Agenda

HOUSING NEW MEXICO | MORTGAGE FINANCE AUTHORITY
Board Meeting
7425 Jefferson St. NE Albuquerque, NM 87109
Wednesday, October 21, 2026 - 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 9/16/26 Board Meeting Minutes – Board Action
- Approval of 8/20/26 Board Retreat Minutes – Board Action
- Executive Director Updates

Board Action Items — **Action Required**

Finance Committee

1	2027 Qualified Allocation Plans (Jeanne Redondo)	YES
2	Housing Opportunity Fund FY 2027 (Joseph McIntyre & Jacob Kemmeren)	YES
3	Limited Delegation of Authority to the Chief Executive Office to Amend and Restate 401(k) and 457(b) Retirement Plan (Dolores Wood)	YES
4	New Homes for New Mexico Award Recommendation – Abrazo Homes (Rene Acuna)	YES

Contracted Services/Credit Committee

5	Housing Innovation Notice of Funding Availability Addendum 3 (Sharlynn Rosales & Robyn Powell)	YES
6	Biannual Compliance Activity Report for March- September 2026 (Jackie Nutima & Jessica Franco)	NO

Other

7	2027 Legislative Priorities (Robyn Powell)	YES

Monthly Reports — **Non-Action Required**

8 (Staff is available for questions)

- Marketing & Communications Monthly Update
- New Mexico Housing Trust Fund Update
- 8/31/26 Financial Statements
- 2026 Series E/F Pricing Summary

Announcements and Adjournment — **Discussion Only**

Confirmation of Upcoming Board Meetings

- November 10, 2026 - Tuesday- 10:00 a.m. Contracted Services, 1:00 p.m. Finance Committee
- November 18, 2026 – Wednesday – 9:30 a.m. Housing New Mexico | MFA Board of Directors Meeting
- December 8, 2026- Tuesday- 10:00 a.m. Contracted Services, 1:00 p.m. Finance Committee
- December 16, 2026 – Wednesday 9:30 a.m. Housing New Mexico | MFA Board of Directors Meeting
- January 12, 2027 – Tuesday- 10:00 a.m. Contracted Services, 1:00 p.m. Finance Committee
- January 20, 2027 - Wednesday- 9:30 a.m. Housing New Mexico | MFA Board of Directors Meeting

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Board Action Items **Action Required**

Finance Committee

1 **2027 Qualified Allocation Plans (Jeanne Redondo) -** The proposed changes to the 2027 QAP continue to improve the allocation process. Staff hosted multiple meetings to gather feedback regarding the QAP and considered comments raised before drafting the updated documents. In addition, staff solicited and incorporated input from Asset Management Department staff. YES

2 **Housing Opportunity Fund FY 2027 (Joseph McIntyre & Jacob Kemmeren) –** Staff are projecting that there will be no new appropriations needed from GF reserves to fund HOF programs in FY 2027. After current commitments are considered, staff projects that just under $7.25 million of funds are available to meet HOF program needs. Staff are projecting FY 2027 HOF production to be $13.45 million, and FY 2027 loan repayments of $11.4 million. This will result in approximately $5.2 million that could be used to shore up Single Family Loan program collateral needs. Approval of the resolution to transfer $908 thousand from the Primero Loan program to the Partners Loan Program is requested at this time. YES

3 **Limited Delegation of Authority to the Chief Executive Office to Amend and Restate 401(k) and 457(b) Retirement Plan (Dolores Wood) -** Staff is recommending that the Board of Directors delegate limited authority to the Executive Director to adopt amendments required by regulatory changes, including full restatements, to Housing New Mexico | MFA's 401(k) Plan and 457(b) Plan. YES

4 **New Homes for New Mexico Award Recommendation – Abrazo Homes (Rene Acuna) -** Staff recommends Board approval of a $1,000,000 set-aside for Abrazo Homes LLC/QTM to provide up to $50,000 in down payment assistance for each of the 20 affordable homes in Mesa del Sol's Vintner's Series (Unit 4). The application meets program requirements, and the experienced, licensed developer has several projects in the Mesa Del Sol Subdivision. YES

Contracted Services/Credit Committee

5 **Housing Innovation Notice of Funding Availability Addendum 3 (Sharlynn Rosales & Robyn Powell) -** Staff recommend Board of Directors' approval of the Housing Innovation Notice of Funding Availability Addendum 3 – Capital Outlay & Special Appropriation Funding**.** YES

6 **Biannual Compliance Activity Report for March- September 2026 (Jackie Nutima & Jessica Franco) -** The activities described in this report are intended to provide the Board of Directors with assurance that

Housing New Mexico is effectively managing compliance with Federal and State consumer financial laws applicable to the products and services being provided by Housing New Mexico and mitigating related risk. Compliance activities will be reported to the Board through the Contracted Services 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 is no significant compliance concerns identified during this reporting period. NO

Other

7 **2027 Legislative Priorities (Robyn Powell) -** Staff recommends approval of the 2027 Legislative Agenda to ensure Housing New Mexico remains positioned to address the state's urgent housing needs. YES

Monthly Reports **Non-Action Required**

8 (Staff is available for questions)

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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 16, 2026 - 9:30 a.m.

Chair Angel Reyes convened the meeting on September 16, 2026, at 9:41 a.m. Secretary Isidoro Hernandez called the roll. Members attending in person: Chair Angel Reyes, Ricky Serna (designee for State Treasurer Laura M. Montoya), Billy Jimenez (designee for Attorney General Raúl Torrez), and Rebecca Wurzburger. Members virtual: Derek Valdo. Members 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.

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

Oath of Office Ricky Serna – Chair Reyes administered the oath of office to Ricky Serna who has been appointed as designee for State Treasurer Laura M. Montoya.

Approval of Agenda – Board Action. Motion to approve September 16, 2026, agenda, as presented: Wurzburger. Second by Jimenez. Roll Call Vote: Angel Reyes- yes, Derek Valdo- absent, Proxy Ricky Serna-yes, Proxy Martina C'de Baca- absent, Proxy Billy Jimenez-yes, Rebecca Wurzburger-yes, Randy Traynor-absent. Vote: 4-0.

Approval of 8/19/2026 Board Meeting Minutes – Board Action. Motion to approve August 19, 2026, Board Meeting Minutes as presented. Wurzburger. Second by Jimenez. Roll Call Vote: Angel Reyes- yes, Derek Valdo- absent, Proxy Ricky Serna-yes, Proxy Martina C'de Baca- absent, Proxy Billy Jimenez-yes, Rebecca Wurzburger-yes, Randy Traynor-absent. Vote: 4-0.

Executive Director Updates- Hernandez provided an update on Production/Programs. Interest rates: FTHB Gov: 6.375%, FTHB Conf: 6.5%. Currently averaging $14.0M in reservations vs $12.1 in 2025. Overall production: 2,737 households/families assisted and $701M expended. Servicing: 18,413 increase of 1500 from 2025 and $3.3B increase from $2.8B in 2025. Program Release: NewHomes Rate Advantage: ten loans- avg. buydown cost: $16K. New Homes for New Mexico: two applications. Significant Meetings/Presentations: 8/26: Tribal Housing Collaboration Mtg. 9/2-3: Governor's Conference on Economic Development. 9/10: DWS/Office of Housing, NMFA, and Housing New Mexico Collaboration Mtg. 9/11: HUD Site Visit- HOPWA. 9/15: SBOF- HTF Update. Upcoming Meetings: 9/21: LOC Mtg. #4 Cancelled. 9/29: Somos Grand Opening in Albuquerque. 10/6: Community Planning Division Asst. Secretary for CPD. 10/19: LOC Mtg. He then provided NM Housing Trust Fund update: 100% of funds were encumbered, 80% awarded, and 40% expended. 15,813 household assisted and $220M in awards.

Presentation

State Low Income Housing Tax Credit Informational Presentation (Robyn Powell, Philip Gilman, Director of Acquisition and Housing Policy, Sugar Creek Capital)- Powell began by providing a high-level overview of the State of New Mexico Low Income Housing Tax Credit (LIHTC) under consideration for the 2028 legislative session for Housing New Mexico. Then Phillp Gilman, Director of Acquisitions and Housing Policy with Sugar Creek Capital discussed the proposed New Mexico State LIHTC, he provided examples of new construction and community impacts and reviewed the Kansas State LIHTC Program case study. He then discussed a proposed program structure for New Mexico State LIHTC, impacts, and comparative state credit programs.

Finance Committee

1 **Production Stats (Jessica Franco, Jeff Payne & Donna Maestas-De Vries)** – Staff provided the Board a high-level presentation on Housing New Mexico | MFA production and financial highlights in conjunction with the FY 2026-2027 General Fund Budget.

2 **FY 2027 General Fund Operating & Capital Budget (Joe McIntyre, Jacob Kemmeren, & Matt Smokov) –** McIntyre presented the proposed general fund operating budget which contemplates a budget surplus of just over $3.7 million. Revenue is expected to decrease by 2%, and expenses are expected to increase by .45%. The capital budget is projected at just over $4.4 million of which $4 million is the budget for Purchased Servicing Rights. Overall, the proposed capital budget is decreasing by 4% from the prior year, which is almost $200 thousand under the FY 26 capital budget**.** Discussion ensued regarding direct servicing expenses, compensation expenses, and health insurance expenses. Motion to approve FY 2027 General Fund Operating & Capital Budget as presented. Wurzburger. Second by Jimenez. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Proxy Ricky Serna-yes, Proxy Martina C'de Baca- absent, Proxy Billy Jimenez-yes, Rebecca Wurzburger-yes, Randy Traynor-absent. Vote: 5-0.

3 **FY 2027 NM Housing Trust Fund Budget (Joe McIntyre, Jacob Kemmeren, & Matt Smokov)** – McIntyre presented the New Mexico Housing Trust Fund budget for review. He stated total revenue is expected to be $53.7 million, and budgeted expenses are projected to be $15.5 million. A surplus of $38.2 million is projected for the NMHTF. Motion to approve FY 2027 NM Housing Trust Fund Budget as presented. Wurzburger. Second by Serna. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Proxy Ricky Serna-yes, Proxy Martina C'de Baca- absent, Proxy Billy Jimenez-yes, Rebecca Wurzburger-yes, Randy Traynor-absent. Vote: 5-0.

4 **FY 2027 NM Affordable Housing Charitable Trust Budget (Joe McIntyre, Jacob Kemmeren, & Matt Smokov) –** McIntyre presented **t**he New Mexico Affordable Housing Charitable Trust budget. The NM budget has a relatively small amount of interest income and grant activity that runs through it. Charitable contributions are received through the trust. He projected a deficit of $3,190 for FY 2026-2027. Motion to approve FY 2027 NM Affordable Housing Charitable Trust Budget as presented. Wurzburger. Second by Jimenez. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Proxy Ricky Serna-yes, Proxy Martina C'de Baca- absent, Proxy Billy Jimenez-yes, Rebecca Wurzburger-yes, Randy Traynor-absent. Vote: 5-0.

5 **Annual Single Family Bond Resolution (Jessica Franco & Jerri Tso) –** Franco recommended approval of the Fiscal Year 2026/2027 Single Family Bond Resolution authorizing one or more issuances and series of Single-Family Mortgage Program Bonds in an aggregate principal amount not to exceed $800 million. The authorization period is October 1, 2026, through October 31, 2027. This recommendation is to preserve flexible single-family bond funding within the resolution's defined limits. A Board-approved annual bond resolution allows Housing New Mexico to respond promptly to production needs and market conditions. It establishes maximum transaction parameters but does not require issuance of the full authorized amount or use of the full authority contribution. Motion to approve Annual Single Family Bond Resolution as presented. Serna. Second by Jimenez. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Proxy Ricky Serna-yes, Proxy Martina C'de Baca- absent, Proxy Billy Jimenez-yes, Rebecca Wurzburger-yes, Randy Traynor-absent. Vote: 5-0.

Contracted Services/Credit Committee

6 **Uptown Connect – HOME, NHTF, & NMHTF Loan Request (Justin Carmona & George Maestas) –** Carmona requested a $3,000,000 HOME loan, $400,000 National Housing Trust Fund loan, and $4,000,000 New Mexico Housing Trust Fund loan for Uptown Connect. Uptown Connect is located in Albuquerque, New Mexico and is a proposed new construction multifamily project that will consist of 88 studio apartments, 44 one-bedroom units, 28 two-bedroom units, and 16 three-bedroom units for households with children. Fifty-eight (58) units will be income restricted to households earning 30% or less of Area Median Income (AMI), thirty-nine (39) units will be income restricted to households earning 50% or less of AMI, and seventy-nine (79) units will be income restricted to households earning 80% or less of AMI**.** Discussion ensued with Carmona reviewing a high-level description of the project, developer cost and Housing New Mexico allocation of funds if approved. Motion to approve Uptown Connect- HOME, NHTF, & NMHTF loan request as presented. Wurzburger. Second by Jimenez. Roll Call Vote: Angel Reyes- yes, Derek Valdo- absent, Proxy Ricky Serna-yes, Proxy Martina C'de Baca- absent, Proxy Billy Jimenez-yes, Rebecca Wurzburger-yes, Randy Traynor-absent. Vote: 4-0.

7 **Recommendation to Award Government Relations Contract (Robyn Powell)** – Powell recommended and requested approval to award a contract to John Anderson PC to provide government relations services for Housing New Mexico | MFA. An RFP to provide government relations services was issued, and one offer was received in response to the RFP. Staff reviewed the proposal and determined that minimum threshold was met, and the offeror received 97.5 of 100 possible points after scoring. Powell recommended awarding the contract for a three-year term with the option to award two one-year extensions. Motion to approve Recommendation to Award Government Relations Contract as presented. Wurzburger. Second by Serna. Roll Call Vote: Angel Reyes- yes, Derek Valdo- absent, Proxy Ricky Serna-yes, Proxy Martina C'de Baca- absent, Proxy Billy Jimenez-yes, Rebecca Wurzburger-yes, Randy Traynor-absent. Vote: 4-0.

8 **NM Energy$mart 2027-2032 Multifamily RFP (Dimitri Florez & Troy Cucchiara) –** Florez and Cucchiara recommended approval to issue the NM Energy$mart Multifamily RFP to obtain a new multifamily service provider to implement weatherization assistance program retrofits statewide. Housing New Mexico | MFA will enter into a weatherization contract with the successful offeror for the PY 2026-2027 for training purposes. Following the training period, the successful offeror will implement weatherization services for PY 2027-2028 with the option of four one-year renewals. Upon funding availability, there is a possibility that a service provider can hold a contract from February 1, 2027, through June 30, 2032. Motion to approve NM Energy$mart 2027-2032 Multifamily RFP as presented. Wurzburger. Second by Jimenez. Roll Call Vote: Angel Reyes- yes, Derek Valdo- absent, Proxy Ricky Serna-yes, Proxy Martina C'de Baca- absent, Proxy Billy Jimenez-yes, Rebecca Wurzburger-yes, Randy Traynor-absent. Vote: 4-0.

9 **Annual Amended RHP Action Plan (Alec Robertson) -** Robertson recommended approval of the amendments made to the Recovery Housing Program (RHP) Action Plan, which reflect changes in funding availability and updates to program priorities and implementation needs. To date, Housing New Mexico has received and awarded a total of $7,026,148 in RHP funding to a total of ten different qualified and eligible service providers. On May 14, 2026, HUD announced that the State of New Mexico would receive $1,231,924 in RHP funding for FY2026. Upon execution of the FY2026 grant agreement between HUD and the State of New Mexico, $1,170,327.80 in RHP funds will be available to award to service providers. The Annual RHP Action Plan has been updated to remove language regarding the allocations of previous funding years as well as recommendations received through the technical assistance provided. All proposed changes can be found under Tab 9 of the Board packet. Motion to approve Annual Amended RHP Action Plan as presented. Jimenez. Second by Wurzburger. Roll Call Vote: Angel Reyes- yes, Derek Valdo- absent, Proxy Ricky Serna-yes, Proxy Martina C'de Baca- absent, Proxy Billy Jimenez-yes, Rebecca Wurzburger-yes, Randy Traynor-absent. Vote: 4-0.

