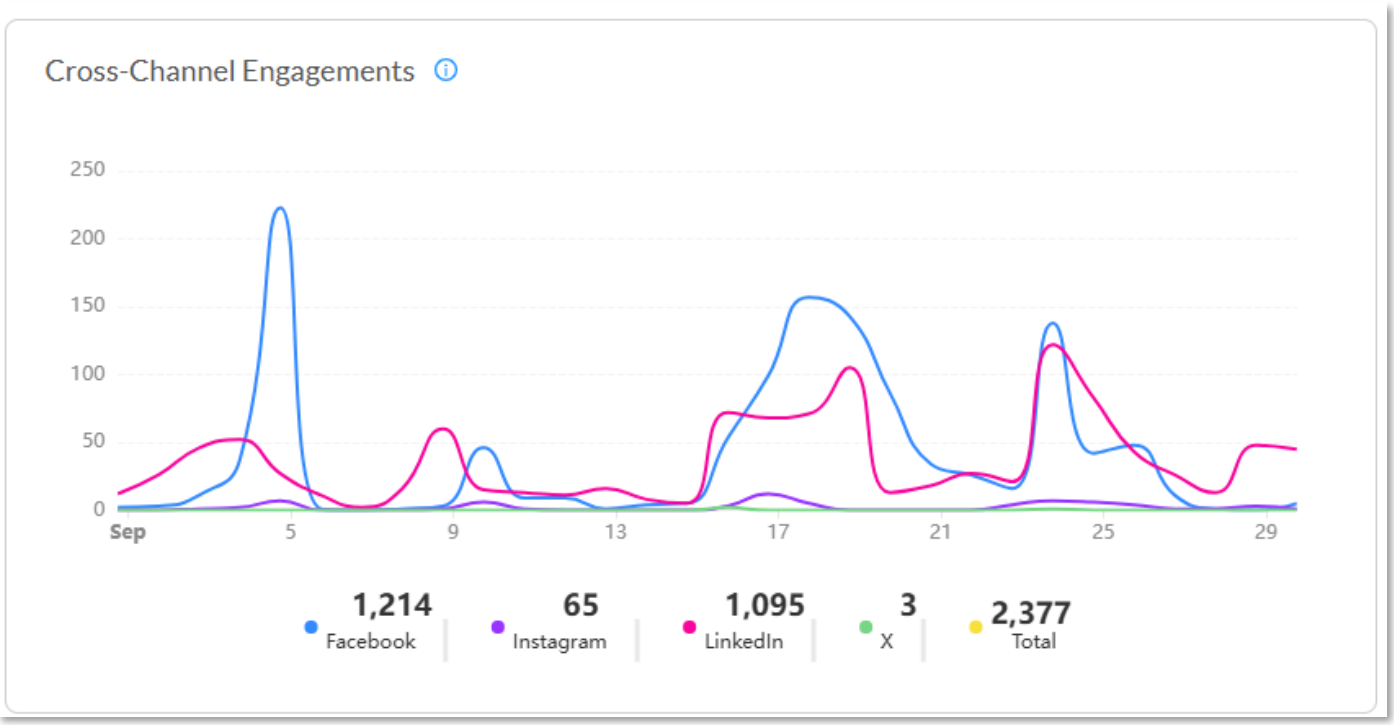
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Social Media Analytics
LinkedIn: Housing New Mexico
Facebook: @HousingNewMexico
Instagram: @HousingNewMexico
X/Twitter: @HousingNM



Impressions = The number of times Housing New Mexico social media page content was displayed.



Engagements = Depending on platform, engagements include likes, comments, shares, clicking on links, saves, story replies, post clicks.

Top Post Performance

Housing New Mexico

Metric Engagement is only available for posts. Sorting by Engagement will only show posts and exclude any reels from the results below.

Housing New Mexico
Sep 24, 2025 10:01 AM

Press Release | Housing New Mexico presents awards to 14



78	22	0
Clicks	Reactions	Comments
3	363	415
Shares	Reach	Impressions

Housing New Mexico
Sep 10, 2025 9:02 AM

Celebrating 50 Years of Housing New Mexico Day 49 of 50 –



16	56	6
Clicks	Reactions	Comments
6	353	431
Shares	Reach	Impressions

Housing New Mexico
Sep 18, 2025 3:46 PM



47	11	0
Clicks	Reactions	Comments
1	147	173
Shares	Reach	Impressions

Housing New Mexico

Housing New Mexico
Sep 19, 2025 9:11 AM

A huge THANK YOU to everyone who came out to the 2025



0	31	2
Comments	Likes	Saves
0	329	511
Shares	Reach	Views
33		
Engagement		

Housing New Mexico
Sep 17, 2025 11:02 AM

We're kicking off the 2025 Housing Summit here at Hotel Albuquerque!



2	18	0
Comments	Likes	Saves
1	177	290
Shares	Reach	Views
21		
Engagement		

Housing New Mexico
Sep 18, 2025 1:50 PM

A huge thank you to our dedicated legislators and to Gilbert



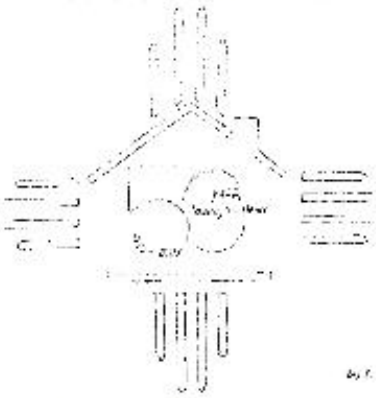
0	14	0
Comments	Likes	Saves
0	87	253
Shares	Reach	Views
14		
Engagement		

Top Post Performance

Housing New Mexico

Housing New Mexico
Sep 16, 2025 10:01 AM

Marking this important milestone, Housing New Mexico's Patrice



1	27	0
Likes	Impressions	Reposts

Housing New Mexico
Sep 24, 2025 10:01 AM

🚨 Press Release 🚨 Housing New Mexico presents awards to 14



1	12	0
Likes	Impressions	Reposts

Housing New Mexico
Sep 16, 2025 3:00 PM

Press Release: Housing New Mexico representatives attended the Calle



1	22	0
Likes	Impressions	Reposts

Housing New Mexico

Housing New Mexico
Sep 24, 2025 10:00 AM

🚨 Press Release | Housing New Mexico presents awards to 14



49	1	1
Likes	Comments	Shares

253
Clicks

Housing New Mexico
Sep 18, 2025 2:15 PM

👏 A huge thank you to our dedicated legislators and to Gilbert



40	1	4
Likes	Comments	Shares

144
Clicks

Housing New Mexico
Sep 16, 2025 3:00 PM

Press Release: Housing New Mexico celebrates Calle Cuarta Apartments



58	0	4
Likes	Comments	Shares

98
Clicks

September Website Traffic Overview
https://housingnm.org/
Top-Viewed Page "/" = Home Page

Housing New Mexico Monthly Dashboard

Website Traffic Overview | Google Analytics 4

TOTAL VISITS
38,493

Previous period	Previous year
6%	4%

NEW USERS
17,795

Previous period	Previous year
7%	-5%

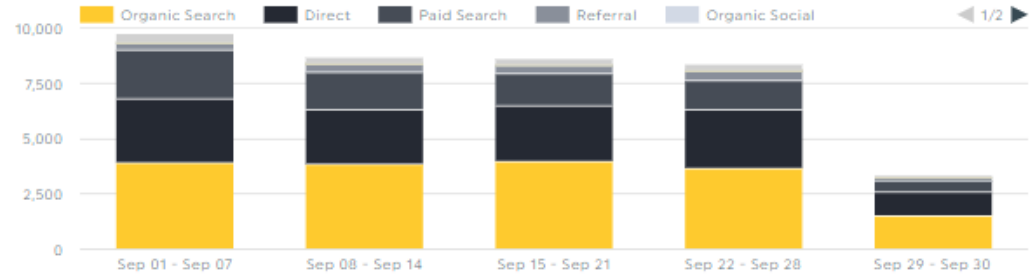
TOTAL USERS
23,306

Previous period	Previous year
7%	0%

VIEWS
66,068

Previous period	Previous year
4%	-12%

SESSIONS BY MEDIUM



PAGES PER VISIT
1.72

Previous period	Previous year
-2%	-15%

BOUNCE RATE
52.87%

Previous period	Previous year
5%	11%

TOP VIEWED PAGES

Page path	Views		Total users	
/	14,893	+294	8,578	-19
/lenders-realtors/current-rates	2,920	+701	832	+177
/programs/homebuyers/mortgage-programs	2,200	+291	1,428	+159
/?hsa_acc=7382405198&hsa_cam=17305995781&hsa_grp=161423321950&hsa_ad=693503565500&hsa_src=g&hsa_tgt=c1652313956796&hsa_kw=&hsa_mt=&hsa_net=adwords&hsa_ver=3	1,788	+806	1,353	+602
/programs/find-housing/rentals/affordable	1,769	-11	1,158	-10
/mortgage-loans/make-payment	1,754	-148	1,156	-91
/lenders-realtors	1,493	+102	436	+47
/lenders-realtors/income-and-purchase-price-limits	1,327	+184	553	+64

2025 New Mexico Housing Summit

Nearly 600 people attended the New Mexico Housing Summit held September 17-19 at Hotel Albuquerque. Housing New Mexico secured 56 sponsors, and the summit featured 125 speakers at 50 sessions. In addition to offering educational workshops, informational sessions, and networking opportunities, the event concluded with an awards ceremony at which 14 industry leaders were recognized for their contributions to affordable housing in New Mexico.







Housing New Mexico 50th Anniversary Campaign

To commemorate Housing New Mexico's 50th Anniversary, a coordinated campaign was implemented throughout the year. The effort included a "50 Stories from 50 Years" social media campaign aligned with a dedicated "50 Stories from 50 Years" web page, a 50th anniversary book to be distributed to attendees at the New Mexico Housing Summit, and three videos to be debuted at the summit, to include a history video, partners video, and 50-year production graphics video. On April 10, a press conference was held to commemorate the April 10, 1975, signing of House Bill 88, creating the New Mexico Mortgage Finance Authority. On July 24, a press conference was held to mark the first-ever board meeting on July 24, 1975, which several past board members and executive directors attended and made remarks.