10 **Housing Development Legal Services RFP (George Maestas)** - Maestas requested approval of the Request for Proposals for Housing Development Legal Services to provide legal assistance, advice, and counsel to Housing New Mexico's Housing Development department. As the term of the current Housing Development legal services agreement ends on January 31st of 2027, a new RFP is required to select a law firm to provide support to the Housing Development department. The services solicited under this RFP are restricted solely to the legal services commonly provided to the Housing Development department**.** A full list of professional legal services can be found under Tab 10 of the Board packet. Motion to approve Housing Development Legal Services RFP as presented. Wurzburger. Second by Jimenez. Roll Call Vote: Angel Reyes- yes, Derek Valdo- absent, Proxy Ricky Serna-yes, Proxy Martina C'de Baca- absent, Proxy Billy Jimenez-yes, Rebecca Wurzburger-yes, Randy Traynor-absent. Vote: 4-0.

Other

11 **Quarterly Marketing Summary Report (Kristie Garcia) –** Garica provided a quarterly marketing, and communications presentation consisting of the strategic marketing overview of Housing New Mexico | MFA's recent activities related to press releases, advertising, media coverage, social media posts, and outreach efforts. Non-Action Item.

12 **Draft 2027 Strategic Plan Benchmarks (Robyn Powell)** – Powell recommended approval of the proposed Strategic Plan Benchmarks for 2027. Through the Strategic Planning Committee, plan themes and goals are developed, and benchmarks are set to ensure that goals are accurately tracked and measured. Additionally, staff conducts an Enterprise Risk Management review in coordination with our internal audit contractor and updates the New Mexico Housing Needs Assessment. Benchmarks are recommended to the Board of Directors for approval, and staff reports status of benchmarks each quarter with a final closeout in November. Motion to approve 2027 Strategic Plan Benchmarks as presented. Wurzburger. Second by Jimenez. Roll Call Vote: Angel Reyes- yes, Derek Valdo- absent, Proxy Ricky Serna-yes, Proxy Martina C'de Baca- absent, Proxy Billy Jimenez-yes, Rebecca Wurzburger-yes, Randy Traynor-absent. Vote: 4-0.

Other Board Items **Information Only**

13 **There were no questions asked of Staff.**

- Staff Actions Requiring Notice to Board

Monthly Reports **Non-Action Required**

14 **There were no questions asked of Staff.**

- New Mexico Housing Trust Fund Update
- 7/31/26 Financial Statements

There being no further business, meeting was adjourned at 1:03 p.m.

Chair, Angel Reyes

Secretary, Isidoro Hernandez

HOUSING NEW MEXICO | MORTGAGE FINANCE AUTHORITY
Board Retreat Meeting Minutes
7425 Jefferson St. NE Albuquerque, NM 87109
September 16-17, 2026

Chair Angel Reyes convened the meeting on September 19, 2026, at 2:31 p.m. Members attending in person: Chair Angel Reyes, Ricky Serna (designee for State Treasurer Laura M. Montoya), Billy Jimenez (designee for Attorney General Raúl Torrez), and Rebecca Wurzburger. Members virtual: Derek Valdo. Members excused: Martina C'de Baca (designee for Lieutenant Governor Howie Morales) and Randy Traynor.

1. New Mexico's Economic Landscape (Dale Decker)- Founding Principal and Strategic Advisor, Dale Dekker is one of 25 principals at Dekker, a design collective with offices in New Mexico, Arizona, and Texas. Dekker provided the Board with a presentation on the economic growth in New Mexico, the struggles and future views of housing in New Mexico.

2. Housing New Mexico: One Home at a Time (Housing New Mexico Staff)- Staff provided a presentation on the consistent, reliable and steady progress in delivering housing opportunities across the state. The presentation highlighted the successes and progression of Housing New Mexico over the last decade, as it has worked to deliver results and ensure all available resources are deployed in an equitable and impactful way.

There being no further business, the first session was adjourned at 5:00 p.m.

Chair Angel Reyes convened the meeting on August 21, 2025, at 8:47 a.m. Members attending in person: Chair Angel Reyes, Ricky Serna (designee for State Treasurer Laura M. Montoya), Billy Jimenez (designee for Attorney General Raúl Torrez), and Rebecca Wurzburger. Members virtual: Derek Valdo. Members excused: Martina C'de Baca (designee for Lieutenant Governor Howie Morales) and Randy Traynor.

3. Video Introduction: A Decade of Dedication to Housing New Mexico.

4. Strategic Planning- Goals and Benchmarks, Current and Future Housing Needs, Population Trends, Market Trends, and Resources open discussion of ideas. The Board and Housing New Mexico | MFA Directors and Senior Staff participated in open dialog on various housing topics focusing on the needs of Housing New Mexico | MFA staff and moving the needle forward on housing production. Also discussed direct funding, budget processes, mission, legislature, barriers and 5–10-year outlook. Staff committed to incorporating ideas into the strategic plan benchmarks as appropriate and following up with the Board.

There being no further business, the meeting was adjourned at 3:07 p.m.

Approved:

Chair, Angel Reyes

Secretary, Isidoro Hernandez

Tab 1

HOUSING NEW MEXICO | MFA

Finance/Operations Committee Meeting

Tuesday, October 13, 2026 at 1:00 p.m.

Webex - call-in information is 1-408-418-9388 (access code): 2487 373 9505
or you can join the call from the calendar item

Agenda Item	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
Agenda		
1 Draft 2027 Qualified Allocation Plan – Jeanne Redondo and Jacobo Martinez	3-Ø	YES
2 New Homes for New Mexico Award Recommendation – Abrazo Homes – Rene Acuna	3-Ø	YES
3 Housing Opportunity Fund FY 2027 – Joseph McIntyre, Jacob Kemmeren, and Christine Dilks	3-Ø	YES
4 Award for Underwriter Services – Jerri Tso and Jessica Franco *Removed from Brd Agenda. Will add to November Agenda*	3-Ø	YES
5 Limited Delegation of Authority to the Chief Executive Office to Amend and Restate 401(k) and 457(b) Retirement Plan – Dolores Wood NOTE #1	3 Ø	YES
Information items		
6 August 2026 Wire Transfers		NO
7 August 2026 Check Register		NO

Committee Members present:

Derek Valdo, Chair	☐ present	☐ absent	☑ conference call
State Treasurer Laura M. Montoya Proxy Ricky Serna	☐ present	☐ absent	☑ conference call
Lt. Governor Howie Morales/ Proxy Martina C'de Baca	☐ present	☐ absent	☑ conference call

Note:
1. General Counsel to sign on Amendments, etc to ensure they fit within Delegated Authority

HOUSING NEW MEXICO | MFA

MEMO

TO: Housing New Mexico Board of Directors
Through: Finance Committee August 11, 2026 & October 13, 2026
Through: PC Committee August 4, 2026 & September 29, 2026

FROM: Jeanne Redondo

DATE: September 29, 2026

SUBJECT: **2027 Qualified Allocation Plans**

Recommendation:

Staff recommends approval of the attached 2027 State of New Mexico Housing Tax Credit Program Qualified Allocation Plans (QAP).

Background:

The Low Income Housing Tax Credit ("LIHTC") program was established in 1986 under Section 42 of the Internal Revenue Code (the "Code"). The Code sets the general program parameters including the requirement that each state adopt its own QAP that sets forth specific project selection criteria and other program rules. Housing New Mexico revises the QAP annually.

Housing New Mexico staff hosts several focus groups prior to drafting QAP revisions and then presents a list of proposed changes to the Policy Committee and Finance Committee for discussion. This year, 62 stakeholders participated in two developer forums and meetings for nonprofits, consultants and syndicators.

Staff then drafts a QAP, presents it to Policy Committee and Finance Committee for approval, posts the draft on Housing New Mexico's website and publishes notices in at least three newspapers of general circulation. This posting and publication marks the beginning of a 21-day public comment period during which a public hearing is held. After the public comment period concludes, Housing New Mexico composes a final QAP and presents it to Policy Committee, Finance Committee and the Board of Directors for approval. After Board approval, the QAP is sent to the Governor for final approval.

Discussion:

In 2026, New Mexico prepared separate QAPs for the 4% and 9% LIHTC programs. As a result, there were several large changes to the program, including limits on the number of projects per developer to prevent a few participants from receiving the bulk of the resources, thereby excluding others. While many participants wanted to increase the number of projects per developer, staff did not recommend that these limits be lifted in this resource constrained environment.

The following changes to the QAP are proposed:

Housing New Mexico contact information, dates and inconsistent terms[1] were updated in the QAPs and ancillary documents, as needed.

Additional Redlines to the 9% QAP include:

Available Financing - Section II.B. *(Begins on page 11 of the redline)*

- This section was re-written to clarify that the $1,700,000 maximum allocation includes any basis boost for which the project qualifies.

Underserved Populations Set-Aside – Section II.C.2.a.vii. *(See page 12 of the redline)*

- This section includes a new footnote that requires the Applicant to provide evidence that the rental assistance may be renewed, if it expires before the end of the 15-year Compliance Period.

Monitoring and Compliance Fees – Section III.C.6 *(See pages 18 and 20-21 of the redline)*

- This section was updated to clarify when the first credit year monitoring and compliance fees are due. Housing New Mexico's Asset Management Department will send an invoice shortly after the Project is Placed In Service. Before that invoice is sent, staff will clarify with the developer which year they plan to claim the credits for the first time. When the project is completed towards the end of the calendar year, the developer will often elect the following year as their first credit year. This will avoid being billed for a year if they don't take the credits. If the Developer elects to prepay the monitoring and compliance fee for the entire 15-year Compliance Period, it will be due at the time the first credit year fee is invoiced, rather than when the Final Allocation Application is submitted approximately a year later.

[1] As an example, the defined term "Application Deadline" was sometimes referred to as a "Due Date."

Appeal Process - Section III.F.8.c *(See page 29 of the redline)*

- The instructions to appeal were clarified to address the confusion in an email received during the 2026 round. The instructions are not new; they were previously mailed to the Applicant.

Market Study – Section IV.D *(See page 33 of the redline)*

- A footnote was added to clarify that an amendment to a market study will be accepted if the market study is under a year old.

Applicant Eligibility – Section IV.E *(See page 34 of the redline)*

- Applicants with material compliance matters are no longer eligible to apply until the material compliance matter[2] is cleared by the Asset Management Department. To provide an opportunity for prospective applicants to clear these matters, the Intent to Submit that the applicant uploads a month before the application is due includes a list of properties in New Mexico, so Asset Management can review the list and alert the applicant to correct the issue prior to the application deadline.

Nonprofit, New Mexico Housing Authority (NMHA), local Tribally Designated Housing Entity (TDHE), Tribal Housing Authority (THA) or Government Entity Ownership – Section V.A *(See pages 36 and 37-39 of the redline)*

- This selection criterion was re-written to provide preference for projects with greater nonprofit participation. Projects without a for-profit organization can earn up to five points if the qualified nonprofit organization (or NMHA, TDHE, THA or government entity) will receive a first right of refusal under IRC Section 42(i)(7) at the end of the 15-year compliance period. (Strong NM non-profits are eligible for 5 points; strong non-local non-profits are eligible for 3 points.) Partnerships between a for-profit organization and a qualified nonprofit organization are eligible to earn two points.
- Smaller qualified nonprofit organizations that lack financial capacity to provide loan guaranties are eligible to partner with another qualified nonprofit organization or a for-profit organization to earn points under this scoring criterion.
- The QAP no longer dictates the language in the IRC Section 42(i)(7) first right of refusal.

Locational Efficiency – Section V.B (See pages 43 - 44)

- The description of “on call” transportation was re-written for clarity.
- The frequency required to earn frequent transportation points was relaxed slightly to allow one-hour bus service to qualify for points. The 2026 QAP required

[2] Material Compliance Matter is defined as any compliance issue identified by Housing New Mexico (for any of its programs) during a monitoring visit to a property located in New Mexico that remains open six months after the monitoring letter was sent to the Owner.

transportation to be more frequent than one hour. The one-minute difference allows frequent bus service in Las Cruces to qualify for points.

Leveraging Resources - Section V.K (See page 61)

- Language updated to clarify that the resources claimed for points must be contributed prior to the issuance of IRS Form 8609.
- Repayment of soft debt was relaxed to allow payments upon the completion of the statutory 15-year Compliance Period rather than an affordability period of up to 50 years. This allows developers to begin repaying soft loans to local governments earlier, so they can redeploy those funds into new projects. In addition, it provides an incentive for developers to engage with local governments to provide funding towards the development budget.

Glossary – Section IX *(See page 88 of the redline)*

- Definition of Building Identification Number (BIN) added to explain that Housing New Mexico does not issue separate BINs by floor or other artificial separations. The only exception is when portions of a building are owned by separate entities for Hybrid 9%/4% Developments.
- Definition of Local Qualified Nonprofit Organization was added to the Glossary to be used in scoring Section V.A (Nonprofit, New Mexico Housing Authority (NMHA), local Tribally Designated Housing Entity (TDHE), Tribal Housing Authority (THA) or Government Entity Ownership).

Additional redlines to the 4% QAP:

Limitation on Private Activity Bond Volume Cap to a Single Project or Principal – Section II.B *(See page 10 of the redline)*

- The construction phase in the 2026 QAP ended when the Project receives the Form 8609 to claim the tax credits, which is often a year after construction is completed. This phase was shortened to end when the Project receives its Certificate of Occupancy (or Certificate of Substantial Completion for rehabilitation).
- The maximum number of Projects per developer in the construction phase was increased from two to three. Previously, a developer could request a third Project if there was sufficient volume cap after August. This change limits the total Projects under construction while helping developers to plan their pipeline.

Application and Award Schedule – Section III.A *(See page 12 of the redline)*

- The deadline to submit the Final Allocation was extended from 120 days from the end of the first year of the Compliance Period to one year from the date the last building is placed in service.

Monitoring and Compliance Fees – Section III.C.6 *(See pages 16 and 18 of the redline)*

- This section was updated to clarify when the first credit year monitoring and compliance fees are due. Housing New Mexico's Asset Management Department will send an invoice shortly after the Project is Placed In Service. If the Developer elects to prepay the monitoring and compliance fee for the entire 15-year Compliance Period, it will be due at the time the first credit year fee is invoiced, rather than when the Final Allocation Application is submitted approximately a year later.

Market Study – Section IV.D *(See page 28 of the redline)*

- A footnote was added to clarify that an amendment to a market study will be accepted if the market study is under a year old.

Applicant Eligibility – Section IV.E *(See pages 28- 29 of the redline)*

- Applicants with material compliance matters are no longer eligible to apply until the material compliance matter[3] is cleared by the Asset Management Department. To provide an opportunity for prospective applicants to clear these matters, the Intent to Submit that the applicant uploads a month before the application is due includes a list of properties in New Mexico, so Asset Management can review the list and alert the applicant to correct the issue prior to the application submission.

Selection Criteria – Section V (Beginning on page 30 of the redline)

- Throughout this section, where "scoring" criteria are referenced, the language has be edited to use the term "selection" criteria to acknowledge that the 4% program is not competitive, and thus projects are not scored to rank them.

Labor Force Housing – Section V.A.4 (*See pages 36- 37 of the redline)*

- Labor Force Housing was added to the priority populations that can be selected. This selection is limited to highly urbanized areas, where demographics indicate that the area may not be a prime choice for families or seniors, but that there is a need for housing. This selection criterion does not require large units suitable for families or an occupancy restriction preventing younger households from living at the property.

Glossary – Section IX *(See pages 52-53 of the redline)*

- Definition of Building Identification Number (BIN) added to explain that Housing New Mexico does not issue separate BINs by floor or other artificial separations.

[3] Material Compliance Matter is defined as any compliance issue identified by Housing New Mexico (for any of its programs) during a monitoring visit that remains open six months after the monitoring letter was sent to the Owner.

The only exception is when portions of a building are owned by separate entities for Hybrid 9%/4% Developments.

Additional Redlines to Post Award Handbooks:

Progress Reports – Section II.B of 9% and 4% Handbooks *(See page 4 of each redline)*

- Progress reporting during construction must be in the form of an architect's field report. This reduces the Applicant's burden of preparing a separate report and provides more details regarding construction progress.