Website
50 Stories from 50 Years



Social Media Campaign
50 Stories from 50 Years
March – September (two posts per week)

Day 1

Housing New Mexico
1,113 followers
6mo •

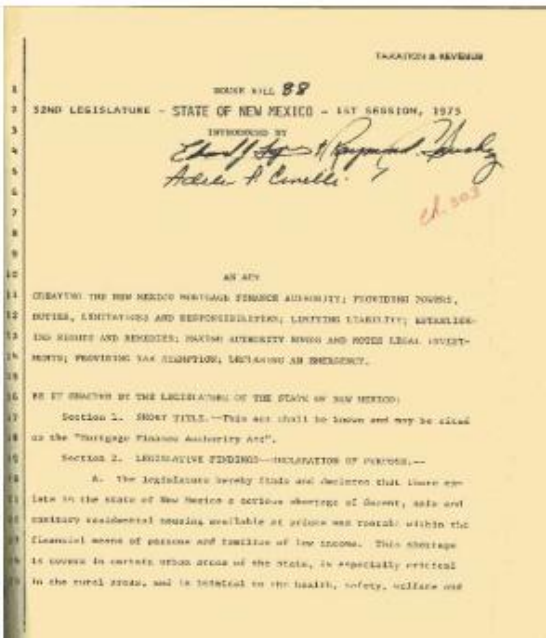
🎉 Celebrating 50 Years of Housing New Mexico 🎉
As we gear up for the 2025 New Mexico Housing Summit, we're launching 50 Stories from 50 Years — a journey through the moments that shaped Housing New Mexico.

Day 1 of 50: The House Bill that started it all (1975)

Rep. Adele Cinelli Hundley recruited legislators who "had the political muscle" to get the proposed housing agency legislation passed. Reps. Cinelli Hundley, Raymond Sanchez and Edward Lopez introduced the Mortgage Finance Authority Act as House Bill 88 during the 1975 State of New Mexico legislative session (32nd legislature).

#50YearsOfHousingNewMexico
#50StoriesFrom50Years





TAXATION & REVENUE

HOUSE BILL 88

32ND LEGISLATURE - STATE OF NEW MEXICO - 1ST SESSION, 1975

INTRODUCED BY

Adele A. Cinelli

AN ACT

CREATING THE NEW MEXICO MORTGAGE FINANCE AUTHORITY; PROVIDING POWERS, DUTIES, LIMITATIONS AND RESPONSIBILITIES; LIMITING LIABILITY; ESTABLISHING RIGHTS AND REMEDIES; MAKING AUTHORITY BONDS AND NOTES LEGAL INVESTMENTS; PROVIDING TAX EXEMPTION; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. SHORT TITLE.--This act shall be known and may be cited as the "Mortgage Finance Authority Act".

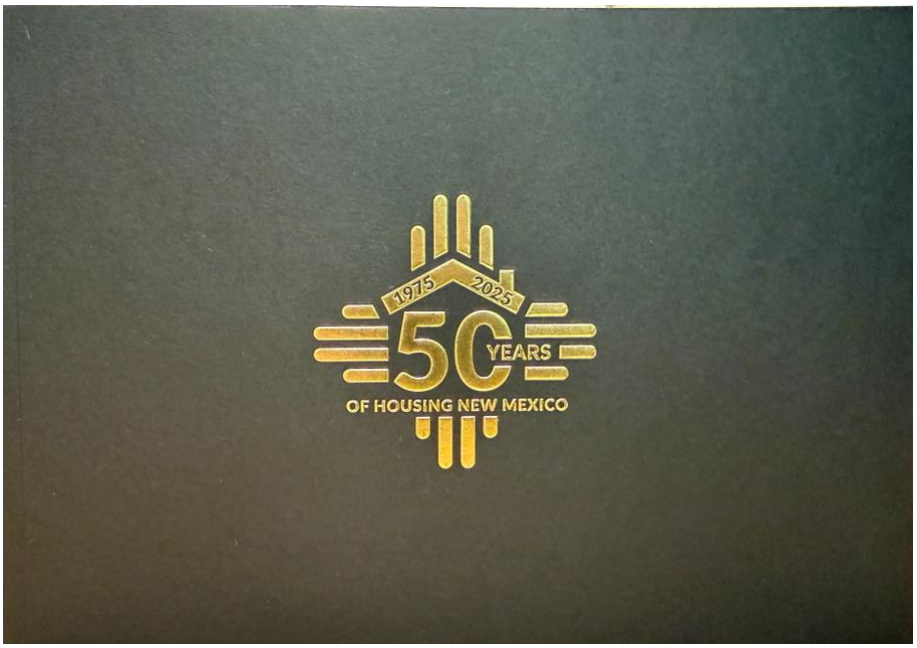
Section 2. LEGISLATIVE FINDINGS--DECLARATION OF PURPOSE.--

A. 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

Day 50



50th Anniversary Book



Videos

History Video
https://vimeo.com/1121243343/cd87df70a8?share=copy

Partners Video
https://vimeo.com/1124956733

50-Year Production Video
https://vimeo.com/1122014728

April 10 Press Conference





July 24 Board Meeting

Housing New Mexico
1,113 followers
2mo •

On July 24, we commemorated the 50th anniversary of Housing New Mexico's first board meeting with a special gathering of staff, partners, board members, and executive directors—past and present.

It was an inspiring celebration of our history and the people who've shaped our mission over the decades. Here's to the next chapter!

#HousingNewMexico #50YearsStrong #CommunityImpact





New Mexico Housing Trust Fund Monthly Overview

October 15, 2025

New Mexico Housing Trust Fund Funding Source	Total Allocation	Total Encumbered*		Total Awarded		Procured but not Awarded	Total Expended		Awards Proposed at 9/2025 Board Meeting	Award Amount	Activity
Severance Tax Bond 2024	$ 37,530,000	$ 37,530,000	100%	$ 37,530,000	100%	$ -	$ 26,924,229	72%			
Severance Tax Bond 2025	$ 34,620,000	$ 34,620,000	100%	$ 34,620,000	100%	$ -	$ 22,593,685	65%			
Legislative 2024 $50 Million Allocation	$ 50,000,000	$ 50,000,000	100%	$ 42,248,876	84%	$ 7,751,124	$ 13,814,242	28%	La Casa Inc.	$ 500,000	Housing Innovation
Severance Tax Bond 2026	$ 44,763,415	$ 44,763,415	100%	$ 25,252,715	56%	$ 19,510,700	$ 78,019	0%	Desert Willow	$ 2,000,000	Rental Development
Total	**$ 166,913,415**	**$ 166,913,415**	**100%**	**$ 139,651,591**	**84%**	**$ 27,261,824**	**$ 63,410,175**	38%			

Awards in green are included in the total awarded but are being proposed at the current Housing New Mexico Board of Directors meeting. All awards and expenditures are as of the final Policy Committee meeting on September 30, 2025 .

Encumbered is defined as Housing New Mexico has a program to deploy the funding and is available to potential applicants (homebuyers, service providers, developers, and other applicants).
Awarded is defined as Housing New Mexico has directed an amount of the funding to an awardee or program.
Expended is defined as Housing New Mexico has released funding through draws or reimburesments.