October 15th of the second year following the initial application – Section II.H of 9% on *(See pages 7 and 9 of redline)* and **Section II.E of 4% Handbook** *(See pages 5-6 of redline)*

The requirement to submit the LURA was moved to Section II.B.1.c-d (9%) and Section II.B.1.c-d (4%) which describes documents required prior to commencing construction. Recording the LURA when closing on construction period financing will reduce the administrative burden of obtaining written approval from each permanent lender before recording the federally required LURA.

30 days after the Project is Placed In Service - Section II.I of 9% Handbook *(See page 9 of redline)* and **Section II.F of 4% Handbook** *(See page 6 of redline)*

- Payment of first credit year compliance and monitoring fees were moved from the Final Allocation Application to the time the Project is Placed In Service.

One Year following the date the last building was Placed In Service – Section II.M of 9% Handbook *found on page 10 of redline* and **Section II.H of 4% Handbook** *found on page 7 of redline*

- The deadline to submit the Final Allocation was extended from 120 days from the end of the first year of the Compliance Period to one year from the date the last building is placed in service. This will provide time for developers to complete the cost certification, achieve operational stability and convert from construction to permanent financing.

Additional Redlines to Underwriting Supplement:

Development Costs – Section III.A *(See page 8 of redline)*

- Added a requirement to include all costs, broken out by use, for mixed use developments. This will assist Housing New Mexico to determine whether a Project meets cost limits and the amount that is paying for the LIHTC development.

Acquisition Cost Limits – Section III.A.1 *(See page 8 of redline)*

- The underwriting supplement previously had no limitation on the time period that a property could be owned to avoid being able to sell the property to the partnership at an appraised value higher than the price the developer paid for the property. A time limit of five years was added.

Builder profit, overhead and general requirements – Section III.B *(See page 9 of redline)*

- In Projects where an Identity of Interest is present, builder profit is reduced from 6 percent to 4 percent. Design professionals were removed from the list of Identities of Interest that could reduce the builder profit.

Credit Pricing - Section I.A.1 *(See page 10 of redline)*

- The credit pricing was updated to reflect that underwriting will be based on market conditions.

First Mortgage – Section IV.C.1 *(See pages 13-14 of redline)*

- The example to look up daily treasury rates was updated from August 2024 to July 2026.

Subordinate Permanent Must-Pay Debt – Section IV.C.4 *(See page 15 of redline)*

- This section was updated to reflect HOME underwriting terms that allow interest rates up to 3%.

Developer Fees – Section IV.C.6 *(See page 16 of redline)*

- This section was updated to provide an exception to the disallowance of the acquisition cost in the calculation of developer fee for Identity of Interest transactions where the sole reason the seller has an Identity of Interest is due to a bridge financing transaction to acquire the property from a non-related arm's length third party before preparing the property for resyndication and rehabilitation.

Management Fee – Section V.C *(See page 19 of redline)*

- Fees paid during operations to the developer must be as stipulated in the Limited Partnership Agreement. Fees that are paid from cash flow will not be underwritten as operating expenses.

Operating Reserves – Section V.E *(See page 20 of redline)*

- Operating reserves for 4% LIHTC properties that at least 250 units may be reduced from six months to four months on a case-by-case basis because a four-month cushion still provides a substantial cash reserve.

Replacement Reserves – Section V.F *(See page 20 of redline)*

- Replacement reserves were separated from operating reserves.

Utility Allowances – Section V.J *(See page 21 of redline)*

- Utility Allowances must include all utility service charges. However, some forms provided to break down the utility allowance do not list the service charge. The Applicant must include evidence that all service fees charged to the tenant are included in the calculation of the utility allowance.

HOME Term Sheet (See pages 22-24 of redline)

Underwriting:

- The restriction on HOME funds being used as a first mortgage was removed.
- Loan repayment terms were re-written to reflect loan policies that generally offer interest rates of 0% with amortizations between 40 and 80 years, depending on feasibility. However, interest rates offered could be as high as 3% if projected cash flow indicates an ability to cover higher debt payments.
- Forgivable loans for properties targeting households at or below 30% AMI were split out into a separate paragraph and the treatment of forgivable loans for LIHTC properties was updated to reflect that the amount of the HOME loan is deducted from eligible basis.

Construction Loans:

- The exception to the requirement to guarantee the loan during the construction period was removed. All HOME loans will require a guarantor during the construction period because Housing New Mexico is at risk to repay HUD if units are not produced.

Environmental Review:

- The reference to the QAP was re-written for clarity.

Build America Buy America (BABA) Act:

- This paragraph was updated to indicate that BABA will apply to the Project and the link to HUD's website was updated.

HOME Loan Amounts:

- References to a specific State of New Mexico Action Plan were removed. In addition, language was changed from "without the 9% LIHTC round" to "outside of the 9% LIHTC round" for clarity.

HOME Awards:

- Applicants who procure funding to replace Housing New Mexico HOME funding will not be eligible to participate in Housing New Mexico's housing development programs for one year from the date the funds are returned. Housing New Mexico may alter the Project's LIHTC and/or other gap financing, including but not limited to withdrawing those awards, if it deems it appropriate.

National Housing Trust Fund Term Sheet *(See pages 25-26 of redline)*

Underwriting:

- Awards were limited to $400,000 regardless of the project type.
- The maximum per-unit subsidy limits are now set by HUD's applicable limits for the NHTF program rather than the HOME program.

Construction Loans:

- The exception to the requirement to guarantee the loan during the construction period was removed. All NHTF loans will require a guarantor during the construction period because Housing New Mexico is at risk to repay HUD if units are not produced.

Build America Buy America:

- This paragraph was updated to indicate that BABA will apply to the Project and the link to HUD's website was updated.

NHTF Awards:

- Applicants who procure funding to replace Housing New Mexico NHTF funding will not be eligible to participate in Housing New Mexico's housing development programs for one year from the date the funds are returned. Housing New Mexico may alter the Project's LIHTC and/or other gap financing, including but not limited to withdrawing those awards, if it deems it appropriate.

Section 811 Rental Assistance Program Term Sheet

- Added language regarding the availability of this funding source for 2027 Projects. If HUD does not announce awards from the 2026 Notice of Funding Opportunity by January 4, 2027, this source will not be considered in the 9% LIHTC round. This provides almost two weeks for the Program Coordinator to review requests and provide letters for the 9% LIHTC Applications.

Additional Redlines to Design Standards:

Part A: Mandatory Design Standards for Multifamily Housing (See page 3 - 4 of redline)

- The reference to Coronavirus State and Local Fiscal Recovery Funds was removed because they have been fully awarded.
- Language was added to clarify that Housing New Mexico will not approve waivers of energy efficiency and accessibility standards.
- Design - Language was added to affirm that residents must not be restricted from accessing property amenities unless they are closed for all users (e.g., overnight or because they are closed for repairs).

American National Standards Institute ("ANSI") A117.1 Standard (*See pages 4 and 10 of redline)*

- The Design Standards were clarified to show that ANSI A117.1 standard for accessibility is required of all projects, and the date of the standard that applies is the version adopted as of the date the developer submits the Initial Application.

General Design *(See page 5 of redline)*

- A requirement that playgrounds be shaded with a canopy or trees was added.

Site Design and Development (Part B.5.d.ii.g) *(See page 7 of redline)*

- Properties designed for Labor Force Housing will not be required to include play areas but will be required to provide areas of congregation that promote physical activity, as required for senior properties.
- The phrase "with an adjoining kitchen area" was moved earlier in the sentence requiring common areas to clarify that a kitchen is required.

Unit Design and Construction (Part D) *(See page 9 of redline)*

- Adds minimum (400 s.f.) and maximum (600 s.f.) gross square footage for studio and efficiency units to avoid micro-units and prevent developers from manipulating their score for Efficiency of Tax Credits by increasing the unit size beyond typical one-bedroom units.

Summary:

The proposed changes to the 2027 QAP continue to improve the allocation process. Staff hosted multiple meetings to gather feedback regarding the QAP and considered comments raised before drafting the updated documents. In addition, staff solicited and incorporated input from Asset Management Department staff.



Qualified Allocation Plan (QAP)

State of New Mexico

9% Low-Income Housing Tax Credit Program

Effective as of December 1, ~~2025~~2026

Approved by Board of Directors on October __~~1~~, ~~2025~~2026
Approved by the Honorable Governor Michelle Lujan Grisham on October __, ~~2015~~2026

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

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I. Introduction

This "Allocation Plan" constitutes the "Qualified Allocation Plan" (QAP[1]) for the state of New Mexico and is intended to comply with the requirements set forth in Section 42 of the Internal Revenue Code of 1986[2], as amended, including all applicable rules and regulations promulgated thereunder (collectively, the "Code"). This Allocation Plan applies to all allocations of 9% Low-Income Housing Tax Credits pursuant to the Code (hereinafter LIHTC, credits or tax credits) made for QAP year ~~2026~~2027.

A. Role of Housing New Mexico

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 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 monitors existing Projects for compliance with the Code; however, Housing New Mexico 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, 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 in 1975 [Chapter 303, Laws of New Mexico, 1975, known and cited as the New Mexico Mortgage Finance Authority Act, being Sections 58-18-1 through 58-18-27, inclusive), as supplemented in 1995, as follows:

> The legislature hereby finds and declares that there exists in the state of New Mexico a serious shortage of decent, safe and sanitary residential housing available at prices and rentals within the financial means of persons and families of low income. This shortage is severe in certain Urban Areas of the

[1] Capitalized terms, when not defined in the text of this document, are defined in the Glossary at Section IX or in Section 42 of the Internal Revenue Code.
[2] Section 42 of the Code is found in the United States Code in Title 26, Subtitle A, Chapter 1, Subchapter A, Part 4, Subpart D, at Section 42 (26 U.S.C. §42.)
[3] Treas. Reg. 26 CFR § 1.42.

> state, is especially critical in the rural areas and is inimical to the health, safety, welfare and prosperity of all residents of the state. The legislature hereby further finds and determines that to aid in remedying these conditions and to help alleviate the shortage of adequate housing, a public body politic and corporate, separate and apart from the state, constituting a governmental instrumentality, to be known as the New Mexico Mortgage Finance Authority should be created with power to raise funds from private investors in order to make such private funds available to finance the acquisition, construction, rehabilitation and improvement of residential housing for persons and families of low income within the state. The legislature hereby finds and declares further that in accomplishing this purpose, the New Mexico Mortgage Finance Authority is acting in all respects for the benefit of the people of the state in the performance of essential public functions and is serving a valid public purpose in improving and otherwise promoting their health, welfare and prosperity and that the enactment of the provisions hereinafter set forth is for a valid public purpose and is hereby so declared to be such as a matter of express legislative determination.

The federal laws governing the Tax Credit Program are subject to change. Final interpretations of certain rules and regulations governing the Program may not yet have been issued by the U.S. Department of Treasury. In the event that any portion of this QAP ~~should~~ conflict<u>s</u> 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 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's inherent discretion, reasonable judgement and prudent business practices, Housing New Mexico may reject any Application (as defined in the Glossary) or Project that Housing New Mexico 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 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 <u>the Applicant</u> submit<u>s</u>~~ted~~ in response to this QAP shall be borne solely by the Applicants.

Housing New Mexico may modify this QAP, including its compliance and monitoring provisions, and waive plan provisions, as required by the promulgation or amendment of the Code, from time to time or for other reasons as determined by Housing New Mexico, including, but not limited to, the ability to respond to government declared disasters and emergencies. Housing New Mexico will make available to the general public a written explanation of any allocation of housing tax credits that is not made in accordance with established priorities and selection criteria of the Agency.

In addition, Housing New Mexico 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 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 the Applicant submit~~sted~~ 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's 9% tax credit allocation activity in the state, commencing on its effective date. The procedure required at Code Section 42(m)(1)(B)(iii) is summarized in Section VIII but published in full under a separate cover and incorporated herein by reference as Appendices J and K. It is titled Low-Income Housing Tax Credit Compliance Plan and Appendices, and is available on our website: https://housingnm.org/property-owners-agents-and-managers/lihtc. The procedures for Code Section 42(m)(1)(D) are found in New Mexico's QAP governing the 4% LIHTC.

C. Public Hearing Required by Code Section 42(m)(1)(A)(i)

Following public notice, a draft QAP was made available to the public for comment for a period of 21 days (beginning August 1~~5~~4, 202~~5~~6 and continuing through September ~~5~~4, 202~~5~~6), during which time a public hearing was held on August 2~~8~~7, 202~~5~~6 Housing New Mexico 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's Tax Credit Program is limited to residential rental housing located in the state of New Mexico. Eligible Projects include rehabilitation of existing residential housing Units, Adaptive Reuse of commercial property as residential rental Units, or new construction. Dormitories, assisted living facilities, "trailer parks" and transient housing (e.g. emergency shelters for homeless Persons and households) are ineligible.

Project design must adhere to the *Housing New Mexico ~~2026~~2027 Mandatory Design Standards for Multifamily Rental Housing* (Design Standards) 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.

1. Scattered Site Projects

Under Code Section 42(g)(3)(D), each low-income building is considered a separate project unless the taxpayer identifies each building which is, or will be, part of the Project. Under Code Section 42(g)(7) and Treasury Regulation Section 1.103-8(b)(4)(ii), two or more qualified low-income buildings can be included in a Project only if the buildings:

- Are located on the same tract of land, unless all the Units in all the "scattered site" buildings to be included in the Project are Low-Income Units;
- Are owned by the same Person (Entity) for federal tax purposes;
- Are financed under a common plan for financing; and
- Have similarly constructed Units.

Generally, each site of a scattered-site Project must have a community space adequate for the provision of services and services must be delivered at each site for the Project to be eligible for points for Projects in which Units are reserved for Households with Special Housing Needs, Projects Reserved for Seniors Housing Priority or Projects in which 25% of all Units are reserved for Households with Children.

However, if one of the project sites proposed for rehabilitation does not have adequate community space for the provision of services, services may be provided for residents at another project site so long as the following conditions are met:

- Project sites sharing community space are located within a quarter of a mile of each other and connected by an ADA compliant route, and
- the Application demonstrates, to the sole satisfaction of Housing New Mexico, how the needs of Persons with disabilities who do not have access to on-site services will be met and
- sufficient community space for the provision of services is available for all residents of the Project.

2. Combined Rehabilitation with New Construction Projects

Projects may combine the rehabilitation of existing residential Units with the construction of new residential Units. Such Projects shall be classified as new construction if the number of Units to be newly constructed (or Adaptively Reused) is equal to at least 50% of total Units in the Project. If less than exactly 50% of the total Units are new construction (or Adaptive Reuse) Units, the Project shall be classified as a Rehabilitation Project. The cost limits will be applied based on the category chosen, if the Project is evenly split between newly constructed/Adaptively Reused Units and rehabilitation Units. For example, if the Project has 51% or more newly constructed Units, it will be held to the new Construction Cost limits provided in the Underwriting Supplement.

3. Hybrid 9%/4% Developments

Applicants wishing to combine 9% LIHTC with 4% LIHTC (where the 4% credits are not solely for acquisition of a building) pursuant to an allocation of private activity bond volume cap may do so under the following conditions.

1. The 9% LIHTC and 4% LIHTC portions of the development will be two separate projects, each of which has fully self-supporting financing and operations; the two portions of the development will not be cross-collateralized.
2. Complete separate Applications for the 9% and 4% LIHTC will be required.
3. **Adjacent Parcels:** Applicants proposing to build on adjacent parcels (or by splitting a parcel of land) may submit the 4% LIHTC Application concurrent with the 9% LIHTC Application or at any time 4% LIHTC Applications are being accepted.
4. **Within a Building**: Projects that propose allocating 9% and 4% tax credits within a building through a condominium plat must submit both the 9% and 4% LIHTC Applications concurrently by the 9% Application Deadline. Any reservation of tax credits for the 9% portion, if approved, will be contingent upon an allocation

of private activity volume cap by the State Board of Finance. If the State Board of Finance does not issue an allocation of private activity bond volume cap on or before December ~~2026~~2027, 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.

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 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.

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 present a "Qualified Contract" for the Project in accordance with Code Section 42(h)(6). The Applicant and Project Owner further agree that the Extended Use Period shall not be terminated for any reason other than foreclosure (or instrument in lieu of foreclosure), in which case existing Low-Income Tenants will not be evicted or charged rents in excess of tax credit rents for a period of three years following the foreclosure or transfer by instrument in lieu of foreclosure in accordance with the Code.