New Mexico Housing Trust Fund Awards
October 15, 2025

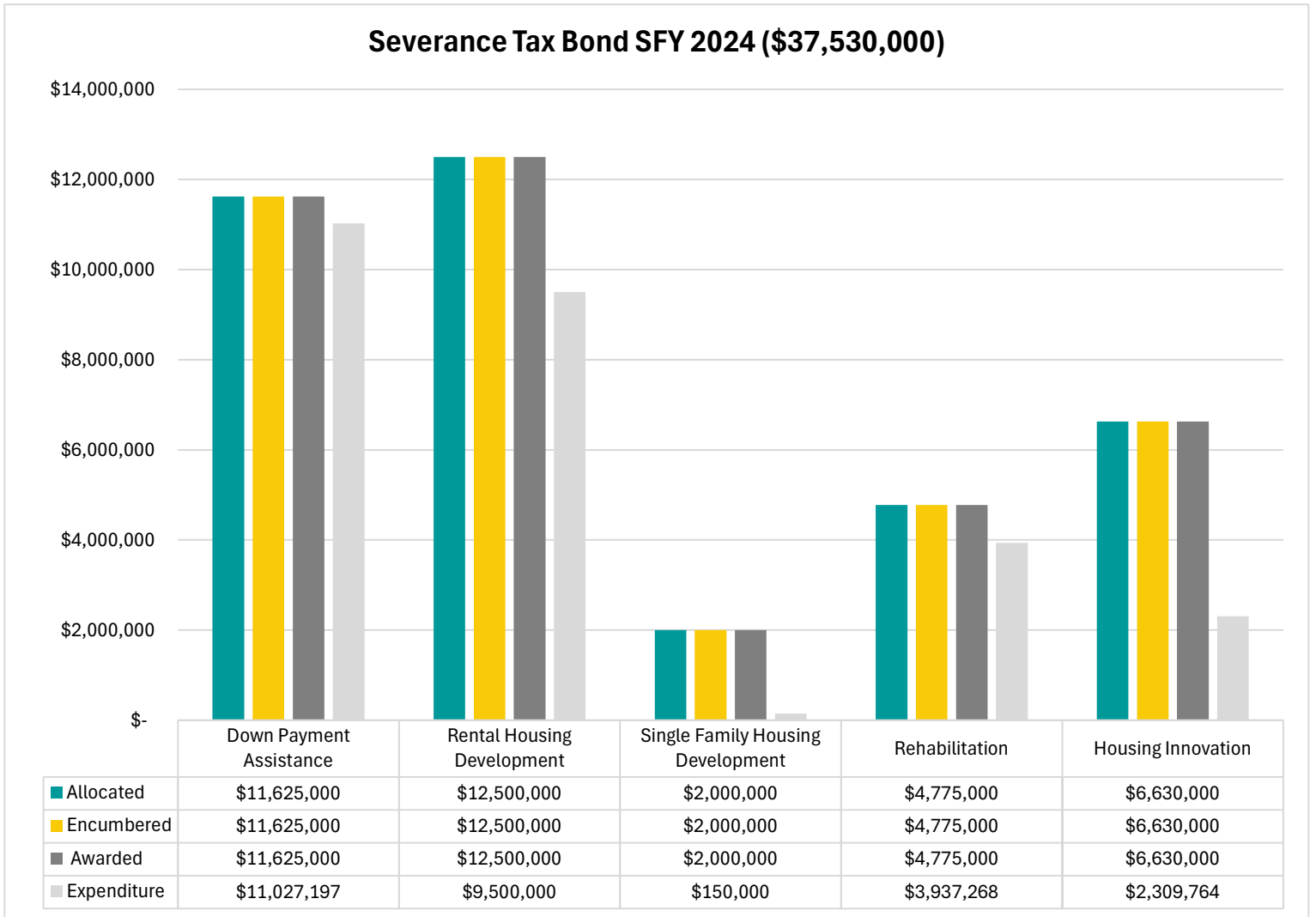
Awardee	Award	Award Amount	Certified Use	Activity	New Mexico Housing Trust Fund Funding Source	Anticipated Impact (Households)	City	County
Homeownership Department	**FirstDown Plus**	$ 8,370,000	Down payment assistance (DPA)	Down Payment Assistance	2024 Legislative Allocation	837	Statewide	New Mexico
Homeownership Department	**HomeForward DPA**	$ 1,200,000	Down payment assistance (DPA)	Down Payment Assistance	2024 Legislative Allocation	141	Statewide	New Mexico
HOME and VHRMP		$ 500,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	2024 Legislative Allocation	19	New Mexico	Guadalupe County, New Mexico
Home Improvement Program		$ 100,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	2024 Legislative Allocation	7		Guadalupe County, New Mexico
Saranam		$ 732,939	Homelessness and Homelessness Prevention	Homeless and Homelessness Prevention (Housing Innovation)	2024 Legislative Allocation	13		Bernalillo County, New Mexico
Forget Me Not Park		$ 375,000	Homelessness and Homelessness Prevention	Housing Innovation	2024 Legislative Allocation	40	Socorro/ Truth or Consquences Area	Socorro County, New Mexico
Village of Ruidoso		$ 712,498	Rental and single family development	Housing Innovation	2024 Legislative Allocation	-	Ruidoso	Lincoln County, New Mexico
Chelsea Investment Corp.	**West Mesa Ridge A**	$ 3,000,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Rental Development	2024 Legislative Allocation	128	Albuquerque	Bernalillo County, New Mexico
DBG Properties	**Tierra Linda Apartments**	$ 3,000,000	Rental and single family development	Rental Development	2024 Legislative Allocation	240		Bernalillo County, New Mexico
Dominium Development and Acquisition LLC	**Turquoise Trail**	$ 2,000,000	Rental and single family development	Rental Development	2024 Legislative Allocation	312	Santa Fe	Santa Fe County, New Mexico
Lincoln Avenue Communities	**Cresta Ranch**	$ 4,000,000	Rental and single family development	Rental Development	2024 Legislative Allocation	240		Santa Fe County, New Mexico
Rio Rancho Leased Housing Authority I, LLP	**Sandoval Flats**	$ 1,380,000	Rental and single family development	Rental Development	2024 Legislative Allocation	216	Rio Rancho	Sandoval County, New Mexico
Synergy Community Development Corp	**Sunset 1600 Apartments**	$ 3,000,000	Rental and single family development	Rental Development	2024 Legislative Allocation	60	Roswelll	Chaves County, New Mexico
Artisan's Guild Contracting, LLC	**El Toro Community**	$ 3,000,000	Rental and single family development	SF Development	2024 Legislative Allocation	29	Roswelll	Chaves County, New Mexico
Clearbrook Investments, Inc.	**Villa Encantada II**	$ 2,900,000	Rental and single family development	SF Development	2024 Legislative Allocation	83	Moriarty	Torrance County, New Mexico
Tierra del Sol Housing Corporation	**Vado New Horizons**	$ 1,000,000	Rental and single family development	SF Development	2024 Legislative Allocation	56		Doña Ana County, New Mexico
Y.M.H. Inc.	**South 40 Subdivision**	$ 2,000,000	Rental and single family development	SF Development	2024 Legislative Allocation	47	Hobbs	Lea County, New Mexico
Central New Mexico Housing Corporation		$ 250,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	2024 Legislative Allocation	9	Central NM	Bernalillo County, New Mexico
Redfeather Development		$ 450,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	2024 Legislative Allocation	6	Navajo Nation	Navajo Nation
Southwest Regional Housing and Community Development		$ 250,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	2024 Legislative Allocation	5	Southwestern NM	Doña Ana County, New Mexico
Central New Mexico Housing Corporation		$ 475,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	SFY24 STB	33	Central NM	Bernalillo County, New Mexico
Chelsea Investment Corp.	**Three Sisters**	$ 3,500,000	Rental and single family development	Rental Development	SFY24 STB	70	Las Cruces	Doña Ana County, New Mexico
City of Las Cruces		$ 1,500,000	Rental and single family development	Housing Innovation	SFY24 STB	-	Las Cruces	Doña Ana County, New Mexico
DreamTree Project		$ 500,000	Rental and single family development	Housing Innovation	SFY24 STB	250	Taos	Taos County, New Mexico
EC Ruidoso LP	**Elk Meadows Apartments**	$ 2,000,000	Rental and single family development	Rental Development	SFY24 STB	72	Ruidoso	Lincoln County, New Mexico
Esperanza Shelter		$ 64,938	Rental and single family development	Housing Innovation	SFY24 STB		Santa Fe	Santa Fe County, New Mexico
Greater Albuquerque Habitat for Humanity		$ 500,000	Rental and single family development	Housing Innovation	SFY24 STB		Albuquerque	Bernalillo County, New Mexico
HagermanForward Inc.		$ 500,000	Rental and single family development	Housing Innovation	SFY24 STB	18	Chavez County	Chaves County, New Mexico
Home Improvement Program		$ 536,919	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	SFY24 STB	27	New Mexico	Guadalupe County, New Mexico
Homeownership Department	**FirstDown Plus**	$ 10,625,000	Down payment assistance (DPA)	Down Payment Assistance	SFY24 STB	708	New Mexico	New Mexico
Homeownership Department	**HomeForward DPA**	$ 1,000,000	Down payment assistance (DPA)	Down Payment Assistance	SFY24 STB	67	New Mexico	New Mexico
Homewise	**Sombra del Oeste**	$ 500,000	Rental and single family development	SF Development	SFY24 STB	10	Albuquerque	Bernalillo County, New Mexico
Homewise	**Miraflores**	$ 500,000	Rental and single family development	SF Development	SFY24 STB	7	Santa Fe	Santa Fe County, New Mexico

New Mexico Housing Trust Fund Awards
October 15, 2025

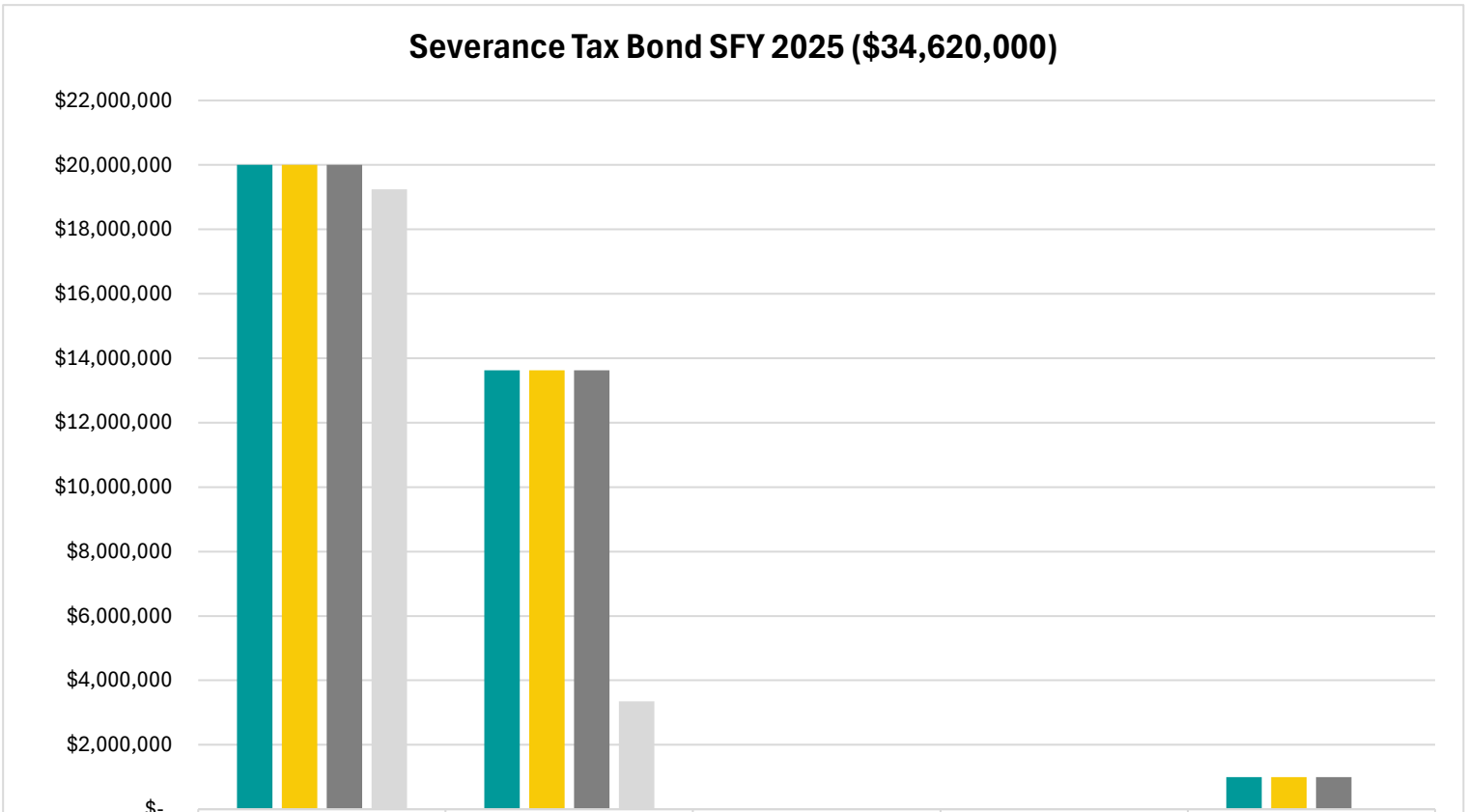
Awardee	Award	Award Amount	Certified Use	Activity	New Mexico Housing Trust Fund Funding Source	Anticipated Impact (Households)	City	County
La Serena Apartments, LLC	**La Serena Apartments**	$ 1,000,000	Rental and single family development	Rental Development	SFY24 STB	100	Albuquerque	Bernalillo County, New Mexico
NCNO Limited Partnership, LLLP	**Encino Senior Gardens**	$ 2,000,000	Rental and single family development	Rental Development	SFY24 STB	165	Albuquerque	Bernalillo County, New Mexico
New Creation Church		$ 65,062	Rental and single family development	Housing Innovation	SFY24 STB	7	Albuquerque	Bernalillo County, New Mexico
NM Ramp Project		$ 500,000	Rental and single family development	Housing Innovation	SFY24 STB	100	Statewide	Bernalillo County, New Mexico
North Central New Mexico Economic Development District		$ 1,000,000	Rental and single family development	Housing Innovation	SFY24 STB	4	North Central NM	Colfax County, New Mexico
Ohkay Owingeh		$ 500,000	Rental and single family development	Housing Innovation	SFY24 STB	10	Ohkay Owingeh	Rio Arriba County, New Mexico
Peachetree Canyon Limited Partnership (to be formed)	**Peachtree Canyon I**	$ 3,000,000	Rental and single family development	Rental Development	SFY24 STB	144	Las Cruces	Doña Ana County, New Mexico
Pedrena Apartments LLC	**Pedrena Apartments**	$ 1,000,000	Rental and single family development	Rental Development	SFY24 STB	80	Las Cruces	Doña Ana County, New Mexico
Post Las Brisas, LLC	**Las Brisas Apartments**	$ 1,000,000	Rental and single family development	Preservation	SFY24 STB	120	Albuquerque	Bernalillo County, New Mexico
Restoring Our Communities Program		$ 2,000,000	Single family acquisition and rehabilitation	Restoring Our Communities	SFY24 STB	12	Albuquerque/ North Central NM	Bernalillo County, New Mexico
San Felipe Pueblo		$ 229,426	Single family emergency repairs, accessibility, energy efficiency improvements and	Home Improvement Program	SFY24 STB	3	San Felipe Pueblo	Sandoval County, New Mexico
San Felipe Pueblo		$ 450,000	Rental and single family development	Housing Innovation	SFY24 STB	24	San Felipe Pueblo	Sandoval County, New Mexico
Santa Fe Community Housing Trust	**Arroyo Oeste Phase II**	$ 1,000,000	Rental and single family development	SF Development	SFY24 STB	20	Santa Fe	Santa Fe County, New Mexico
Sawmill CLT		$ 262,498	Rental and single family development	Housing Innovation	SFY24 STB	105	Albuquerque	Bernalillo County, New Mexico
Southwest Regional Housing and Community Development		$ 134,655	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	SFY24 STB	3	Southwestern NM	Doña Ana County, New Mexico
Southwest Regional Housing and Community Development		$ 99,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	SFY24 STB	1	Southwestern NM	Doña Ana County, New Mexico
Southwest Regional Housing and Community Development		$ 300,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	SFY24 STB	21	Southwestern NM	Doña Ana County, New Mexico
Town of Silver City		$ 500,000	Rental and single family development	Housing Innovation	SFY24 STB	8	Silver City	Grant County, New Mexico
Village of Ruidoso		$ 287,502	Rental and single family development	Housing Innovation	SFY24 STB	10	Ruidoso	Lincoln County, New Mexico
Chelsea Investment Group	**Mariposa Apartments**	$ 2,000,000	Rental and single family development	Rental Development	SFY25 STB	51	Taos	Taos County, New Mexico
Country Club SF, LLC (to be formed)	**Country Club Apartments**	$ 3,000,000	Rental and single family development	Rental Development	SFY25 STB	62	Santa Fe	Santa Fe County, New Mexico
Dona Ana County Health and Human Services Department		$ 714,972	Rental and single family development	Housing Innovation	SFY25 STB	8		Doña Ana County, New Mexico
Homeownership Department	**FirstDown Plus**	$ 15,500,000	Down payment assistance (DPA)	Down Payment Assistance	SFY25 STB	1,033	Statewide	New Mexico
Homeownership Department	**HomeForward DPA**	$ 4,500,000	Down payment assistance (DPA)	Down Payment Assistance	SFY25 STB	300	Statewide	New Mexico
New Creation Church		$ 213,467	Rental and single family development	Housing Innovation	SFY25 STB	-	Albuquerque	Bernalillo County, New Mexico
Ocate SF, LLC (to be formed)	**Ocate Apartments**	$ 3,000,000	Rental and single family development	Rental Development	SFY25 STB	60	Santa Fe	Santa Fe County, New Mexico
Rio Rancho Leased Housing Authority I, LLP	**Sandoval Flats**	$ 1,620,000	Rental and single family development	Rental Development	SFY25 STB	216	Rio Rancho	Sandoval County, New Mexico
Somos Apartments Limited Partnership	**Somos Apartments**	$ 4,000,000	Rental and single family development	Rental Development	SFY25 STB	70	Albuquerque	Bernalillo County, New Mexico
Enriched Communities LLC & NM Housing	**Elk Meadows Apartments**	$ 489,300	Rental and single family development	Rental Development	SFY26 STB	72	Ruidoso	Lincoln County, New Mexico
Homeownership Department	**FirstDown Plus**	$ 6,763,415	Down payment assistance (DPA)	Down Payment Assistance	SFY26 STB	676	Statewide	New Mexico
Homeownership Department	**HomeForward DPA**	$ 1,000,000	Down payment assistance (DPA)	Down Payment Assistance	SFY26 STB	125	Statewide	New Mexico
New Mexico Housing	**Peachtree Canyon II**	$ 3,000,000	Rental and single family development	Rental Development	SFY26 STB	144	Las Cruces	Doña Ana County, New Mexico
Spire Development Inc.	**San Mateo Manor**	$ 3,000,000	Rental and single family development	Rental Development	SFY26 STB	50	Albuquerque	Bernalillo County, New Mexico
Spire Development Inc.	**Plaza Luna Lofts**	$ 3,000,000	Rental and single family development	Rental Development	SFY26 STB	57	Los Lunas	Valencia County, New Mexico
Tierra del Sol Housing Corporation	**Villa de Tularosa**	$ 2,500,000	Rental and single family development	Rental Development	SFY26 STB	22	Tularosa	Otero County, New Mexico
TWG Development LLC & Santa Fe County	**Nueva Acequia (9% LIHTC)**	$ 2,000,000	Rental and single family development	Rental Development	SFY26 STB	53	Santa Fe	Santa Fe County, New Mexico
Central New Mexico Housing Corporation		$ 75,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization - Energy$mart Solar Program	2024 Legislative Allocation	5	Central NM	Bernalillo County, New Mexico

New Mexico Housing Trust Fund Awards
October 15, 2025

Awardee	Award	Award Amount	Certified Use	Activity	New Mexico Housing Trust Fund Funding Source	Anticipated Impact (Households)	City	County
Redfeather Development		$ 25,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization - Energy$mart Solar Program	2024 Legislative Allocation	2	Navajo Nation	
Southwest Regional Housing and Community Development		$ 2,400,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization - Energy$mart Solar Program	2024 Legislative Allocation	170	Southwestern NM	🗺 Doña Ana County, New Mexico
Restoring Our Communities Program		$ 1,500,000	Single family acquisition and rehabilitation	Restoring Our Communities	SFY26 STB	5		
Greater Albuquerque Habitat for Humanity		$ 71,561	Rental and single family development	Housing Innovation	SFY25 STB	14	Albuquerue	Bernalillo County
Greater Albuquerque Habitat for Humanity		$ 178,439	Rental and single family development	Housing Innovation	2024 Legislative Allocation		Albuquerque	Bernalillo County
The Life Link		$ 350,000	Rental and single family development	Housing Innovation	2024 Legislative Allocation	15		
New Mexico Ramps		$ 500,000	Rental and single family development	Housing Innovation	2024 Legislative Allocation	180	Statewide	New Mexico
La Casa Inc.		$ 500,000	Rental and single family development	Housing Innovation	2024 Legislative Allocation	4		
Dominium Development & Acquisition LLC	**Desert Willow**	$ 2,000,000	Rental and single family development	Rental Development	SFY26 STB	244	Albuquerque	Bernalillo County
Total		**$ 139,651,591**				8,326		