II. Available Financing

A. Amount of Competitive Tax Credit Available Statewide

The state of New Mexico receives a population-based 9% tax credit allocation each year. The current year's population estimates, as provided by the Internal Revenue Service (IRS) and the estimated Annual Credit Ceiling, including any carry-forward, returned or national pool credits received by the state are used to determine how many tax credits will be available in any given year[4].

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

[4] An exact amount is not available before the QAP is published. Based on the information currently available, approximately $~~4.9~~3.7M annual tax credits will be available in ~~2026~~ 2027 before any forward allocations that may be approved in the round.

The maximum amount of~~No~~ 9% LIHTC that will be awarded to any Project, including any basis boost, is~~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~~ will receive more than ~~-~~one tax credit Reservation in any given competitive LIHTC Application 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 to Qualified Nonprofit Organizations may exceed this amount.

An opinion of counsel addressing the status of the nonprofit organization and qualification for the Nonprofit Set-Aside may be required.

2. Underserved Populations Set-Aside

Twenty percent (20%) of the Annual Credit Ceiling will be set aside for Underserved Populations as defined in this section. The Application must indicate the desire for the Project to participate in the Underserved Populations set-aside, otherwise the Project will compete within the general round. The Project's score must be within 20% of the highest scoring Project to be awarded tax credits through the ranking process in the same funding round. The aggregate amount of tax credits allocated by Housing New Mexico 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'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.[5]

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~~2027 Housing New Mexico Universal Rental Development Application) with the Application and annually following the award.

b. Tribal Projects.

Projects whose sponsor or developer are a Tribally Designated Housing Entity (TDHE) or other Tribal Entity.

[5] If the evidence provided to support the Project-Based Vouchers or other Federal operating subsidy will expire before the end of the Compliance Period, the Application must include evidence that the rental subsidy may be renewed.

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 as begin eligible for up to 130% increase in eligible basis under Code Section 42(d)(5)(B)(v), as may be necessary for financial feasibility:

1. Projects receiving points under the Households with Special Housing Needs Housing Priority
2. Projects receiving points under the Projects Reserved for Seniors Housing Priority
3. Projects receiving points under the Households with Children Housing Priority

If the federal government expands the basis boost, Housing New Mexico 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~~21, 202~~5~~6
Application Round Opens	January 5, ~~2026~~2027
Last Day to Submit FAQs	January 12, ~~2026~~2027
Full Application	January 20, ~~2026~~2027 at Noon Mountain Standard Time
Deficiency Corrections (if requested by Housing New Mexico)	Late February/Early March
Preliminary Reservations/Rejections	Late March
Appeals Hearing (if needed)	Mid-April
Videos for Board Due	May 31, ~~2026~~2027
Final Awards	May ~~2026~~2027 Board Meeting
Reservation Fee Invoice Issued	Day After May ~~2026~~2027 Board Meeting
Reservation Issued for Signature	Upon Payment of Reservation Fee
Reservation Fee & Reservation Due	Early June ~~2026~~2027

B. Allocation Round

Housing New Mexico 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 may to conduct additional LIHTC rounds or award tax credits outside of the rounds.

1. Deadline

Initial applications must be fully uploaded to the file sharing site identified in Section III.B.2 of this QAP no later than 12:00 p.m. Mountain Standard Time on January 20, ~~2026~~ 2027 (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 in accordance with the provisions of this QAP.

2. Where to Submit the Application

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

3. Form of Submission

The required ~~2026~~2027 Housing New Mexico Universal Rental Development Application will be provided electronically and may be downloaded from Housing New Mexico's website at https://housingnm.org/developers/lihtc/current-and-prior-tax-credit-rounds. Applicants must submit the ~~2026~~2027 Housing New Mexico 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. Housing New Mexico will require submission of an "omnibus" signature page wherein all General Partners must certify, among other things, that the Application submitted, including all schedules and certifications, is accurate and complete and does not contain any misrepresentations.
b. Complete Initial Applications must include the ~~2026~~2027 Housing New Mexico 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~~2027 QAP that apply to the Project.
c. Applicants must redact protected personal information such as Social Security numbers and board member home addresses.
d. Complete Initial Applications must include Application fees as outlined in Section III.C below.
e. Current year Housing New Mexico forms must be used when provided and no substitutions will be accepted.
f. All information must be current, clearly legible and consistent with all other information provided in the Application.
g. Forms must be completely filled out and executed where indicated. Forms that require signatures must bear scanned blue ink or third-party verified digital signatures from all General Partners.
h. Except as Housing New Mexico may determine is necessary to evaluate the "Applicant eligibility" threshold requirement in Section IV.E, all Applications must be self-contained. Housing New Mexico 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 will examine the package for both the availability of all required materials listed in Section I of the Application Attachments Checklist and for the content of those materials. Failure to provide or complete any element of the Initial Application Package, including all items listed in Section I of the Application Attachments Checklist, may result in immediate rejection of the Application without complete review.

When specific documents required to obtain points under particular Project Selection Criteria are not provided in the Initial Application, as listed in Section II of the Application Attachments Checklist, the related points will not be awarded. The Application Attachments Checklist is not intended to be a comprehensive listing of all documents required to be submitted. Applicants bear the burden of determining and submitting any additional documents that directly support an Application or other information required by this QAP to be submitted.

In addition to the actions Housing New Mexico may take pursuant to Section III.F.7 "*Deficiency Correction Period*," Housing New Mexico 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 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'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's website at https://housingnm.org/developers/lihtc/lihtc-applications-faq-2025~~5~~7. No questions will be accepted after 5 p.m. Mountain Standard Time, January 12, ~~2026~~2027. 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~~2027, that can be answered by January 14, ~~2026~~2027, will be posted on January 15, ~~2026~~2027. 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'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's management, employees, members of the Board of Directors or their proxies, officers or agents regarding an Application under consideration unless expressly directed to do so by Housing New Mexico 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 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 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 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 staff shall review the notification and determine, in its sole discretion, what action, if any, is to be taken with respect to the pending Application. After award, all Applications and documents pertaining to the Applications will be available to the public.

All communications regarding LIHTC Projects should be directed to:

Jeanne Redondo
Tax Credit Program Manager
(505)767-2210
jredondo@housingnm.org

6. Prohibited Activities

Applicants (including Applicants for tax-exempt bond financed Projects) or their representatives shall not communicate with or by any other means attempt to influence members of the Board of Directors, their proxies, or members of the Allocation Review Committee (ARC) regarding any Application except when specifically permitted to present testimony at a tax credit related proceeding. **An Application shall be rejected if the Applicant or any Person or Entity acting on behalf of Applicant violates the prohibitions of this section**. A list of ARC members, Housing New Mexico Board members, their proxies, Housing New Mexico 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's website for a current list of Board members and ARC members.

Any communication made or action taken in violation of the Quiet Period or the prohibited activities section of the QAP shall be immediately reported to the Tax Credit Program Manager, whose contact information is provided in Section III.B.5. Nothing in this section shall be construed to alter or affect the mandatory appeals

processes and procedures that are prescribed elsewhere in this QAP. An Applicant's failure to adhere to the prescribed Application and appeals processes and procedures shall result in the rejection of the Application.

C. Housing New Mexico 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. Exceptions may be granted at Housing New Mexico's sole discretion and fees may be adjusted annually, as determined by Housing New Mexico 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	First Credit Year Upon Receipt of Invoice, thereafter annually on January 31 ~~annually~~
Monitoring and Compliance Fees	$1,500 Late Fee	February 1st
Monitoring – Reinspection Fee	$80 < 60 miles $250 > 60 miles	30 days from Invoice Date
Monitoring – Noncompliance 8823 Issuance	$150 plus $25 per form	30 days from Invoice Date
Monitoring – Noncompliance Open Monitoring Review	$200 at 6 months Reinspection Fee at 12 months	30 days from Invoice Date
Appeal Fee	$5,000	With Appeal submission

Change Requests before 8609 (ownership, swaps, documents)	$500	With change request
Form 8609 Re-issuance	$250/form but not to exceed $2,500	With reissuance request
Ownership/GP/LP Change	$500	With change request
	$1,500	Upon approval of request
LURA Modification	$500	With modification request
	$250 per item	With modification request
	$1,500	Upon approval of request
Non-Compliance for Ownership/GP/LP Change	$10,000	Upon receipt of invoice

1. Application Fee (for initial and supplemental requests)

- Due at submission of tax credit Initial Application
- $750 for nonprofit or governmental Entity Applicant; $1,500 for a for-profit Applicant

2. Direct Cost Fees

a. Base Portion Design Review: $12,000 due at submission of tax credit Initial Application. It includes one of each of the following:

i. Preliminary review of Project for Design Standard compliance at Initial Application. All plans and related materials submitted as part of an Application must provide enough detail for Housing New Mexico 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 will not issue the IRS Form 8609 before Housing New Mexico'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. 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-ordered Market Study: Amount varies depending on cost.

If a subsequent Housing New Mexico-ordered Market Study is required, the cost will be covered by the Applicant through a non-refundable Direct Cost Fee that will be due within five days of receiving a deficiency correction (see Section III.F.7) with an invoice via email.

3. Processing Fee

- Due prior to Reservation Contract for 9% awards.
- 8.5% of Housing New Mexico-determined tax credit allocation amount rounded down to the nearest dollar.

4. Additional Review Fees

One underwriting with one opportunity to make corrections is included in the standard Application and Processing Fees. Any additional underwriting (of the Initial Application or submissions described in the Post-Award Processes and Requirements Handbook) to review further corrections or changes to the Project will incur a $1,500 fee per review.

5. Extension Fee

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

- $500 per week due upon invoice

6. Monitoring and Compliance Fees

Housing New Mexico will send an invoice for the first credit year fees shortly after the Project is Placed In Service. The invoice is due upon receipt.

Thereafter, fees are due~~Due~~ annually by January 31st through the end of the Extended Use Period. The monitoring and compliance fee for the entire 15-year Compliance Period may be paid in a lump sum at the ~~Final Allocation Application~~time the first credit year fees are due (number of Units x $50/Set-aside Unit/year x 15 years).

- $50/set-aside Unit/year (Average Income projects may be subject to an increased Compliance Monitoring fee.)
- $20/set-aside Unit/year during the Extended Use Period

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

7. Compliance Monitoring - Re-inspection Fees

A re-inspection fee will be charged if Housing New Mexico is unable to complete the inspection due to owner/agent's failure to notify residents or owner/agent's failure to appear for the inspection.

- For properties within 60 miles from Housing New Mexico's office (one way), the fee is $80.
- For all other properties further than 60 miles, the fee is $250

Re-inspection fees are due within 30 days of billing.

8. Compliance Monitoring - Noncompliance Fees

Projects will be charged noncompliance fees in the following circumstances:

- Issuance of IRS Form 8823: Each IRS Form 8823 issued $150 plus $25 per Form
- Non-compliance with the LURA requirements that persists 6 months beyond the traditional 30 days initial response time will incur a $200 penalty fee plus a reinspection fee if a follow-up inspection becomes required for monitoring reviews open 12 months beyond the initial response deadline.

Noncompliance fees are due within 30 days of billing.

9. Appeal Fee

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

10. Change Requests

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

- changes in ownership prior to receiving Form 8609,
- requests to recycle an allocation of tax credits,
- other changes, that in Housing New Mexico's sole discretion, do not rise to the level of requiring an additional underwriting review.

11. Reissuance of Form 8609

Housing New Mexico sends draft 8609 forms to the Owner for review prior to issuance. A $250 fee for each 8609 form that must be re-issued after it is signed and issued to the Owner; total fees shall not exceed $2,500.

12. Ownership Change and LURA Modification Fees after receipt of Form 8609:

- $500 non-refundable fee due at submission of application to change ownership, General Partner, and/or limited partner, request a limited partner exit and/or request a LURA modification.
- If applicable, an additional $250 per item requested in a LURA Modification, when the Project is out of compliance with Asset Management at the time of the application.
- If applicable, an additional $1,500 processing fee upon approval of an ownership or General Partner change.
- If changes are made to the ownership structure without Housing New Mexico'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's discretion, also be subject to a $10,000 fine to move forward with the ownership change process.

D. Process to Allocate Tax Credits

1. Ranking to meet Allocation Set-Asides

The highest scoring, Qualified Nonprofit Organization Eligible Project will be funded first. If there are insufficient Qualified Nonprofit Organization Eligible Projects to meet the nonprofit set-aside, the unallocated nonprofit set-aside tax credits **cannot** be allocated to other Eligible Projects. A similar procedure will be used to meet the Underserved Populations set-aside, following the fulfillment of the nonprofit set-aside; however, if there are insufficient Underserved Populations Eligible Projects to meet the Underserved Populations set-aside, any unallocated set-aside tax credits may be used for other Eligible Projects.

2. Allocation to New Construction and Rehabilitation Projects

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

Housing New Mexico 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 may choose the next highest-scoring Project in the other track/category from the waiting list (e.g. new construction for purposes of this example.)

E. Rehabilitation Projects

1. Scope of Work

For all rehabilitation Projects, Applicants must also submit an accurate, detailed and concise description of the work to be performed by the contractor, the Applicant and any third parties relating to the rehabilitation of the Project. Referred to as the scope of work, this submission must identify the work to be performed including any demolition. At a minimum, the Project's scope of work must meet the definition of a Moderate Rehabilitation in the Glossary at Section IX. See Design Standards for more detailed discussion of Scope of Work requirements.

The scope of work must include a detailed narrative. This narrative should:

a. Describe the following:
   i. Proposed rehabilitation plans, including a detailed discussion regarding how the Project conforms to the definition of a Moderate Rehabilitation or

Substantial Rehabilitation in the Glossary at Section IX, including the major building systems to be replaced and/or improved, how and whether the work area exceeds 50% of the aggregate building area, and how the proposed rehabilitation plans are consistent or inconsistent with the scope of work and/or Capital Needs Assessment ("CNA"). (See the Glossary and below for CNA requirements.)

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

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

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

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

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

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

viii. Any relocation issues;

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

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

b. Address the following:

i. The anticipated date of site control and whether there is any Identity of Interest between or among any Principal of the seller and buyer.

ii. The Ten-Year Rule. (See Code Section 42(d)(2)(B)(ii).)

iii. Current financing on the property or Project which will be assumed or paid with LIHTC equity or a Housing New Mexico-administered funding source (e.g., paid in full vs assumed and current terms.)

iv. For 9% Projects claiming points available for Rehabilitation Projects under Section V.C that were previously subsidized with either 9% or 4% tax

credits, proof that more than 20 years has passed since the Project was Placed In Service.

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

2. Capital Needs Assessment

All Projects that include rehabilitation must provide a CNA prepared by a professional who meets the minimum requirements set forth in the Design Standards. (See Glossary for requirements.) Housing New Mexico will review the CNA to determine whether it supports the Scope of Work outlined in the Application and complies with the Design Standards. The CNA is due:

- with the Initial Application for Projects that were Placed In Service less than 20 years prior to the Application Deadline; or
- by November 15th of the allocation year with the Carryover Application for Projects that were Placed In Service more than 20 years prior to the Application Deadline.

3. Relocation Plan

Applicants must submit a preliminary displacement/relocation plan outlining: (i) any potential permanent, temporary or economic displacement/relocation issues; (ii) the approximate number of current tenants to be relocated; (iii) where tenants could be relocated during the rehabilitation and length of time; (iv) how displacement/relocation can be minimized, and how relocation expenses will be paid for if incurred; (v) good faith estimate of displacement/ relocation costs. (A final version of the displacement/relocation plan is due at the time of submission of a Carryover Application.)

F. Staff Analysis and Application Processing

1. Threshold Review

Following the Application Deadline, Housing New Mexico will undertake a threshold review to determine whether the Initial Application meets the minimum Project threshold requirements shown in Section IV. If the Initial Application fails to meet site control, zoning, fee, or market study requirements, the Applicant will be given an opportunity to correct the deficiency in accordance with Section III.F.7 and if not corrected in the time period allowed, the Application will be rejected. The Applicant eligibility and financial feasibility threshold requirements are not correctable and

Applications that fail to meet these requirements will be rejected, regardless of the Application's score.