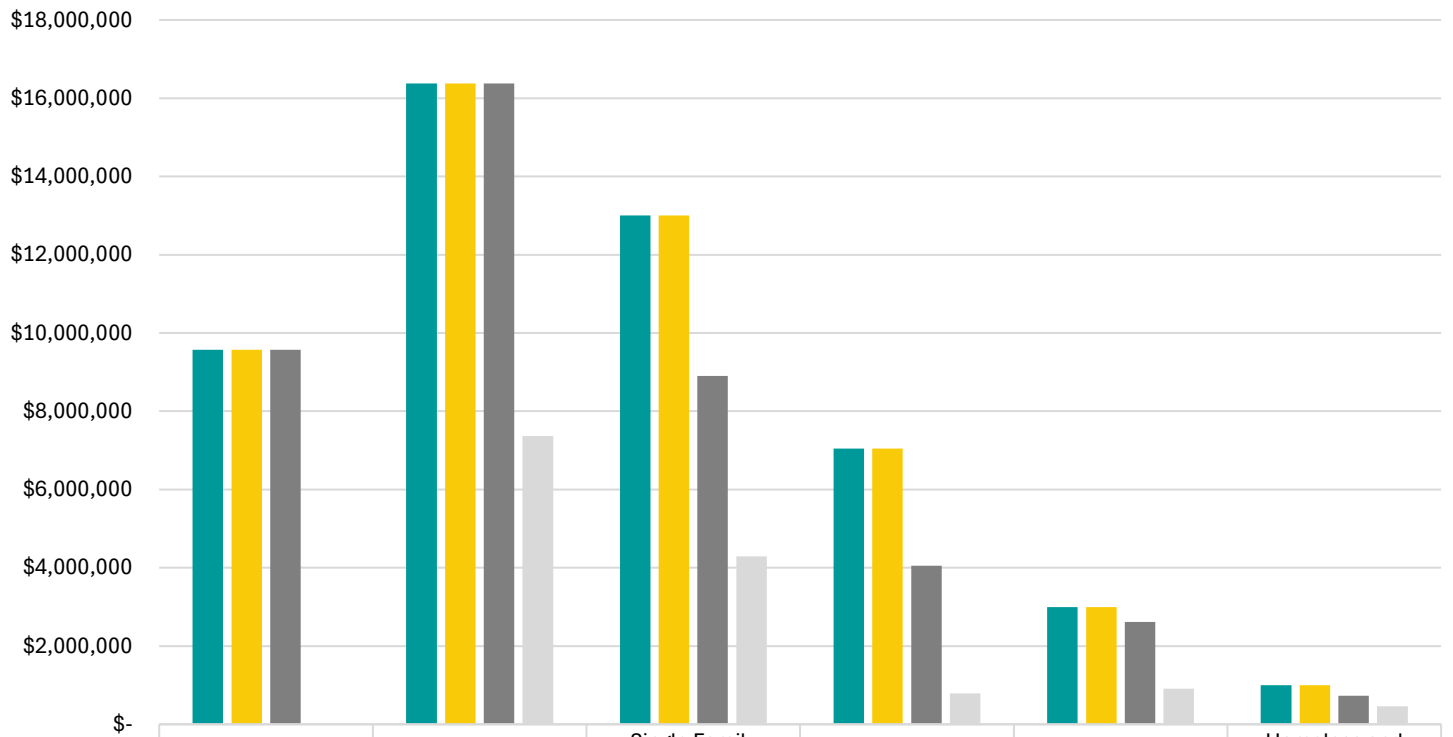


	Down Payment Assistance	Rental Housing Development	Single Family Housing Development	Rehabilitation	Housing Innovation
Allocated	$11,625,000	$12,500,000	$2,000,000	$4,775,000	$6,630,000
Encumbered	$11,625,000	$12,500,000	$2,000,000	$4,775,000	$6,630,000
Awarded	$11,625,000	$12,500,000	$2,000,000	$4,775,000	$6,630,000
Expenditure	$11,027,197	$9,500,000	$150,000	$3,937,268	$2,309,764

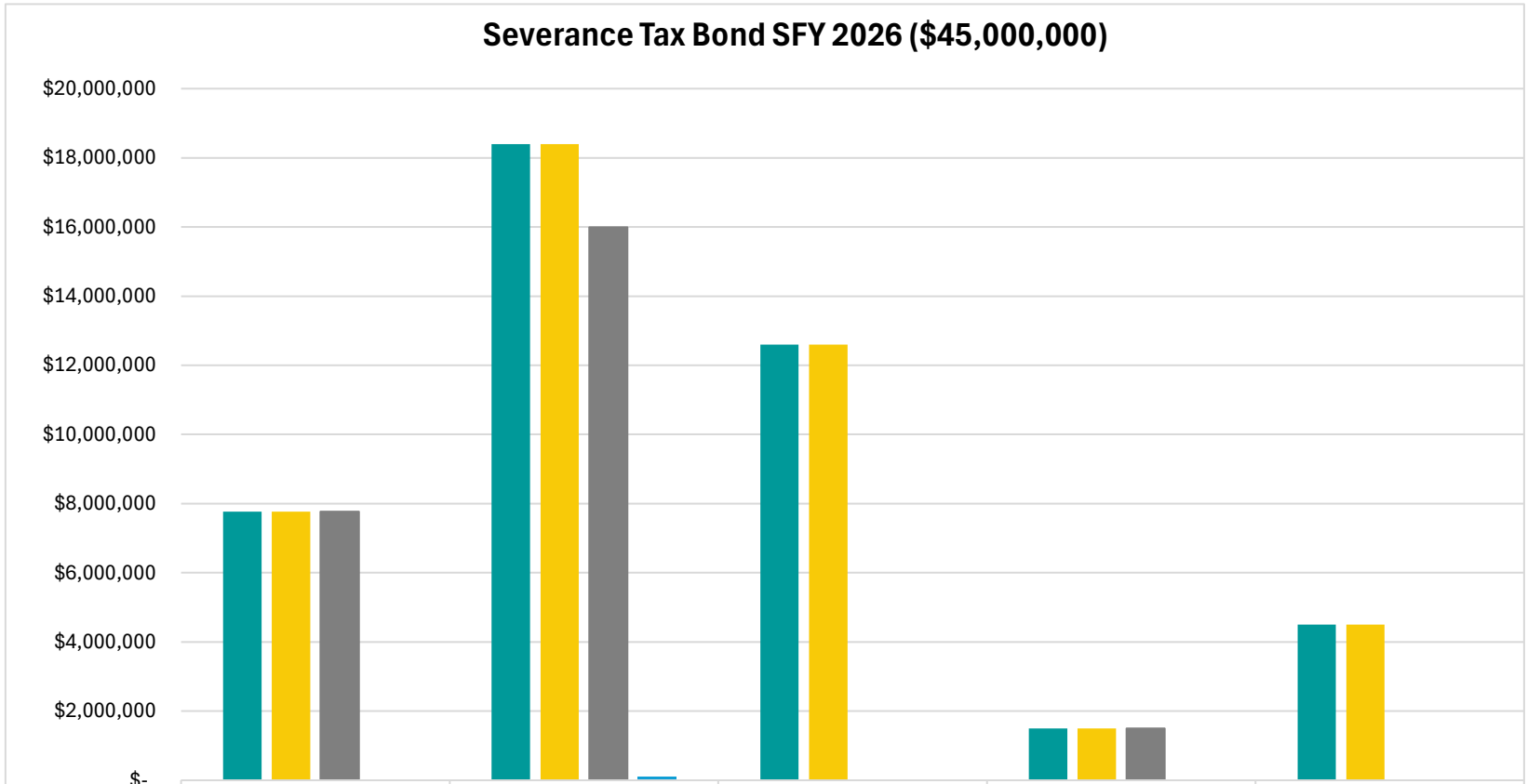


	Down Payment Assistance	Rental Housing Development	Single Family Housing Development	Rehabilitation	Housing Innovation
Allocated	$20,000,000	$13,620,000			$1,000,000
Encumbered	$20,000,000	$13,620,000			$1,000,000
Awarded	$20,000,000	$13,620,000			$1,000,000
Expenditure	$19,242,304	$3,351,381			$-

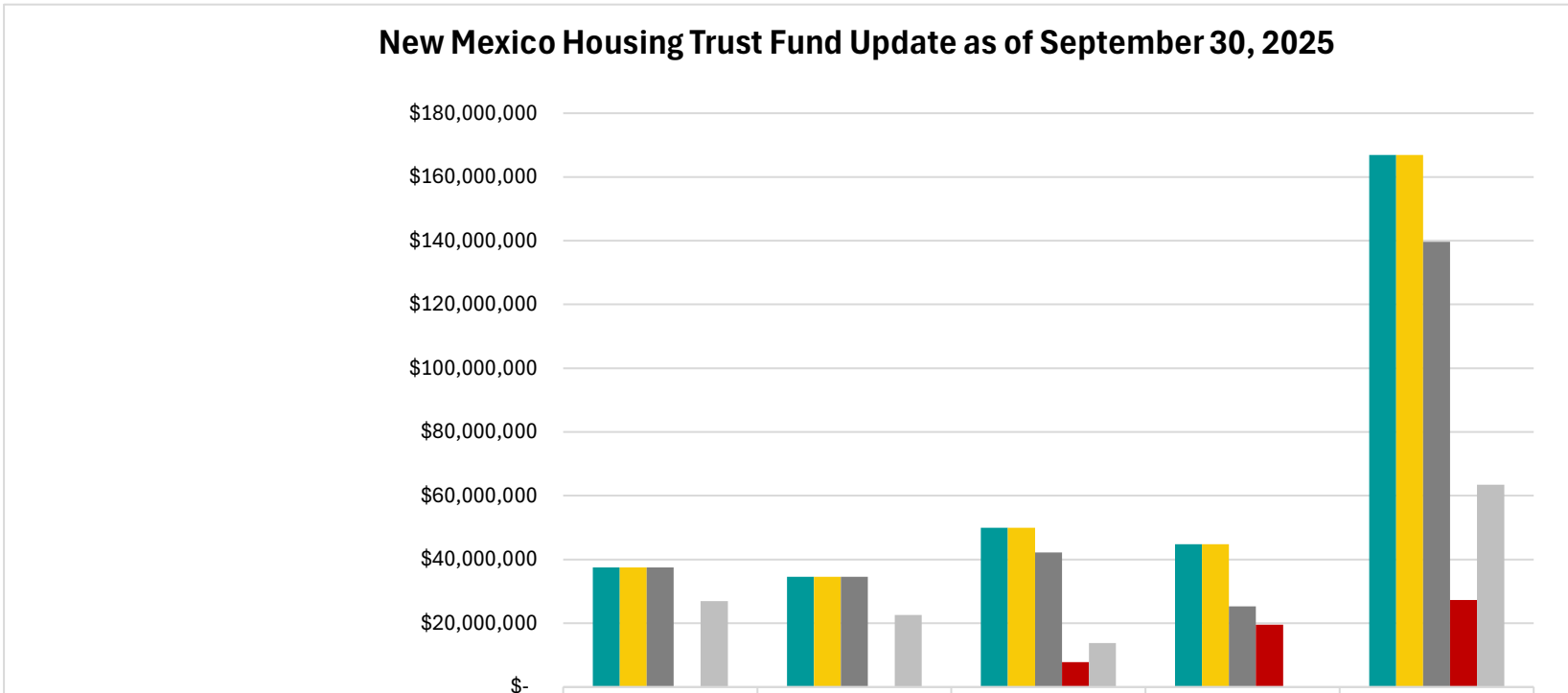
2024 Legislative $50 Million Allocation



	Down Payment Assistance	Rental Housing Development	Single Family Housing Development	Rehabilitation	Housing Innovation	Homeless and Homelessness Prevention
Allocated	$9,570,000.00	$16,380,000	$13,000,000	$7,050,000	$3,000,000	$1,000,000
Encumbered	$9,570,000	$16,380,000	$13,000,000	$7,050,000	$3,000,000	$1,000,000
Awarded	$9,570,000.00	$16,380,000	$8,900,000	$4,050,000	$2,615,937	$732,939
Expenditure	$-	$7,368,750	$4,288,930	$788,944	$908,242	$459,375



	Down Payment Assistance	Rental Housing Development	Single Family Housing Development	Rehabilitation	Housing Innovation
Allocated	$7,763,415	$18,400,000	$12,600,000	$1,500,000	$4,500,000
Encumbered	$7,763,415	$18,400,000	$12,600,000	$1,500,000	$4,500,000
Awarded	$7,763,415	$15,989,300	$-	$1,500,000	$-
Expenditure	$-	$78,019	$-	$-	$-



	Severance Tax Bond 2024	Severance Tax Bond 2025	Legislative 2024 $50 Million Allocation	Severance Tax Bond 2026	Total
Total Allocation (Certified amount)	$37,530,000	$34,620,000	$50,000,000	$44,763,415	$166,913,415
Total Encumbered (Procured)	$37,530,000	$34,620,000	$50,000,000	$44,763,415	$166,913,415
Total Awarded (Contractually Committed to awardee)	$37,530,000	$34,620,000	$42,248,876	$25,252,715	$139,651,591
Total Encumbered but not Awarded	$-	$-	$7,751,124	$19,510,700	$27,261,824
Total Expended (Amount paid to awardees)	$26,924,229	$22,593,685	$13,814,241	$78,019	$63,410,174

New Mexico Mortgage Finance Authority

Combined Financial Statements and Schedules

August 31, 2025

Housing New Mexico | MFA

Financial Review

For the ten-month period ended August 31, 2025

	Comparative Fiscal Year-to-Date Figures (Dollars $ in millions):	11 months 8/31/2025	11 months 8/31/2024	Change Year / Year	Forecast 8/31/2025	Actual to Forecast
	PRODUCTION					
1	Single-family Bonds Issued (new money financing):	$ 430.0	$ 520.0	-17.3%	$ 385.0	11.7%
2	Single-family Mortgages Sold (TBA execution):	$ 119.8	$ 97.8	22.5%	$ 118.4	1.2%
3	Total Single-family Mortgage Production	$ 549.8	$ 617.8	-11.0%	$ 503.4	9.2%
4	Single-family MBS Payoffs (unscheduled):	$ 73.2	$ 50.6	44.5%	$ 57.9	26.3%
	STATEMENT OF NET POSITION					
5	Average Earning Assets:	$ 2,484.1	$ 2,079.8	19.4%	$ 2,570.1	-3.3%
6	General Fund Cash and Investments:	$ 106.3	$ 94.4	12.5%	$ 104.1	2.1%
7	SIC FMV Adjustment (General Fund):	$ 0.8	$ 1.7	-52.7%	N/A	N/A
8	Total Bonds Outstanding:	$ 2,319.4	$ 1,996.4	16.2%	$ 2,260.1	2.6%
	STATEMENT OF REVENUES, EXPENSES, AND NET POSITION					
9	General Fund Expenses (excluding capitalized assets):	$ 28.8	$ 29.1	-1.0%	$ 31.6	-8.7%
10	General Fund Revenues:	$ 41.4	$ 36.6	13.2%	$ 33.7	23.1%
11	Combined Net Revenues (all funds):	$ 45.1	$ 73.4	-38.6%	N/A	N/A
12	SIC FMV Adjustment (combined net revenues):	$ 0.7	$ 1.8	-59.4%	N/A	N/A
13	Combined Net Position:	$ 423.1	$ 374.5	13.0%	$ 412.2	2.7%
14	Combined Return on Average Earning Assets:	1.98%	3.85%	-48.6%	N/A	N/A
15	SIC FMV Adjustment (return on average earning assets):	0.03%	0.10%	-66.0%	N/A	N/A
16	TBA-execution Cash Profit (as a % of loans sold):	1.38%	0.86%	59.7%	0.50%	176.0%
17	Combined Interest Margin:	0.87%	0.88%	-1.6%	0.84%	3.5%
	MOODY'S BENCHMARKS					
18	Net Asset to Debt Ratio (5-year average):	22.79%	23.57%	-3.3%	22.98%	-0.9%
19	Net Revenues as a % of Total Revenues (5-year average):	16.20%	15.09%	7.4%	14.32%	13.1%
	SERVICING					
20	Subserviced Portfolio Balance (IHFA first mortgages)	$ 2,911.0	$ 2,521.2	15.5%	$ 2,642.4	10.2%
21	Servicing Yield (subserviced portfolio)	0.36%	0.39%	-6.4%	0.357%	1.9%
22	Combined Average Delinquency Rate (Housing New Mexico-serviced loans)	9.76%	8.42%	15.9%	9.50%	2.7%
23	DPA Loan Delinquency Rate	10.18%	8.89%	14.5%	N/A	N/A
24	Default Rate (Housing New Mexico-serviced loans)	0.83%	0.88%	-6.2%	N/A	N/A
25	Subserviced Portfolio Delinquency Rate (IHFA first mortgages)	12.46%	11.30%	10.3%	N/A	N/A
26	Net Mortgage Servicing Rights Valuation (end of Quarter 3)	$ 12.1	$ 12.5	-3.5%	N/A	N/A

Legend: Positive Trend | Caution | Negative Trend | Known Trend/Immaterial

Housing New Mexico | MFA

Financial Review

For the ten-month period ended August 31, 2025

SUMMARY OF SF BOND ISSUES FISCAL YEAR TO DATE:

- $70mm - 2024 Series G
- $120mm - 2025 Series A/B
- $140mm - 2025 Series C/D
- $100mm - 2025 Series E/F

CURRENT YEAR FINANCIAL TRENDS & VARIANCES:

PRODUCTION

● Year-over-year, bond issuance production for first-time hombuyer mortgages is 17% lower than last year. The slowdown in mortgage production has been influenced by continued high interest rates and the rapidly evolving economic outlook on the U.S. economy, prompting Housing New Mexico to issue marginally smaller bonds. Nevertheless, when combined with mortgages sold via the TBA market, 23% higher year-over-year, total single family mortgage production has only decreased by 11%.

● Mortgage Backed Security (MBS) unscheduled payoffs have consistently been higher, surpassing Housing New Mexico's forecast made last year. Although a variance from forecasted values and last year's value, unscheduled payoffs are still relatively low in the long-term. Payoffs are driven primarily by the economic climate; if the market begins to offer more favorable mortgage interest rates than previously borrowed at, or household capital becomes more available, borrower's can pay off their mortgages or refinance elsewhere. While the large jump is not necessarily a negative trend, it is important to pay attention to, as Housing New Mexico can use these unscheduled proceeds to call down its high-yield bond debt sooner.

STATEMENT OF NET POSITION

● General Fund SIC investments are reflecting Housing New Mexico's largely conservative position on fixed income investments, which are being outperformed by general equity markets. Growth in investments are noticeably lower compared to last year's strong growth, which held more diverse positions. This impact of the fair market value adjustment can also be observed both on combined net revenues and on the return on average earning assets.

STATEMENT OF REVENUES, EXPENSES AND NET POSITION

● General Fund revenues have already exceeded their budget due to proceeds from the sale of Housing New Mexico's former downtown building and successful growth in administrative revenues and housing program income.

● Combined Net Revenues are below last year's figure, but is explainable due to last year's receipt of a $50mm appropriation from the New Mexico State Legislature in July 2024. The appropriation also impacted the Combined Return on Net Earning Assets. Excluding the appropriation, the Combined Net Revenues in August 2025 would have indicated a year-over-year growth of 92%.

MOODY'S BENCHMARKS

Both the Net Asset to Debt Ratio and Net Revenue as a % of Total Revenue Ratio are measured as five-year averages, which may not reflect the standalone year-over-year change that these measures might otherwise exhibit.

● Based on Moody's Issuer Credit Rating scorecard, Housing New Mexico's 22.79% Net Asset to Debt Ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA's creditworthiness under stressful circumstances (>20%).

● Housing New Mexico's Net Revenue as a % of Total Revenue (5-year average) is currently 16.20%, indicating high profitability and favorable trends (>10%).

● Moody's Investor Services completed an updated credit opinion on Housing New Mexico's Issuer Credit Rating in December 2024, to which they assigned the Aa3 rating with a stable outlook. Comments included a high Net Asset to Debt Ratio, solid profitability, and a conservative/low-risk profile not currently exposed to variable-rate debt.