2. Scoring Review

Housing New Mexico staff evaluate each Application against the criteria shown in Section V below to award points to a particular proposed Project during the Application round. Applicants may not rely on prior submissions or prior scoring to support a re-submission of an Application. In addition to meeting the threshold requirements in Section IV, tax credit Reservations will not be awarded to 9% Projects achieving fewer than fifty-three (53) points unless too few Projects score above this level and Housing New Mexico, in its reasonable judgment, decides to reduce the minimum score. Projects scoring fifty-three (53) or more points will be ranked according to their scores and in accordance with Section III.D herein. Reservations will be made to these Projects, unless they are eliminated under threshold review or subsequent processing, starting with the highest scoring Projects, all in accordance with Section III.D herein, until all available tax credits are used.

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

Within each scoring track/category, if two or more Projects with equal scores (each a "tied Project") would require more than the available tax credits, the tied Project with the lower Total Development Cost per Unit will be selected first for an award of credits. If too few tax credits are available to make a full award of credits to any tied Project, Housing New Mexico 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.K, 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 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 may reject any Project that Housing New Mexico deems to be inconsistent with the objectives of this QAP or prudent business practices regardless of the Project's numerical ranking.

3. Feasibility Analysis and Financial Considerations

All Projects, in addition to the threshold review process, will undergo financial analysis by Housing New Mexico 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 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's Universal Multifamily Underwriting Supplement (Underwriting Supplement) attached hereto and incorporated by reference. The Underwriting Supplement includes, among other topics, cost limits, debt coverage ratio floors, operating expense ranges, as well as requirements for other Housing New Mexico financing.

4. Initial Design Review

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

5. Local Notice

Within 10 days after the Application Deadline, Housing New Mexico provides a "Local Notice" to the Chief Executive Officer of the local jurisdiction identified on the Application form that informs the local jurisdiction that an Application has been received and offers a 30-day window to comment. The jurisdiction may be a municipality, town, county or tribal government.

6. Site Visits

On completion of the threshold review, and as allowed by current health conditions, public health and executive orders, or laws, Housing New Mexico will visit the proposed sites for the highest-ranking Projects. Sites considered by Housing New Mexico 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 in conjunction with a site visit shall not be a violation of the Quiet Period.

7. Deficiency Correction Period

Housing New Mexico may provide a five-business day deficiency correction period after the threshold review. This period is intended only to: 1) correct threshold items that are identified as correctable in Section IV, 2) clarify ambiguous information, 3) complete forms, 4) make minor corrections to the Application, or 5) request supplementary information, that Housing New Mexico, in its sole discretion, believes is necessary to complete its review. If the deficiency correction period is used, Housing New Mexico 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 determines in its reasonable judgment may not be correctable. In no case shall the deficiency correction period be used by Housing New Mexico to allow an Applicant to submit scoring items listed on Section II of the LIHTC Application Attachments Checklist or to alter the original structure of the Project. This prohibition includes, but is not limited to, all changes listed in Section VII.F. If the information requested by Housing New Mexico is not submitted within the timeframe provided or is submitted but remains deficient, the Application may be rejected without any further review.

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. 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's reasonable judgment to evaluate the Project's Application.

a. Selection of Projects for Awards

Projects meeting the threshold review requirements listed in Section IV will be ranked and ordered according to scoring procedures established in Sections III.D.2 and V with consideration to the Allocation Set-Asides as described in Section III.D.1. Staff will then prepare a summary of the Projects to be recommended for allocations. Eligible and ineligible Projects will be distinguished for purposes of subsequent awards if additional credits become available.

b. Allocation Review Committee (ARC)

The Chairman of the Board of Housing New Mexico 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 will notify Applicants of the preliminary status of their Projects with the use of a preliminary Reservation Letter, preliminary waitlist letter or rejection letter, after ARC's approval of the staff's proposed awards and before the appeal process begins. Such letters will be scheduled to be issued after the Allocation Review Committee meets.

c. Appeal Process

Applicants wishing to appeal a determination made by Housing New Mexico with respect to their Application may do so by uploading the letter described below to Housing New Mexico's portal (link found in ~~way of the "Form of Submission" (~~Section III.B.2~~3~~) no later than 5 p.m. Mountain Standard Time on the 10th calendar day after the date the preliminary Reservation Letter, preliminary waitlist letter or rejection letter was emailed to the Applicant. The letter must include the following:

- Identification of the specific determination(s) being appealed;
- A description of why, based solely on the material included in the Initial Application, the General Partner or proposed General Partner believes that the determination made by Housing New Mexico is incorrect;
- Supporting documentation that the General Partner or Proposed General Partner wishes to be included in an appeals hearing booklet prepared for Allocation Review Committee consideration. Please note that Housing New Mexico'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; and
- A non-refundable payment to New Mexico Mortgage Finance Authority in the amount of $5,000 for the appeal fee.

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'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's Board of Directors, final Reservation Letters, in accordance with Section III.F.8.e, will be issued.

d. Board of Directors

The Board will make final awards for each competitive 9% tax credit allocation round (for logistical reasons the preliminary Reservation Letters, preliminary waitlist letter and rejection letters will be issued prior to the appeals process and the Board's final decisions).

On or before May ~~31~~, ~~2026~~2027, Applicants are required provide a brief (approximately three minute) MP4 video. The video must highlight the proposed Project being recommended for approval by Housing New Mexico's Board of Directors. Housing New Mexico's marketing department will work with each Applicant to prepare the video. Applicants are also required to attend the Housing New Mexico 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 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 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's policies, procedures, rules and regulations regarding conflicts of interest.

e. Notification of Approval

Successful Applicants will be notified of Housing New Mexico's allocation decision in the form of a Reservation Letter. Housing New Mexico anticipates Reservation Letters will be delivered in May ~~2026~~2027, shortly after approval of tax credit awards at the May ~~2026~~2027 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, 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, it is not expected that Housing New Mexico's consent will be granted for such transfers unless a new Application is submitted and scores no less than the original Application, and the transfer would result in a benefit to the Project.

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

9. Post Award Submittals

Affirmative actions after Reservation. From the date of the Reservation, the Applicant must continue to timely remit all Tax Credit Program related fees and meet each of the deadlines specified in the Post-Award Processes and Requirements Handbook attached to and incorporated by reference to this QAP. **Housing New Mexico 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 if any of the deadlines in the Post-Award Processes and Requirements Handbook are not met. **All submissions must follow "Form of Submission" requirements shown in Section III.B.3.**

IV. Threshold Requirements

All tax credit Applications must meet each of the following requirements, in addition to the eligibility requirements of the Code.

A. Site Control

1. Site control for all of the property needed for the Project must be evidenced by:

a. A fully executed and legally enforceable purchase contract or purchase option and/or a written governmental commitment to transfer or convey the property to the Applicant or Developer or Project Owner by deed or lease that demonstrates Applicant or Developer or Project Owner will possess a Qualified Leasehold Interest upon execution of the lease, (collectively termed a "transfer commitment"). If a transfer commitment is submitted, the commitment must provide for an initial term lasting at least until June 30 of the year in which the allocation is made ("initial term.") This initial term must not be conditioned upon any extensions requiring seller consent, additional payments, financing approval, tax credit award or other such requirements. Similarly, the transfer commitment must not require any additional actions on behalf of Applicant during the initial term which could allow the seller/lessor to terminate the transfer commitment if the action is not fulfilled by Applicant. **If the transfer commitment requires an escrow payment or other deposit due and payable after signing, evidence that payment was received must be included in the Initial Application**; or

b. A recorded deed or recorded lease demonstrating that Applicant possesses a Qualified Leasehold Interest.

2. Site control evidence and the Application materials must show **exactly** the same names, legal description and Acquisition Costs. (Exception: In the case of To Be Formed partnerships, the relationship between the parties must be shown.) All signatures, exhibits and amendments must be included to be considered complete.

3. For 9 percent projects, at 10% test submission (August 31 of the year following the Reservation), Project Owner must submit evidence that they have taken ownership of the land or depreciable real property or has executed a lease for the land (and buildings if applicable) with a term extending at least three years beyond that of any agreed upon Affordability Period. For tribal projects, this includes a fully executed Master lease and sublease with evidence of filing with the Bureau of Indian Affairs.

B. Zoning

The Initial Application must include a letter from the local jurisdictional zoning (or planning) official stating that the current zoning of the proposed site(s) does not prohibit the proposed Project. The zoning letter must be dated no more than six months prior to the Application Deadline and indicate the specific address for the proposed Project or location of the site, if no address has been assigned. The letter

must indicate that multifamily projects are not prohibited by the existing zoning of the proposed site and that there is no pending litigation, pending variance, or unexpired appeal process relating to the zoning of the proposed site.

Projects sited on land that is not zoned, or that is zoned agricultural, are exempt from this threshold test, but must obtain zoning approval and deliver evidence of it to Housing New Mexico no later than November 15th of the year of the Reservation.

C. Fees

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

D. Market Study

A Market Study must be submitted at Application and completed by a vendor meeting the requirements agreed upon in the Market Study Professional Certification document, found at http://housingnm.org/developers/developer-resources/market-study-requirements. The market study itself must meet the requirements and follow the methodologies identified in the National Council of Housing Market Analysts (NCHMA) Model Content Standards[6] and have been issued within 180 days of the Application submission[7]. All market studies must be issued to Housing New Mexico as the designated user. The market study must address and meet the following requirement*:

Subject Capture Rate. The market study must provide a Capture Rate, as defined in the Glossary, for the proposed Project overall, as well as Capture Rates for each targeted income level and bedroom count. The overall Capture Rate for a Project must not exceed 10%. This rate may be the subsidized rate if subsidies are secured at the time of application.

*Tribal Projects, Senior Housing, and Projects that restrict 100% of the Units to farmworkers are exempt from meeting the Capture Rate level, but they must submit a Market Study meeting the requirements outlined in the NCHMA Model Content

[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/

[7] Market Studies that were issued more than 180 days but less than one calendar year prior to the Application Deadline may be updated at the market analyst's discretion. Market Studies issued one year or more prior to the Application Deadline will be rejected. A new Market Study is required.

Standards and the Market Study must indicate a need for the type and quantity of housing proposed.

If the Market Study as submitted is not sufficient, there may be an additional Market Study ordered by Housing New Mexico. The cost of this Housing New Mexico-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'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 and all other state and federal affordable housing agencies.

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

- Related party affidavits inserted at Tab 1h for the Developer, Project Owner, General Partner, contractor, consultant(s), and architect affirming they have no related party relationships; or, that all related party relationships have been properly disclosed.
- Organizational chart inserted at Tab 1i that includes all related party interests among the Developer, Project Owner, General Partner, contractor, management company, consultant(s) and architect.
- Compliance affidavit(s)[8] in the form stipulated at Tab 1l of the Application certifying the Projects owned/developed by the Principal and its Affiliate(s) ~~are not in default with respect to any~~have no outstanding Material Compliance Matters ~~for any such Project or shall state what defaults exist and what corrective action Applicant is taking~~. Only Applicants (along with their Affiliates) with no outstanding Material Compliance Matters are eligible to participate in the 9% LIHTC round.

[8] 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 may reject an Application under the following circumstances relating to the Project Owner or other Principal, or any development team member:

- debarment from HUD, Housing New Mexico or other federal housing programs,
- bankruptcy, criminal indictments or convictions,
- poor performance on prior Housing New Mexico or federally-financed Projects, including:
    - (late payments of any Housing New Mexico fees or loan payments within the 18-month period prior to the Application Deadline,
    - misuse of reserves and/or other Project funds,
    - default,
    - fair housing violations,
    - Material Compliance Matter with the terms of a LURA on a Project~~s~~ controlled by an Affiliate, or
    - failure to meet Housing New Mexico development deadlines or documentation requirements

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.

F. Financial Feasibility

Applications must demonstrate that the Project meets all requirements in the Housing New Mexico Universal Underwriting Supplement.

G. Pre-Application Requirements

1. Intent to Submit- Applicants must submit an Intent to Submit a Tax Credit Application and Development Synopsis on or before December ~~20~~21, 202~~5~~6. This submission is a mandatory requirement for the ~~2026~~2027 competitive LIHTC Application round; Housing New Mexico 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 website following submission.

2. Housing New Mexico allows all Applicants for the ~~2026~~2027 competitive LIHTC Application round to meet with Housing New Mexico staff to discuss their Project. (Staff is not able to discuss scoring but is available to discuss underwriting issues and gap financing questions.) Meetings must take place ahead of the FAQ closing date.

3. A representative of the development team (Board member, officer, director, commissioner or staff) must have attended the most recent Housing New Mexico QAP training prior to submitting the Application. If the proposed owner entity includes a qualified, nonprofit organization, New Mexico Housing Authority (NMHA), Tribally Designated Housing Entity (TDHE), 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.

V. Scoring Criteria

Housing New Mexico 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 Ownership	Tier 1: Up to 5 points Tier 2: Up to 3 points Tier 3: 2 points
B	Locational Efficiency	Up to 6 points
C	Rehabilitation Project	Up to 5 points
D	Sustaining Affordability	6, 8, or 10 points
E	Income Levels of Tenants	12, 14, or 16 points
F	Projects that Incorporate Market Units	2 points
G	Projects Committed to a Longer Extended Use Period	Up to 8 points
H	Households with Special Housing Needs Housing Priority	Up to 5 points

I	Projects Reserved for Seniors Housing Priority	Up to 5 points
J	Projects with Children Housing Priority	Up to 4 points
K	Leveraging Resources	Up to 10 points
L	Marketing Units to Households Listed on Public or Indian Agency Waiting Lists	2 points
M	QCT/Concerted Community Revitalization Plan	3 or 5 points
N	Projects with Units Intended for Eventual Tenant Ownership	2 points
O	Projects with Historic Significance	2 points
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 6 points

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

Tier 1: Local Qualified Nonprofit Organizations (as defined in the Glossary), NMHAs, TDHEs, THAs and government entities that demonstrate financial capacity by having net worth/net assets of at least $1,000,000 will qualify for **four points** when there is no for-profit developer participation in the Project. Nonprofits, NMHAs, TDHEs, THAs and government entities with net worth/net assets below $1,000,000 may partner as a co-developer with a local Qualified Nonprofit Organization with at least $1,000,000 in net worth/net assets.

Tier 2: Qualified Nonprofit Organizations that do not meet the Glossary's definition of Local Qualified Nonprofit Organization but demonstrate strong financial capacity by having net worth/net assets of at least $1,000,000 will qualify for **two points** when there is no for-profit developer participation in the Project. Nonprofits, NMHAs, TDHEs, THAs and government entities with net worth/net assets below $1,000,000 may partner as a co-developer with a qualified, non-profit organization with at least $1,000,000 in net worth/net assets.

Tier 3: For-profit developers who partner with a Qualified Nonprofit Organization that will own at least 51% of the General Partner interest and receive a minimum of

10% of the Developer Fee will qualify for **two points**. The Developer Fee calculation is made before any reduction for consultant fees. The Application must include an agreement between the for-profit developer and the Qualified Nonprofit Organization that documents the fee-split arrangement and how the Qualified Nonprofit Organization will "materially participate (within the meaning of section 469(h)) in the development and operation of the project throughout the compliance period." (See IRC Section 42(h)(5)(B))

Right of First Refusal: If the Qualified Nonprofit Organization, NMHA, TDHE, THA or government entity will receive a First Right of Refusal described in IRC Section42(i)(7) as certified in the certificate inserted at Tab 16g, Applications qualifying for points under Tier 1 or Tier 2 are eligible for **one additional point**. 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 a Final Allocation Application for a Form 8609, in each case for Housing New Mexico's review to confirm that such agreement includes the First Right of Refusal.

Additional requirements to receive points under this scoring criterion:

- To qualify for points under Tier 1 and Tier 2, the Applicant, developer and any co-developer(s) must all be Qualified Nonprofit Organizations. The General Partner or Managing Member of the owner Entity receiving the tax credits and operating the development through the Compliance Period and Extended Use Period must be the Developer or its sole purpose Affiliate. The Qualified Nonprofit Organization cannot be formed by a member (or an Affiliate) of a Development Team member or by one or more individuals of for-profit entities for the principal purpose of qualifying for points under this selection criterion. Applicant must provide information on the owners, directors, officers, and any Person with a Controlling Interest in itself, its general partner and the owners of the general partner.
- To qualify for points under any Tier, the Application must include evidence that a representative of the qualified, nonprofit organization, NMHA, TDHE, THA or government entity (board member, officer, director, commissioner or staff) has attended the most recent Housing New Mexico QAP training prior to submitting the Application.
- Net worth/net assets must be substantiated by Certified Public Accountant or audit firm-reviewed or audited year-end financial statements for the most recent

past two years each Qualified Nonprofit Organization or General Partner whose financials are being relied upon to meet the minimum net worth/net assets.