SERVICING

● The Mortgage Bankers Association (MBA) reported in their quarterly survey as of June 2025 (Q2), that the national delinquency rate for FHA fixed-rate loans is 10.64% (seasonally adjusted), and 7.74% in New Mexico. The Federal Housing Administration (HUD) reported Single Family Loan Performance Trends in June 2025, showing a 13.51% national delinquency (for FHA-insured purchase loans only), which increased from 12.93% in May.

- *Data typically lags about 2-3 months after each quarter end.*
- *These figures can be used for market comparison, but may not always align with trends seen internally.*

● Housing New Mexico continues to monitor delinquencies on its loan portfolio to identify reduction strategies and refer borrowers to available loss mitigation programs. Its internal servicing deliquency rate is currently 9.76%, higher compared to this time last year, but notably in-line with its target rate. The subserviced portfolio delinquency rate, currently serviced by Idaho Housing and Finance Association, currently stands at 12.46%, a 10% increase from last year's rate. The subserviced portfolio is characterized by approximately 82% FHA-insured loans, 16% conventional GSE-insured loans, and 2% whole loans; all fixed-rate. The delinquency rate for IHFA-subserviced loans has generally exceeded the benchmark measured by MBA but still falls below HUD's measured benchmark, indcating typical movement with macroeconomic trends.

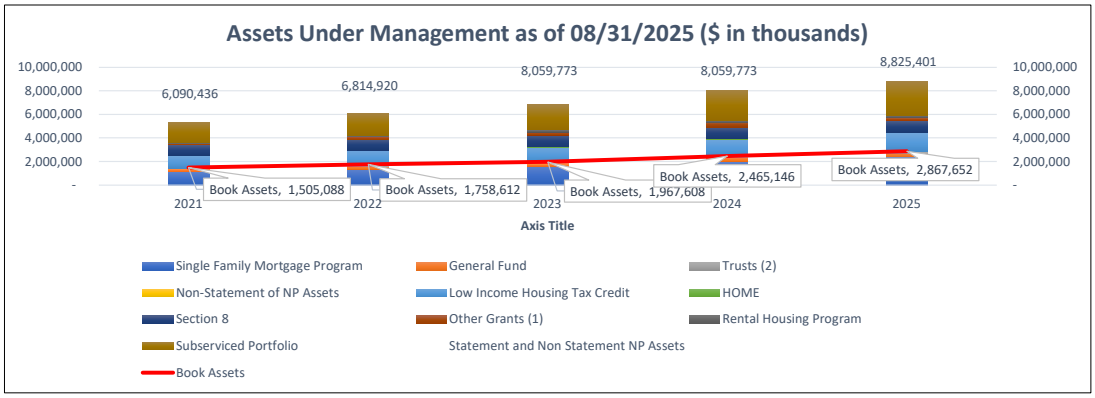
● Housing New Mexico's annualized default rate is 0.83%, lower than this time last year. Macroeconomic inflationary pressures and high mortgage rates are contributors to general default trends.

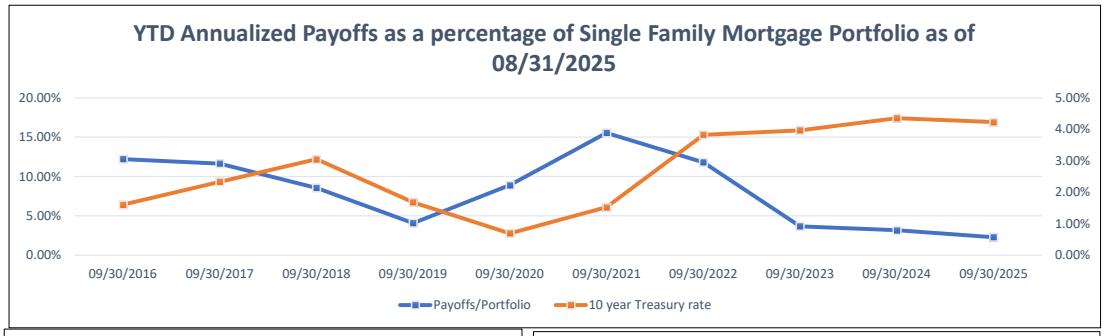
● The fair-market value for mortgage servicing rights as of June 2025 is $36.1 million; subtracting out the cost ($24.0 million) leaves Housing New Mexico with a net value in purchased mortgage servicing rights of $12.1 million, a very small decrease in the net over the quarter (approximately $2K). GASB requires Housing New Mexico to record the value of servicing rights at the 'lower of cost or market'. The elevated FMV is related to uncertainty in the interest rate environment and sustained, lower projections for future prepayment speeds across the market (these projections may differ from Housing New Mexico's observed payoffs). Additionally, increased earnings rates impacted the portfolio value positively. Valuations are obtained each quarter.

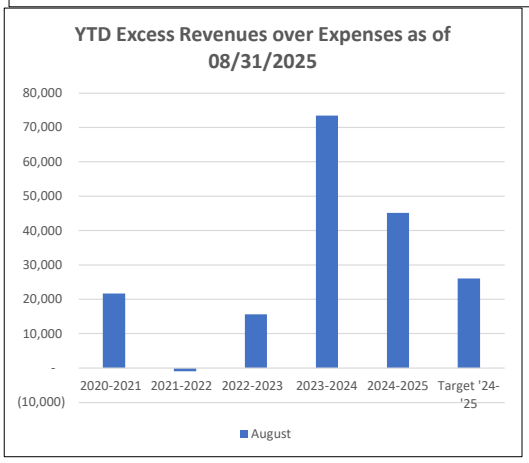
ADDITIONAL NOTES

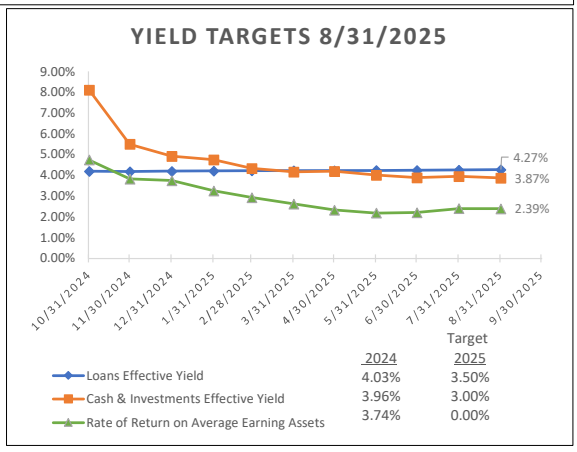
● Bond Payoffs, GF expenses, and servicing delinquency & default rates use an inverse scale to measure year-over-year change. The colors in the comparison columns reference a materiality threshold of 10%, with a cautionary range between 10% and 25%.

MONTHLY FINANCIAL GRAPHS









(1) Weatherization Assistance Programs; Emergency Shelter Grant; State Homeless; Housing Opportunities for People With Aids; NM State Tax Credit; Governor's Innovations; EnergySaver; Tax Credit Assistance Program; Tax Credit Exchange; Neighborhood Stabilization Program; Section 811 PRA; Homeownership Preservation Program (2) NM Affordable Housing Charitable Trust Fund; Land Title Trust Fund; Housing Trust Fund

NEW MEXICO MORTGAGE FINANCE AUTHORITY
COMBINED STATEMENT OF NET POSITION
AUGUST 2025
(THOUSANDS OF DOLLARS)

	YTD 8/31/2025	YTD 08/31/24
ASSETS:		
CURRENT ASSETS:		
CASH & CASH EQUIVALENTS	96,303	$91,636
RESTRICTED CASH HELD IN ESCROW	10,188	9,527
SHORT-TERM INVESTMENTS	-	-
ACCRUED INTEREST RECEIVABLE	10,023	7,984
OTHER CURRENT ASSETS	8,699	7,829
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	-
INTER-FUND RECEIVABLE (PAYABLE)	0	0
TOTAL CURRENT ASSETS	125,214	116,976
CASH - RESTRICTED	268,654	241,304
LONG-TERM & RESTRICTED INVESTMENTS	64,566	64,521
INVESTMENTS IN RESERVE FUNDS	-	-
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	2,123,679	1,812,891
MORTGAGE LOANS RECEIVABLE	255,460	217,166
ALLOWANCE FOR LOAN LOSSES	(14,739)	(8,875)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	14,258	13,616
OTHER REAL ESTATE OWNED, NET	5,460	4,820
OTHER NON-CURRENT ASSETS	5	8
INTANGIBLE ASSETS	24,858	23,235
TOTAL ASSETS	2,867,414	2,478,647
DEFERRED OUTFLOWS OF RESOURCES		
REFUNDINGS OF DEBT	239	127
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	2,867,652	2,478,774
LIABILITIES AND NET POSITION:		
LIABILITIES:		
CURRENT LIABILITIES:		
ACCRUED INTEREST PAYABLE	$37,131	$26,420
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	15,776	15,785
ESCROW DEPOSITS & RESERVES	10,007	9,383
TOTAL CURRENT LIABILITIES	62,914	51,588
BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	2,319,369	1,996,370
MORTGAGE & NOTES PAYABLE	61,777	55,592
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	267	545
TOTAL LIABILITIES	2,444,327	2,104,095
DEFERRED INFLOWS	190	219
TOTAL LIAB/DEFERRED INFLOWS	2,444,517	2,104,314
NET POSITION:		
NET INVESTED IN CAPITAL ASSETS	14,258	13,616
UNAPPROPRIATED NET POSITION (NOTE 1)	170,126	134,593
APPROPRIATED NET POSITION (NOTE 1)	238,751	226,250
TOTAL NET POSITION	423,135	374,459
TOTAL LIABILITIES & NET POSITION	2,867,652	2,478,774

NEW MEXICO MORTGAGE FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE ELEVENTH MONTH ENDED AUGUST 2025
(THOUSANDS OF DOLLARS)