- New Mexico Qualified Nonprofit Organization(s) requesting points under this scoring criterion must provide evidence that the New Mexico Qualified Nonprofit Organization's registration is current and up to date on the New Mexico Department of Justice Registry of Charitable Organizations found at https://secure.nmdoj.gov/CharitySearch/.
- If more than one Qualified Nonprofit Organization is participating in the Project, the Application must include an operating plan for the Project covering the role of each Qualified Nonprofit Organization, their roles in developing and managing the project, including the portion of the Developer fee each will earn, control of Project reserves, strategy for maintenance, replacement and renovation, and oversight of marketing and of compliance with IRC Section 42.

~~**Tier 1**: Local nonprofits (as that term is defined in this criterion below), NMHAs, TDHEs, 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, 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, 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, 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, THA or government entity, a First Right of Refusal described in IRC Section 42(i)(7) as described below in this scoring criterion.~~

~~• The qualified, nonprofit organization, NMHA, TDHE, 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.~~

~~• The Application must include evidence that a representative of the qualified, nonprofit organization, NMHA, TDHE, THA or government entity (board member, officer, director, commissioner or staff) has attended the most recent Housing New Mexico 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") 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 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's compliance with the Locational Efficiency criteria. Maps must show actual walking distance from site to each amenity and public transportation stop with a dotted line.

Proximity to Services (2 Points)

Locate the Project within these set distances from the designated number of facilities in the table below:

General: a 1-mile walk distance to at least three facilities, or a 2-mile walk distance to at least six facilities. For the 1-walk distance facilities, at least one of these facilities must be a supermarket, farmer's market or other food store with produce. For the 2-mile walk distance facilities, at least two of these facilities must be in the Retail or Services categories below and one must be a supermarket, farmers market or other food store with produce.

Rural / Tribal: A 5-mile walk/drive distance to at least two facilities. At least one of these facilities must be a supermarket, farmers market or other food store with produce.

Projects seeking to use Rural / Tribal Locational Efficiency criteria must provide a map indicating the location of the proposed Project. Rural Projects are defined as any Project outside of the defined Urban Areas as defined in the Glossary, Section IX. Initial Applications that do not include a map demonstrating eligibility for Rural / Tribal classification will be scored using the General Locational Efficiency criteria.

Retail	Services	Civic and Community Facilities
Supermarket Other food store with produce Farmers market Clothing store or department store selling clothes 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-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. ~~Projects on tribal land with established~~ Existing "on call" transportation programs on tribal land that provide the users a choice of local destinations, regardless of their residency in the Project, shall be considered "public transportation~~.~~" for purposes of this Project Selection Criterion. A future promise to provide transportation 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 hourly or more frequent than every 1 hour, Monday - Friday).

C. Rehabilitation Projects

The Project Selection Criterion applies to the rehabilitation of Low-Income apartment Units or the conversion of Market Rate apartment Units to Low-Income Units. These scoring points are not available in a combined new construction and rehabilitation Project wherein the Application is categorized as new construction as discussed in Section I.D.2.

To be eligible for points under this criteria, Projects must incur average rehabilitation Construction Costs of $25,000 per Unit or more for Moderate Rehabilitation or $45,000 per Unit or more for Substantial Rehabilitation (see Section IX Glossary for definitions), and more than 20 years must have elapsed since issuance of certificates of occupancy or the Units were Placed In Service and/or it has been 20 years since the Project's prior rehabilitation utilizing tax credits as a source of funding was finished and those Units were Placed In Service (together, this prerequisite is referred to as the "20-year requirement.")

For rehabilitation Projects meeting the above threshold criteria, the following points are available for a Project that exceeds the 20-year requirement as follows:

≥ 21 years - 1 point
≥ 23 years - 2 points
≥ 25 years - 3 points
≥ 27 years - 4 points
≥ 29 years - 5 points

Applicants must submit at time of Application sufficient documentation to establish that it satisfies the 20-year requirement with respect to the age of the Project or date of completion of last rehabilitation utilizing tax credits as a source of funding. This documentation may be in the form of certificate(s) of occupancy or property tax records. In the case of a Project with a previous tax credit allocation, the completed Form 8609's (with Part II First Year Certification completed) and recorded LURA must be submitted at the time of Application.

These points can be awarded in conjunction with points under sustaining affordability.

Housing New Mexico reserves the right to request additional information or documentation regarding the scope of work.

D. Sustaining Affordability

1. Projects which meet one of the criteria listed below are eligible for **10 points**:
    a. Previously subsidized existing Projects that are currently restricted, but for which use restrictions are to expire on or before December 31, 2029 or
    b. Existing Projects that are currently subsidized and eligible for prepayment and termination of their use agreement or LIHTC projects that are eligible to make a Qualified Contract request or
    c. Existing Projects that are at imminent risk of conversion to market rate or
    d. Projects currently without federal rental assistance that will have a new federal rental assistance contract covering at least 75% of all Units.
2. Projects that have an existing federal rental assistance contract covering at least 75% of all Units (or those Projects utilizing a conversion of existing federal rental assistance) are eligible for **eight points**.
3. Projects that have or will have a federal rental assistance contract covering at least 20% of all Units are eligible for **six points**.

All Projects must document the proposed rents with published payment standards.

Projects with existing federal rental subsidies (e.g., CoC, RD, HUD HAP) who propose post-rehabilitation rents in the Initial Application must document the anticipated rents with a Rent Comparability Study submitted with the Initial Application. Projects not requesting post-rehabilitation rents in the Initial Application may use the current OCAF-based rents or published payment standards based on current FMRs.

Anticipated federal rental subsidies (e.g., CoC, RD, NAHASDA etc.) must be similarly documented as fully secured to the Project itself, including the number of project-based vouchers allocated to the Project, in order to score under this criterion.

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

- A copy of the PHA administrative plan which describes the selection procedures for owner submission of PBV and for PHA selection of PBV proposals
- A copy of the published public notice of the PBV proposal selected

- If the proposal selected is for PHA-owned Units, a copy of the HUD field office or HUD-approved independent Entity's determination that the PHA-owned Units were appropriately selected

(If the proposal is selected based on a previous competitive award, Housing New Mexico would require documentation that the proposal meets the criteria for selection without additional competition.)

E. Income Levels of Tenants

An Application may qualify for **up to sixteen (16) points** for rent and income restricting a Project for the Affordability Period at the levels identified below.

For Projects proposing to use the 40-60 election under §42(g)(1)(B) of the Code, that propose that the percentage of all LIHTC Units at the Project that are reserved for households at or below 50% of Area Median Income will be at least:

	Percentage of LIHTC Units at 50% AMI or below in an Urban Area	Percentage of LIHTC Units at 50% AMI or below in a Non-Urban Area
16 points	40%	25%
14 points	30%	15%
12 points	25%	10%

Projects proposing to use the 20-50 election under §42(g)(1)(A) are only eligible for the 16-point category in the table above.

For Projects proposing to use the Average Income election under §42(g)(1)(C) of the Code, that propose an average income of all LIHTC Units that is at or below the following percentage:

	Average Income for the proposed Project in an Urban Area will be this percent or below	Average Income for the proposed Project in a Non-Urban Area will be this percent or below
16 points	54%	55%
14 points	55%	56%
12 points	56%	57%

Those Projects electing the Average Income Election must include at least 5% of their Units above 60% of Area Median Income.

Projects that receive points under Income Levels and utilize the Average Income election may not receive points under Project Selection Criterion F below.

F. Projects that Incorporate Market Rate Units

Projects that incorporate Market Rate Units equal to at least 15% of the total Units are eligible for **two points**.

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

G. Projects Committed to a longer Extended Use Period

Projects committing to at least a 35-year Affordability Period (15-year initial Compliance Period plus at least a 20-year Extended Use Period) are eligible for **up to 8 points** based on the length of the Affordability Period indicated in the table below. This election must be indicated on 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

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

H. Households with Special Housing Needs Housing Priority

Applications requesting points under this scoring criterion are not eligible for points under scoring criteria I (Projects Reserved for Seniors Housing Priority) or J (Households with Children Housing Priority).

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

1. Threshold Requirements

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

Twenty percent or more of total Units are reserved for Households with Special Housing Needs (see definition in Glossary), and

- at least 10% of the total Units in the Project must be rent-restricted at 30% of Area Median Income (AMI), **or**
- have secured (at time of Initial Application) permanent rental subsidy support with a project-based federal rental assistance contract that ensures residents do not pay rent in excess of 30% of their adjusted income.

The Application includes a Service Coordination Plan that demonstrates satisfaction of items a, b, c and d below.

Applicant certifies to Housing New Mexico that it will meet the reporting requirements described in the Low-Income Housing Tax Credit Compliance Plan.

a. Fair Housing

All Projects shall comply with Federal Fair Housing requirements. Any limitation or preference must not violate nondiscrimination requirements. A limitation does not violate nondiscrimination requirements if the Project also receives funding from a federal program that limits eligibility to a particular segment of the population (e.g., Housing Opportunity for Persons Living with AIDS program, the Section 202 and Section 811 programs or the Housing for Older Persons Act).

b. Service Coordination

i. A minimum of four hours per week of onsite Service Coordination provided by the service coordinator for properties with up to 20 Units set aside for Households with Special Housing Needs, with an additional one hour per week for every five Units over 20. Service coordinator must be in addition to the property manager and property management site staff. Duties of the service coordinator include, but are not limited to:
   - Providing residents with information about available onsite and community services;
   - Assisting residents in accessing available services through referral and advocacy;
   - Arranging for access to transportation; and
   - Organizing community-building and/or other enrichment events for residents (i.e. holiday events, resident counsel, etc.)

ii. Adequate space to meet with residents that provides for confidential conversations and maintenance of secure records.
iii. Appropriate space reserved for the delivery of supportive services.
iv. Access to telephone and internet services when meeting with residents for the purpose of coordinating services. Use of a smart phone and tablet is acceptable.
v. Meeting with residents requiring services within 60 days of move-in and semi-annually thereafter.
vi. Provide follow-up as needed to address residents' needs.
vii. Conduct an annual survey regarding need for and satisfaction or dissatisfaction with the service coordination, including coordinated services.

c. Coordinated Services-

~~i.~~ Immediately following the issuance of a certificate of occupancy, implementation of at least two services/programs to be offered on-site on a monthly or quarterly basis.

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'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 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 proposed in the Application will be enforced through a provision in the LURA, regardless of whether points are awarded. Services must be provided throughout the Affordability Period and must not allow for more than a 30-day gap in services provided. Project Owner must notify Housing New Mexico 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's advance approval).

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

Applicants may choose from the following services to qualify for up to 5 points for providing services.	
Food pantry - onsite, or contiguous and accessible to the property and of adequate size with reasonably sufficient quantities of food, both perishable and non-perishable.	2

Free transportation services to support medical and social service needs – minimum 2 days per week. Bus passes are not sufficient to satisfy this scoring item.	5
Health promotion/disease prevention/wellness classes or blood pressure or other health screening- provided at least every two months onsite and provided by a qualified service provider. Any health services must be provided by a licensed individual or organization. Examples include substance abuse counseling, crisis prevention and intervention, mental health counseling/therapy, etc.	3
Quarterly on-site or online security awareness training (social media safety, phishing, vishing, smishing, pretexting, password safety, fake login pages, suspicious emails, VPNs, PII, QR Codes, and other scams)	1
Case management services – provided onsite by a qualified service provider to a majority of the Special Housing Needs residents on a voluntary and as-needed basis but at least quarterly.	5
Other - Housing New Mexico approved service. Must be approved by Housing New Mexico in writing one month before Application ~~due date~~Deadline and will be posted on the FAQ section of the Housing New Mexico website.	1-2 Points each as deemed appropriate

I. Projects Reserved for Seniors Housing Priority

Applications requesting points under this scoring criterion are not eligible for points under scoring criteria H (Households with Special Housing Needs Housing Priority) or J (Households with Children Housing Priority).

1. Threshold Requirements

These points benefit Projects specifically designated as Senior Housing. Projects are eligible for **up to five points** described below under *2. Scoring Points Available*, if all of the following threshold requirements are met.

"Senior Housing" means Projects that qualify for an exemption from familial status discrimination under the Fair Housing Act. To qualify for this exemption, Projects must be:

• Provided under any state or federal program that HUD has determined to be specifically designed and operated to assist elderly Persons (as defined in the state or federal program); or

• Intended for, and solely occupied by Persons 62 years of age or older; or

• Intended and operated for occupancy by Persons 55 years of age or older in compliance with the Housing for Older Persons Act (HOPA), 24 CFR Part 100 Final Rule.

a. Fair Housing

All Projects shall comply with Federal Fair Housing requirements. Any limitation or preference must not violate nondiscrimination requirements. A limitation does not violate nondiscrimination requirements if the Project also receives funding from a federal program that limits eligibility to a particular segment of the population (e.g., the Section 202 program or the Housing for Older Persons Act).

Applicants requesting Housing for Seniors Housing Priority points are required to submit a Fair Housing Act Certification.

b. Service Coordination

The Applicant must indicate in the Initial Application which enrichment services will be provided, including a list of any proposed fees for services. Fees must be reasonable in Housing New Mexico's sole determination.

i. A minimum of five hours per week of onsite Service Coordination provided by the service coordinator. The service coordinator must be in addition to the property manager and property management site staff. Duties of the service coordinator include, but are not limited to:
   - Providing residents with information about available onsite and community services;
   - Assisting residents in accessing available services through referral and advocacy;
   - Arranging for access to transportation; and
   - Organizing community-building and/or other enrichment events for residents (i.e. holiday events, resident counsel, etc.)

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

iii. Appropriate space reserved for the delivery of supportive/enrichment services.

iv. Access to telephone and internet services when meeting with residents for the purpose of coordinating services. Use of a smart phone and tablet is acceptable.
v. Meeting with residents requiring services within 60 days of move-in and semi-annually thereafter.
vi. Provide follow-up as needed to address residents' needs.
vii. Conduct an annual survey regarding need for and satisfaction or dissatisfaction with the service coordination, including coordinated services.

c. Coordinated Services

i. Enrichment services that are optional to the residents must be implemented within the first 90 calendar days following the issuance of a certificate of occupancy.

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

iii. Services must be optional and provided to residents at little or no cost, which must be reasonable in Housing New Mexico's sole discretion. Any cost for services must be accounted for separately from rent. Services may not be provided by property management staff. In limited circumstances some services may be provided by the service coordinator.

d. Service Coordination Budget

The proposed Project annual operating budget must include sufficient costs to cover the selected services and be provided in detail within the service budget submitted in the Initial Application at Tab 21c.

e. Evidence of Service Provider Capacity

- Application must include a letter from the qualified service provider that:
  - Briefly describes their experience providing the service committed in the Application, which shall not be less than three years; and
  - Describes the staffing capacity to provide the service committed in the Application; and
  - Affirmatively states, that should the Application receive a reservation of tax credits, that the service provider will provide the committed service, including
    - a description of the service(s) to be provided;

- an acknowledgement that the service will be delivered on-site at the property;
- the frequency that the service will be provided;
- which staff position will provide the direct service; and
- the fee, if any, to the property and/or residents.

o The letter must be memorialized in a memorandum of understanding or service contract before the 50% completion meeting as described in the Post-Award Processes and Requirements Guide.

f. Land Use Restriction Agreement

The requirements of this scoring criterion and any services proposed in the Application will be enforced through a provision in the LURA, regardless of whether points are awarded. Services must be provided throughout the Affordability Period and must not allow for more than a 30-day gap in services provided. Project Owner must notify Housing New Mexico 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's advance approval).