	YTD 8/31/2025	YTD 08/31/24
OPERATING REVENUES:		
INTEREST ON LOANS	$87,487	$68,904
INTEREST ON INVESTMENTS & SECURITIES	12,064	9,645
LOAN & COMMITMENT FEES	4,141	4,664
ADMINISTRATIVE FEE INCOME (EXP)	7,277	6,481
RTC, RISK SHARING & GUARANTY INCOME	507	54
HOUSING PROGRAM INCOME	3,184	1,793
LOAN SERVICING INCOME	10,157	9,407
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	124,817	100,947
NON-OPERATING REVENUES:		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	2,622	1,999
OTHER NON-OPERATING INCOME	1	101
GRANT AWARD INCOME	97,970	153,114
SUBTOTAL NON-OPERATING REVENUES	100,593	155,213
TOTAL REVENUES	225,411	256,160
OPERATING EXPENSES:		
ADMINISTRATIVE EXPENSES	23,985	23,092
INTEREST EXPENSE	79,759	61,712
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(4,026)	(4,005)
PROVISION FOR LOAN LOSSES	(202)	7,437
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	227	187
AMORT. OF SERV. RIGHTS & DEPRECIATION	2,709	2,558
BOND COST OF ISSUANCE	3,749	4,362
SUBTOTAL OPERATING EXPENSES	106,202	95,344
NON-OPERATING EXPENSES:		
CAPACITY BUILDING COSTS	207	299
GRANT AWARD EXPENSE	73,903	87,073
OTHER NON-OPERATING EXPENSE	-	-
SUBTOTAL NON-OPERATING EXPENSES	74,110	87,373
TOTAL EXPENSES	180,311	182,716
NET REVENUES	45,100	73,444
OTHER FINANCING SOURCES (USES)	-	(0)
NET REVENUES AND OTHER FINANCING SOURCES(USES)	45,100	73,444
NET POSITION AT BEGINNING OF YEAR	378,035	301,015
NET POSITION AT 8/31/2025	423,135	374,459

NOTES TO FINANCIAL STATEMENTS
(For Informational Purposes Only)
(in Thousands of Dollars)

(Note 1) MFA Net Position as of August 31, 2025

UNAPPROPRIATED NET POSITION:

$	42,132	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
$	127,347	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
$	647	is held for New Mexico Affordable Housing Charitable Trust.
$	**170,126**	Total Unappropriated Net Position

APPROPRIATED NET POSITION: GENERAL FUND

By actions of the Board of Directors on various dates, General Fund net assets have been appropriated as follows:

$	125,074	for use in the Housing Opportunity Fund ($111,401 in loans and grants plus $13,673 unfunded, of which $9183 is committed).
$	56,327	for future use in Single Family & Multi-Family housing programs.
$	894	for loss exposure on Risk Sharing loans.
$	14,258	invested in capital assets, net of related debt.
$	24,697	invested in mortgage servicing rights.
$	6,467	for the future General Fund Budget year ending 09/30/25 ($39,224 total budget less $32,897 expended budget through 8/31/25.)
$	227,717	Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

$	25,292	for use in the federal and state housing programs administered by MFA.
$	25,292	Subtotal - Housing Program
$	**253,009**	Total Appropriated Net Position
$	**423,135**	Total Combined Net Position at August 31, 2025

Total combined Net Position, or reserves, at August 31, 2025 was $423 million, of which $170 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $253 million of available reserves, with $106 million primarily liquid in the General Fund and in the federal and state Housing programs and $147 million illiquid in the programs of the General Fund, have been:

- for use in existing and future programs
- for coverage of loss exposure in existing programs
- to meet servicing requirements, and
- for support of operations necessary to carry out the programs.

MFA's general plan for bond program reserves as they may become available to MFA over the next 30 years is to use the reserves for future programs, loss exposure coverage, servicing requirements and operations.

GENERAL FUND
Fiscal Year 2024-2025 Budget
For the eleven months ended 8/31/25

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Revenue							
Interest Income	1,103,347	9,726,004	9,073,103	9,897,930	(652,902)	171,926	98.26%
Interest on Investments & Securities	291,546	3,247,375	3,598,742	3,925,900	351,367	678,525	82.72%
Loan & Commitment Fees	30,659	219,007	411,950	449,400	192,943	230,393	48.73%
Administrative Fee Income (Exp)	1,173,617	11,784,801	8,998,245	9,816,267	(2,786,556)	(1,968,534)	120.05%
Risk Sharing/Guaranty/RTC fees	402,351	469,740	227,377	248,048	(242,363)	(221,692)	189.37%
Housing Program Income	39,262	3,184,316	2,220,208	2,422,045	(964,108)	(762,271)	131.47%
Loan Servicing Income	959,387	10,157,232	9,127,039	9,956,770	(1,030,192)	(200,462)	102.01%
Other Operating Income			-	-	-	-	
Operating Revenues	4,000,168	38,788,475	33,656,664	36,716,360	(5,131,812)	(2,072,115)	105.64%
Gain (Loss) Asset Sale/Debt Ex	64,470	2,656,944	-	-	(2,656,944)	(2,656,944)	
Other Non-operating Income	-	982	92	100	(890)	(882)	982.01%
Non-Operating Revenues	64,470	2,657,926	92	100	(2,657,834)	(2,657,826)	2657926.01%
Revenue	4,064,638	41,446,401	33,656,755	36,716,460	(7,789,646)	(4,729,941)	112.88%
Expenses							
Salaries	900,487	6,857,372	7,234,266	7,837,121	376,894	979,750	87.50%
Overtime	1,922	11,571	22,402	24,269	10,832	12,699	47.68%
Incentives	4,933	558,634	627,803	680,175	69,169	121,541	82.13%
Payroll taxes, Employee Benefits	351,231	3,310,779	3,907,806	4,247,507	597,027	936,728	77.95%
Compensation	1,258,572	10,738,356	11,792,278	12,789,072	1,053,922	2,050,717	83.97%
Business Meals Expense	414	4,415	12,439	13,570	8,024	9,155	32.54%
Public Information	(89,865)	(16,534)	439,440	479,389	455,974	495,923	-3.45%
In-State Travel	4,689	44,183	158,887	173,331	114,704	129,148	25.49%
Out-of-State Travel	3,146	93,256	231,479	252,523	138,223	159,267	36.93%
Travel & Public Information	(81,616)	125,321	842,246	918,813	716,925	793,493	13.64%
Utilities/Property Taxes	19,521	276,417	114,400	124,800	(162,017)	(151,617)	221.49%
Insurance, Property & Liability	43,848	243,147	238,970	260,694	(4,178)	17,547	93.27%
Repairs, Maintenance & Leases	126,050	1,572,052	1,289,051	1,406,238	(283,000)	(165,814)	111.79%
Supplies	4,389	49,671	31,163	33,996	(18,508)	(15,675)	146.11%
Postage/Express mail	7,258	66,247	34,936	38,112	(31,311)	(28,135)	173.82%
Telephone	1,346	19,366	26,459	28,864	7,092	9,498	67.09%
Janitorial	4,005	47,836	40,883	44,600	(6,953)	(3,236)	107.26%
Office Expenses	198,937	2,200,156	1,700,641	1,855,245	(499,515)	(344,911)	118.59%
Dues & Periodicals	5,391	54,258	73,847	80,560	19,589	26,302	67.35%
Education & Training	12,495	69,704	148,951	162,492	79,247	92,788	42.90%
Contractual Services	105,852	1,060,318	1,435,110	1,565,575	374,792	505,257	67.73%
Professional Services-Program	13,296	143,882	93,867	102,400	(50,016)	(41,482)	140.51%
Direct Servicing Expenses	819,880	8,281,875	7,755,318	8,460,347	(526,557)	178,472	97.89%

GENERAL FUND
Fiscal Year 2024-2025 Budget
For the eleven months ended 8/31/25

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Program Expense-Other	2,124	326,283	297,335	324,365	(28,948)	(1,918)	100.59%
Rebate Analysis Fees			1,458	1,590	1,458	1,590	
Other Operating Expense	959,038	9,936,320	9,805,885	10,697,329	(130,435)	761,009	92.89%
Interest Expense	265,859	2,868,598	3,652,341	3,984,372	783,743	1,115,774	72.00%
Non-Cash Expenses	(72,902)	2,555,190	3,367,443	3,673,574	812,253	1,118,384	69.56%
Expensed Assets	102	168,965	159,729	174,250	(9,236)	5,285	96.97%
Operating Expenses	2,527,989	28,592,907	31,320,563	34,092,656	2,727,656	5,499,749	83.87%
Program Training & Tech Asst	-	135,586	107,632	117,417	(27,954)	(18,169)	115.47%
Program Development	33,479	71,661	124,995	136,358	53,334	64,697	52.55%
Capacity Building Costs	33,479	207,247	232,627	253,775	25,380	46,528	81.67%
Non-Operating Expenses	33,479	207,247	232,627	253,775	25,380	46,528	81.67%
Expenses	2,561,469	28,800,153	31,553,190	34,346,431	2,753,036	5,546,278	83.85%
Excess Revenue over Expenses	1,503,169	12,646,248	2,103,566	2,370,029	(10,542,682)	(10,276,218)	533.59%

GENERAL FUND CAPITAL BUDGET
Fiscal Year 2024-2025 Budget
For the eleven months ended 8/31/25

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
2690 PURCHASED SERVICING RIGHTS	368,345	3,658,975	4,122,177	4,496,920	463,202	837,945	81.37%
2950 COMPUTER HARDWARE	-	339,793	279,880	305,324	(59,912)	(34,469)	111.29%
2960 SOFTWARE LICENSES	-	49,715	77,917	85,000	28,202	35,285	58.49%
2920 FURNITURE & EQUIPMENT-10 YR	-	-	-	-	-	-	
2930 FURNITURE & EQUIP, 5 YR.	-	-	-	-	-	-	
2860 BUILDING	-	-	75,000	75,000	75,000	75,000	0.00%
2840 LAND	-	-			-	-	
2937 AUTOMOBILE	-	47,989	49,958	54,500	1,970	6,511	88.05%
Capital Budget	368,345	4,096,471	4,604,932	5,016,744	508,461	920,273	81.66%