2. Scoring Points Available (up to 5 points)

Housing priority and design requirements met (must be met to be eligible for further points in this category)	Required
Community building and all Units incorporate Universal Design (must be evidenced in plans and specifications)	3 points
Service enrichment scoring (requires service coordinator for point awards):	
Providing one prepared meal on a daily basis, available to all tenants at little or no cost to tenants	2 points (congregate meals) 1 point (meal service)
Bi-monthly health and nutrition education. Examples include, but are not limited to, fitness classes, walking programs, seminar instruction on cooking for one, information on the Supplemental Nutrition Assistance Program (SNAP.)	1 point
Quarterly blood pressure or other health screening	1 point
Quarterly technology training (setting up smart phones and wearable health trackers, tablet instruction, social media training, computer training, internet browsing, taking and sharing photos, downloading	1 point

apps, assessing online privacy, technology set-up assistance such as connecting modems)	
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 approved service. Must be approved by Housing New Mexico in writing one month before Application ~~due date~~Deadline and will be posted on the FAQ section of the Housing New Mexico website.	1-2 Points each as deemed appropriate

J. Households with Children Housing Priority

Applications requesting points under this scoring criterion are not eligible for points under scoring criteria H (Households with Special Housing Needs Housing Priority) or I (Projects Reserved for Seniors Housing Priority).

1. Threshold Requirements

Households with Children Housing Priority Projects are eligible for up to four points described below under *2. Scoring Points Available*, if all of the following threshold requirements are met.

Twenty-five percent of all Units are reserved for Households with Children.

The Applicant must provide a description of the Project's specific design elements that serve the needs of Households with Children.

In addition to meeting the Design Standards, for new construction Projects, at least:

- 10% of the total Units must have three or more bedrooms with at least two bathrooms, one of which must contain four pieces (bathtub, shower (or bathtub/shower combo), sink, and toilet) and the other must contain at least three pieces (sink, toilet and bathtub or shower)
- and a further 15% of the total Units must have two bedrooms with at least two bathrooms, one of which must contain four pieces (bathtub, shower (or bathtub/shower combo), sink, and toilet) and the other must contain at least three pieces (sink, toilet and bathtub or shower).

For rehabilitation Projects, at least:

- 30% of the total Units must have at least two bedrooms.

For Projects that combine rehabilitation and new construction:

- All newly constructed two- and three or more bedroom Units must have two bathrooms, one of which must contain four pieces (bathtub, shower (or bathtub/shower combo), sink, and toilet) and the other must contain at least three pieces (sink, toilet and bathtub or shower)
- Two- and three- or more bedroom Units must be added until the percentages required for new construction Projects are met for the Project overall.

a. Fair Housing

All Projects shall comply with Federal Fair Housing requirements. Any limitation or preference must not violate nondiscrimination requirements. A limitation does not violate nondiscrimination requirements if the Project also receives funding from a federal program that limits eligibility to a particular segment of the population (e.g., Housing Opportunity for Persons Living with AIDS program, the Section 202 and Section 811 programs or the Housing for Older Persons Act).

b. Service Coordination

i. A minimum of five hours per week of onsite Service Coordination provided by the service coordinator. The service coordinator must be in addition to the property manager and property management site staff. Duties of the service coordinator include, but are not limited to:
   - Providing residents with information about available onsite and community services;
   - Assisting residents in accessing available services through referral and advocacy;
   - Arranging for access to transportation; and
   - Organizing community-building and/or other enrichment events for residents (i.e. holiday events, resident counsel, etc.)

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

iii. Appropriate space reserved for the delivery of supportive/enrichment services.

iv. Access to telephone and internet services when meeting with residents for the purpose of coordinating services. Use of a smart phone and tablet is acceptable.

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

vi. Provide follow-up as needed to address residents' needs.

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

c. Coordinated Services

i. Enrichment services that are optional to the residents must be implemented within the first 90 calendar days following the issuance of a certificate of occupancy.

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

iii. Services must be optional and provided to residents at little or no cost, which must be reasonable in Housing New Mexico's sole discretion. Any cost for services must be accounted for separately from rent. Services may not be provided by property management staff. In limited circumstances some services may be provided by the service coordinator.

d. Service Coordination Budget

The proposed Project annual operating budget must include sufficient costs to cover the selected services and be provided in detail within the service budget submitted in the Initial Application at Tab 22c.

e. Evidence of Service Provider Capacity

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

f. Land Use Restriction Agreement

The requirements of this scoring criterion and any services proposed in the Application will be enforced through a provision in the LURA, regardless of whether points are awarded. Services must be provided throughout the Affordability Period and must not allow for more than a 30-day gap in services provided. Project Owner must notify Housing New Mexico 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's advance approval).

2. Scoring Point Available (Up to four points)

Housing priority and design requirements met (must be eligible for further points in this category)	Required
Service enrichment scoring (requires service coordinator for point awards):	
Bi-monthly health and nutrition education, including but not limited to, fitness classes, walking programs, seminar instruction on meals in minutes.	1 point
Semi-annual CPR training	1 point
Quarterly blood pressure or other health screening	1 point
Quarterly technology training (setting up smart phones and wearable health trackers, tablet instruction, social media training, computer training, internet browsing, taking and sharing photos, downloading apps, assessing online privacy, technology set-up assistance such as connecting modems)	1 point
Quarterly on-site or online security awareness training (social media safety, phishing, vishing, smishing, pretexting, password safety, fake login pages, suspicious emails, VPNs, PII, QR Codes, and other scams)	1 point
Weekly tutoring during school year	1 point
Quarterly job training, search assistance and/or placement	1 point
Gardening: delivery of at least four monthly gardening classes per year during the growing season by a qualified instructor plus provision of gardening space of at least three square feet per Unit for at least 50% of the Units in the Project.	1 point
Food resources program: a monthly program offering two of the following: 1) assistance and referral with applications for SNAP, (USDA), 2) youth summer lunch program (USDA) (daily when school is not in session) or 3) after-school snack program twice a week.	1 point
Youth character building: a program occurring at least quarterly that will provide teens with group education covering a range of topics including drug prevention, self-defense, safe internet behavior, non-violence and teen dating, teambuilding, goal setting, basic teen financial literacy and referral to job training and alternative education resources.	1 point
Beyond financial literacy: financial counseling and tax preparation; educational programs to occur quarterly and focus on one or more of the following topics: budget counseling, financial planning assistance, credit score counseling (restoring credit and avoiding credit traps), homebuyer education and down payment assistance, income tax preparation in partnership with a certified public accountant or VITA program or community college.	1 point
Other - Housing New Mexico approved service. Must be approved by Housing New Mexico in writing one month before Application ~~due date~~Deadline and will be posted on the FAQ section of the Housing New Mexico 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 and shall be contributed prior to the~~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~~ shall not include any required payments during the ~~Affordability~~ Compliance Period (see definition in Glossary) and ~~may~~ shall 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) 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~~ 15-Year Compliance 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 funding (e.g., HOME, NM Housing Trust Funds, federal Housing Trust Fund)
- Non-verifiable or non-measurable sources not based upon an existing fee schedule (e.g., in-kind contributions)
- Any source requiring any hard debt payment during the Affordability Period
- Contributions made more than two years prior to the Application Deadline
- Donations of the proceeds of a loan of a capitalized lease payment

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

Projects providing a commitment to market the Units to households listed on public or Indian housing agency waiting lists are eligible for **two points** under this criterion. A letter to the Public Housing Authority (PHA) or Tribally Designated Housing Entity (TDHE) that serves the jurisdiction of the proposed site verifying this commitment is required to obtain points for this criterion.

M. QCT/Concerted Community Revitalization Plan

Projects are eligible for **3 points** if the Project is located within the geographic boundaries covered by a Concerted Community Revitalization Plan (CCRP) as that term is defined in the Glossary **and** the development of the proposed Project contributes to the CCRP by engaging in a housing activity promoted in the CCRP.

A CCRP is defined as: a metropolitan redevelopment plan as defined in NMSA 1978 Section 3-60A-4 prepared and enacted by a local, county or tribal government prior to the Application Deadline **or** other formal plan that:

- was enacted or adopted by a local, county or tribal government prior to the Application Deadline, **and which**
- identifies barriers to community vitality and promotes specific concerted revitalization activities within a subarea of the jurisdiction having distinct geographic boundaries, **and which**
- contains more housing components than the LIHTC Project itself, **and which**
- **is not** a jurisdiction's HUD 5-year Consolidated Plan or Annual Action Plan, **and which**
- **is not** the jurisdiction's Affordable Housing Plan submitted to qualify under NMSA 1978 Section 6-27-3, **and which**
- **is not** the jurisdiction's general plan or other zoning ordinance.

The Project is eligible for an **additional 2 points** if eligible for these 3 points (above) and it is located in a QCT.

For scattered site Projects, all of the scattered sites comprising the Project need to be located in a QCT and/or located in an area covered by a CCRP, and all sites must contribute to the CCRP to be eligible for points.

N. Projects with Units Intended for Eventual Tenant Ownership

Projects in which all the Units are intended for eventual tenant ownership are eligible for **two points** under this criterion, Projects are limited to single family, duplex, four-plex or townhome style projects, that may be easily separated from other Units.

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

The Project must be designed and designated at the time of Application for eventual home ownership and demonstrate that the design will meet the subdivision and building code requirements, including fire department requirements of the Local Government that exist at the time of the Carryover Allocation Request Deadline, as evidenced by a letter from the Local Government. All Units must be individually-metered utilities and located on public streets. This commitment will be evidenced by submission of a long-range Tenant Conversion Plan at Initial Application and will be documented in the LURA.

The following conditions generally apply:

- Intention to convert must be expressed in writing at the time of Application;
- Applicant must submit a comprehensive plan that includes, but is not limited to, provisions for repair or replacement of heating system, water heater, and roof prior to sale; limitation on equity upon subsequent sales; homeownership classes for potential homebuyers; and requirements for extent of stay in rental Unit to be eligible for purchase;
- Purchaser must occupy Unit as primary residence;
- Units must be initially marketed to existing rental residents, including residents in Market Rate Units. Remaining Units not sold to existing renter households must be sold to households earning 80% or less of AMI; and
- The Tenant Conversion Plan, which must be reasonably acceptable to Housing New Mexico 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 IX.

O. Projects with Historic Significance

Projects certified on the National Register of Historic Places (i.e., meeting the criteria for Part 1 Approval for Historic Tax Credits) are eligible for **two points** under this criterion. For scattered site Projects, the total Gross Square Feet of the Historic Property must equal or exceed 10% of the proposed total Project Gross Square Feet.

P. 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	$29,692.70	$31,426.46	
Low-Income Square Foot	$27.81	$30.51	
Low-Income Unit OR			$29,692.70
Low-Income Square Foot			$27.81
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$27,526.54	$29,043.58	
Low-Income Square Foot	$24.32	$26.70	
Low-Income Unit OR			$27,526.54
Low-Income Square Foot			$24.32
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$25,358.30	$26,659.66	
Low-Income Square Foot	$20.87	$22.87	
Low-Income Unit OR			$25,358.30
Low-Income Square Foot			$20.87

Permanent Supportive Housing Projects:

New Construction Projects			
	5 Points	3 Points	1 Point
Low-Income Unit	$29,692.70	$31,426.46	N/A
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit	$27,526.54	$29,043.58	N/A
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit	$25,358.30	$26,659.66	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	$30,604.99	
Low-Income Square Foot	$27.81	$30.51	
Low-Income Unit OR			$28,946.57
Low-Income Square Foot			$27.81
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$26,873.28	$28,325.30	
Low-Income Square Foot	$24.32	$26.70	
Low-Income Unit OR			$26,873.28
Low-Income Square Foot			$24.32
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$24,798.96	$26,043.55	
Low-Income Square Foot	$20.87	$22.87	
Low-Income Unit OR			$24,798.96
Low-Income Square Foot			$20.87

All Other Projects:

New Construction Projects			
	5 Points	3 Points	1 Point
Low-Income Unit AND	$28,946.57	$30,604.99	
Low-Income Square Foot	$26.60	$29.17	
Low-Income Unit OR			$28,946.57
Low-Income Square Foot			$26.60
Substantial Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$26,873.28	$28,325.30	
Low-Income Square Foot	$23.26	$25.55	
Low-Income Unit OR			$26,873.28
Low-Income Square Foot			$23.26
Moderate Rehabilitation Projects			
	5 points	3 points	1 point
Low-Income Unit AND	$24,798.96	$26,043.55	
Low-Income Square Foot	$19.96	$21.88	
Low-Income Unit OR			$24,798.96

Low-Income Square Foot			$19.96

For the purpose of this criterion, low-income square footage means the sum of each building Gross Square Feet multiplied by the Project's Applicable Fraction and includes the Gross Square Feet of common space allocated to low-income use. Square footage of commercial space, garages and structured parking are excluded for the purposes of this calculation.

Applicants may request fewer credits than the Project is otherwise eligible for to obtain points in this category, however, Projects must meet underwriting guidelines for financial feasibility. Projects that were awarded points for the Efficient Use of Credits Project Selection Criterion may not apply for additional tax credits if circumstances change unless the subsequent Application results in the same scoring range under Efficient Use of Credits when combined with the scoring range in the Initial Application. In other words, a subsequent request for additional tax credits shall not be granted if Applicant received points for the Efficient Use of Credits in a prior round and now exceeds the efficient use of credits scoring ranges when evaluating both Applications as one single Application. An exception to this is in the event of a Casualty, in which case additional tax credits may be considered. See Section VII.B. for additional requirements concerning supplemental tax credits and the definition of a Casualty.

Q. Non-Smoking Properties

All LIHTC Projects are required to participate in the New Mexico Smoke-Free at Home program. More information on the Certification programs may be found at https://www.smokefreeathomenm.org/get-certified-today/. In order to receive Certification, Applicants will be required to complete three steps as detailed on the Smoke-Free at Home website, including the submission of a Letter of Intent, a Lease Addendum, and a Violation Policy. Projects are eligible for scoring points as follows provided the Certification described below is obtained and proof of certification is submitted with the Project's 8609 Application:

1. Projects agreeing to participate and obtain the Smoke-Free at Home NM Platinum Certification (new construction Projects which do not allow any smoking or use of electronic cigarettes at any time on any part of the property) (**6 points**);
2. Projects agreeing to participate and obtain the Smoke-Free at Home NM Gold Certification (applies to, rehabilitation and/or Adaptive Reuse Projects and no smoking or use of electronic cigarettes is permitted at any time on any part of the property) (**6 points**);

3. Projects agreeing to participate and obtain the Smoke-Free at Home NM Silver Certification (applies to new construction, rehabilitation and/or Adaptive Reuse Projects and does not allow smoking or use of electronic cigarettes inside any of the Units and common areas, nor within 25 feet of all entry ways and windows of the building. (**4 points**)

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

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.

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'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's list of 4% projects posted on its website on or before the Application ~~Due Date~~Deadline) was made in the last five (5) calendar years and the Market Study supports need for the Project (**3 points**);

T. Other Scoring Points Available

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

(i) Deep Affordability:

a. **The Project is not in the housing priority for Households with Special Housing Needs** and targets extremely low income residents, which includes income and rent restricting at least 5% of total Units in the Project to residents earning 30% or less of Area Median Income, 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 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 include a copy of the applicable federal rental assistance contract. (**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.)

VI. Underwriting Criteria

Requirements regarding cost limits, Feasibility Analysis and financial considerations, and tax credit calculations are stipulated in Appendix C (Housing New Mexico'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 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.

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 for any given Project. The total amount of tax credits for the Project (including those previously awarded) shall not exceed the total credits available in Section II.B of this QAP. The Project must continue to meet the QAP requirements, including Design Requirements, from the year of the original award and the supplemental tax credits will not extend the Placed In Service deadline for the original award. However, the August 31st deadlines found in the Post-Award Processes and Requirements Handbook will be extended to the federal statutory deadline for the Ten Percent Test based on the date of the Carryover Agreement for the original award.

Applicants must submit the Intent to Submit a Tax Credit Application described in Sections III.A and IV.G.a by December ~~20~~21, 202~~5~~6 and the streamlined Application described below by the Application Deadline for the ~~2026~~2027 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~~2027 round, as requests for supplemental tax credits will not compete against other Projects in the ~~2026~~2027 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 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~~2027 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 Board.

C. New Allocations to Projects Previously Subsidized with Tax Credits

Existing Projects that previously received tax credit allocations and are eligible under Code Section 42(d)(2) for new acquisition tax credits may apply for a current

allocation. However, because of prior subsidy investment in the Project and the scarcity of the resource and to ensure that the subsidy is not being used primarily for ownership transfer, previously subsidized Projects must demonstrate: 1) a real risk of loss of affordable Units, and 2) an addition of significant improvements and services to enhance livability for the tenants. These may qualify for standard tax credit applicable percentages.

D. Recycled Allocations

Property Owners may find information regarding the process to return a valid allocation of tax credits to receive an allocation of tax credits from the current tax year's tax credit ceiling in the Post-Award Processes and Requirements Handbook.

E. Property Standards

All Projects must conform to the ~~2026~~2027 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's sole discretion:

1. Loss of site control or site change

2. Submission of any false or fraudulent information in the Application or in other submissions

3. Failure to meet the conditions and directives in this QAP, the Reservation Letter, and all appendices to this QAP.

4. Subsequent regulations issued by U.S. Department of Treasury or the IRS pertaining to the Code

5. Failure to promptly notify Housing New Mexico 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

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

It is Applicant's responsibility to notify Housing New Mexico 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's approval of such changes. Failure to notify Housing New Mexico 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's sole discretion and the change may result in a change in the tax credit amount or other action by Housing New Mexico. A $500 fee payment is required at the time of the request for approval of any changes in accordance with Section III.C. Applicants/Project Owners will not be allowed to make changes to a Project that would result in a change to any of the specific items for which points were requested, unless extraordinary and well-documented circumstances would warrant it, and changes must be approved by Housing New Mexico. Any such change(s) to a Project that would require a re-scoring or re-evaluation which causes the Project's score to fall below its original score may cause the LIHTC allocation to be rescinded.

Examples of changes of which Housing New Mexico must be notified:

1. Site control or rights of way are lost or at risk of loss;

2. Project costs change in excess of 5% of the Total Development Cost shown in the Carryover Allocation Application Package;

3. Applicant obtains additional subsidies or financing other than those disclosed in the Carryover Allocation Application Package; or loses subsidies or financing included in the Carryover Application Package, and/or the amount of any such financing or subsidy changes by greater than or equal to 10% from the amount shown in the Carryover Allocation Application Package;

4. Development cost contributions made by a state, local or tribal governmental Entity are reduced, increased, withdrawn or substituted with other types of contributions than the ones originally proposed in the Application;

5. The syndication payment timing and/or net proceeds change from those stated in the Carryover Allocation Application Package;

6. The parties [other than the limited partner(s) formation] involved in the ownership Entity as represented in the Application change;

7. Changes to Project design, Unit design, square footage, Unit mix, number of Units, number of buildings changes, amenities, parking quantities, landscaping scope, energy performance, water usage, quality of construction or specification;

8. A change in any enrichment service provider and/or change in type of enrichment service to be provided;

9. The general contractor or other member of the original development team changes;

10. Any fire or other natural disaster occurring at or near the Project site; or

11. Any other factor deemed material by Housing New Mexico in its reasonable judgment.

H. Notice Provisions

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

I. Applications are Public Records

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

New Mexico may share information and details obtained from Applications with other public agencies.

After award, all Applications are open to the public for inspection and copying. Applicants must redact confidential and personal identifier information from documents if the information is not specifically required by Housing New Mexico.

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.

J. Attorney Fees

Any and all attorney fees incurred by Housing New Mexico 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, 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 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'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 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 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 and during the entire term of the Compliance and Extended Use Periods, Housing New Mexico 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's discretion.

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

- an on-site inspection of all buildings;
- a review of all records and certifications and other documents supporting criteria for which the Project Owner received points in the Application for an allocation of tax credits.
- audit of all costs of a Project, including invoices, all third-party contracts, e.g., construction contract(s), management contract(s), architect and other professional contract(s), all construction pay applications and back up documentation (including, but not limited to, subcontractor invoices), and any other documents deemed necessary to perform the above;
- an audit of records of the process used to select general contractors (including any RFPs and Proposals).
- A review of written communication with selected general contractor regarding required Cost Certification upon Project completion.

N. Compliance Plan

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

VIII. Tax Credit Monitoring and Compliance Plan Summary

A. General Requirements

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

Housing New Mexico 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 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, through Housing New Mexico'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

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 that the Project meets the requirements of the Code, whichever set-aside is applicable to the Project. Failure to make this certification is deemed as noncompliance and is reportable to the IRS. This annual certification requires the Project Owner to certify that:

1. The Project meets the minimum requirements of the set-aside election
2. If the Project is an Average Income Test project, the owner has met the qualified group of units to satisfy the Average Income Test. The owner has met the qualified group of units to determine the applicable fraction. There have been no changes to the unit designation this year.
3. There has been no change in the Applicable Fraction (as defined in Section 42(c)(1)(B) of the Code) for any building in the Project.

4. The owner has received an annual Tenant Income Certification from each Low-Income Tenant and documentation to support that certification, or the owner has obtained self-certifications based on HERA rules.

5. Each Low-Income Unit is rent restricted under Section 42(g)(2) of the Code.

6. All low-income units in the project are and have been for use by the general public and used on a non-transient basis (except for transitional housing for the homeless provided under Section 42 (i)(3)(B)(iii) of the Code).

7. No finding of discrimination under the Fair Housing Act, 42 U.S.C 3601-3619, has occurred for this project. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C 3616a(a)(1), or an adverse judgment from a federal court.

8. Each building in the project is and has been suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low income unit in the project.

9. There has been no change in the eligible basis (as defined in Section 42(d) of the Code) of any building in the project since last certification submission.

10. All tenant facilities included in the eligible basis under Section 42(d) of the Code of any building in the project, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups, and appliances were provided on a comparable basis without charge to all tenants in the buildings.

11. If a low-income unit in the project has been vacant during the year, reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income.

12. If the income of tenants of a low-income unit in any building increased above the limit allowed in Section 42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size in that building was or will be rented to residents having a qualifying income.

13. An extended low-income housing commitment as described in Section 42(h)(6) was in effect, including the requirement under Section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s. Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher and the project otherwise meets the provisions, including any special provisions, as outlined in the extended low-income housing commitment (not applicable to buildings with tax credits from years 1987-1989).

14. The owner received its credit allocation from the portion of the state ceiling set-aside for a project involving "qualified non- profit organizations" under Section 42(h)(5) of the code and its Non-Profit entity materially participated in the operation of the development within the meaning of Section 469(h) of the Code.

15. There has been no change in the ownership or management of the project.

16. The owner has obtained accurate, allowable, current utility allowances for use in the calculation of rents for the project. In addition, the owner acknowledges this process to be an annual requirement of the LIHTC program and certifies to adhere to this requirement for the duration of the compliance period for the project.

17. For the proceeding 12-month period (pursuant to IRS Revenue Ruling 2004-82) the owner has complied with §42(h)(6)(E)(ii)(I) that an existing tenant of a low-income unit has not been evicted or had their tenancies terminated for anything other than good cause.

18. The owner has complied with § 42(h)(6)(E)(ii)(II) and not increased the gross rent above the maximum allowed under § 42 with respect to any low-income unit.

19. The project has complied with the Violence Against Women Act (VAWA), which provides protections for residents and applicants who are victims of domestic violence, dating violence or stalking, and any other situation or incidence mandated by VAWA. Compliance requirements mandated by VAWA include, but are not limited to, honoring civil protection orders, eviction protection and bifurcation of lease when necessary.

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

21. The owner is compliance with all agency mandated tenant protections and any applicable protections required by state or local landlord-tenant laws or rules

22. The owner continues to comply with all terms it agreed to in its application for Credit authority, including all federal and state-level program requirements and any commitments for which it received points or other preferential treatment in its application.
23. The property has not suffered a casualty loss resulting in the current displacement of residents.
24. The owner has not initiated foreclosure or instrument in lieu of foreclosure since the completion of the last Certification of Continuing Program Compliance.
25. If applicable, the property has completed the annual service coordination requirements per the LURA including on site office hours, providing coordinated services and conducting an annual survey.
26. If applicable, the property has completed PSH Commitment to Quality checklist for every Permanent Supportive Housing for each qualified household.
27. If applicable, the property has provided all required service enrichments according to the schedule listed in the LURA with lapses in services no greater than 30 days and has current Memorandums of Understanding with all Service Providers.
28. The property is incompliance with the Smoke Free at Home Program.
29. If applicable, the property has all required special needs units filled or offered all vacancies that came available in the last year to the Local Lead Agency on a priority basis in compliance with requirements for the Special Needs Housing Priority.

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

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

E. Compliance Review

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

Housing New Mexico 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 ~~2026~~2027, 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 ~~2026~~2027, 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 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'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 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).

Allocation Review Committee (ARC) - a committee appointed by the Chairman of the Housing New Mexico 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 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's file sharing site https:/.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. They must be submitted to Housing New Mexico 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.

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

Building Identification Number (BIN) – Housing New Mexico issues a number to identify each building in the Project so the Owner can claim LIHTC from the IRS. Housing New Mexico only issues BINs for complete buildings and does not issue separate BINs by floor or due to separate permits being issued. The only exception is when a Hybrid 9%/4% Development requires separate BINs for each portion of a single building with a condominium plat to separate the portions of the building that are under separate ownership.

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, 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'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, Complete Application.

Compliance Monitoring – the Agency's procedure, as required by the Code and detailed in Housing New Mexico'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 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, 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 as reasonable and necessary. Such costs may include, but are not limited to:

1. The cost of acquiring real property and any building thereon, including payment for options, deposits or contracts to purchase properties.
2. The cost of site preparation and development.
3. Any expenses relating to the issuance of tax-exempt bonds or taxable bonds by the Agency, if any, related to the Project.
4. Fees in connection with the planning, execution and financing of the Project, such as those of architects, engineers, attorneys, accountants and the Agency.

5. The cost of studies, surveys, plans, permits, insurance, interest, financing, tax and assessment costs and other operating and carrying costs incurred during construction, rehabilitation or reconstruction of the Project.
6. The cost of the construction, rehabilitation and equipping of the Project.
7. The cost of land improvements, such as landscaping and off-site improvements related to the Project, whether such costs are paid in cash, property or services.
8. Expenses in connection with initial occupancy of the Project.
9. Allowances established by the Agency for working capital, contingency reserves and reserves for any anticipated operating deficits during the first two years after completion of the Project.
10. The cost of such other items, including relocation cost, indemnity and surety bonds, premium on insurance and fee and expenses of trustees, depositories and paying agents for bonds.

Difficult Development Area or DDA – any area designated by the secretary of HUD as having high construction, land and utility costs relative to Area Median Income in accordance with Section 42(d)(5) of the Code.

Eligible Application or **Eligible Project** – an Application or Project which has met all minimum Project threshold requirements.

Eligible Basis – the sum of the eligible cost elements that are subject to depreciation, such as expenditures for new construction, rehabilitation and building acquisition.

Entity - any General Partnership, limited partnership, corporation, joint venture, trust, limited liability company, limited liability partnership, limited liability limited partnership, business trust, cooperative or other business association.

Extended Use Period – with respect to any building that is included in a LIHTC Project, the period of affordability **following** the initial 15-year Compliance Period during which time the Project continues to be restricted to affordable low-income housing. The minimum Extended Use Period required by Code is fifteen years. Compliance Period plus Extended Use Period equals Affordability Period.

Feasibility Analysis – a financial analysis based on rules established by the IRS and Housing New Mexico 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 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.

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 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 pursuant to Section 42(m)(1)(D) of the Code advising the Project Owner that Housing New Mexico 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 Housing New Mexico 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 Qualified Nonprofit Organization – an entity listed in the New Mexico Secretary of State Business Portal as a Domestic Nonprofit Corporation and whose board of directors is comprised of a majority of New Mexico residents as of the Application Deadline. The provisions of the definition of Qualified Nonprofit Organization shall also apply.

Local Notice – Housing New Mexico'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 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 Housing New Mexico ~~Housing~~ (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's mandatory Design Standards. For example, a change in building area, Unit areas, Unit counts, amenities, parking quantities, landscaping scope, energy performance, water usage, quality of construction or specification would each constitute a material change.

Moderate Rehabilitation – repairs, replacements and improvements that do not fall into Substantial Rehabilitation as defined herein or where the work is limited to level two (2) alterations (as described by Enterprise Green Communities Criteria.) Level two alterations include the reconfiguration of space, the addition or elimination of any door or window, the reconfiguration or extension of any system, does not include the replacement of two or more major systems or the installation of any additional equipment. A Project where the work area does not exceed 50% of the aggregate area of the building (the work scope is less than an ICC level three alteration.)

Net Square Footage - the total number of square feet within the inside finished wall surface of the outer walls of a structure. This measurement generally excludes non-rentable areas such as common areas, hallways, and mechanical rooms.

New Mexico Housing Authority (NMHA) – any public housing authority legally established in the state of New Mexico.

Person - any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits; and, unless the context otherwise requires, the singular shall include the plural, and the

masculine gender shall include the feminine and the neuter and vice versa, as the context within this QAP may call for.

Placed In Service – the date on which the first Unit of a new construction Project is certified or otherwise officially declared as available for occupancy as evidenced by the Certificate of Occupancy. For rehabilitation Projects, it is the date of the Certificate of Substantial Completion. For acquisitions of existing Projects, it is the date of purchase by a new Project Owner.

Principal – an Applicant, any General Partner of an Applicant, and any officer, director, board member or any shareholder, General Partner, managing member or Affiliate of an Applicant. It also includes any Entity receiving any part of a Developer fee for a Project. For Project compliance purposes (**Section IV.E**), 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 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 which describes the amount of credits provisionally awarded to a Project and the conditions which the Project Owner must meet in order to obtain a Binding Commitment for tax credits.

Rural Development or RD or USDA (previously called "Farmer's Home Administration" or "FMHA" of the U.S. Department of Agriculture) means Rural Development or other Agency or Instrumentality created or chartered by the U.S. to which the powers of RD have been transferred.

Section 811 Project-based Rental Assistance Demonstration Program (Section 811 PRA) – The purpose of the Section 811 PRA is to expand the supply of supportive housing that promotes and facilitates community integration for people with significant and long-term disabilities. Section 811 PRA provides a project-based rent assistance subsidy that covers the difference between the tenant payment and the approved contract rent. Tenants pay 30 percent of their adjusted gross income for rent and utilities. Tenant referrals and service providers are coordinated by the Department of Human Services (DHS) and Local Lead Agencies (LLAs). For more information go to:

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

Senior Housing – Projects that qualify for an exemption from familial status discrimination under the Fair Housing Act. To qualify for this exemption, Projects must be: (i) provided under any state or federal program that HUD has determined to be specifically designed and operated to assist elderly Persons (as defined in the state or federal program); or (ii) intended for, and solely occupied by Persons 62 years of age or older; or (iii) intended and operated for occupancy by Persons 55 years of age or older in compliance with the Housing for Older Persons Act (HOPA), 24 CFR Part 100 Final Rule.

Set-Aside Election – the federally imposed minimum proportion of total Project Units set-aside as Low-Income Units at one or more Area Gross Median Income level(s). This election is made by the Applicant and meets the minimum requirements of Code Section 42: larger proportions of Units are generally set-aside by the Applicant and restricted in the LURA.

Set-Aside Units those Units eligible for Low-Income housing tax credits.

Special Needs – see definition above under Households with Special Housing Needs.

State-Assisted Building – any building which is substantially assisted, financed or operated under any state law similar in purposes to Section 8 of the United States Housing Act of 1937, Section 221(d)(3), Section 221(d)(4) or 236 of the United States Housing Act, Section 515 of the Housing Act of 1949 or any other program administered by HUD or by the USDA Rural Housing Service.

Substantial Rehabilitation – commonly referred to as a "gut" rehabilitation and includes the replacement and/or improvements to at least two (2) major systems of the building, including its envelope. Major building systems include roof structures, wall or floor structures, foundations, plumbing, heating, ventilating and air conditioning (HVAC) and electrical systems. The building envelope is defined as the air barrier and thermal barrier separating exterior from interior space. A Substantial Rehabilitation also includes a Project where the work area exceeds 50% of the aggregate building area (an ICC level 3 alteration Scope of Work.)

Tax Credit Ceiling Rents – the maximum rent that may be charged for a Rent Restricted Unit.

Tenant Conversion Plan – a written plan acceptable to Housing New Mexico, 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 V.N 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~~2027 Housing New Mexico Universal Multifamily Underwriting Supplement
D. ~~2026~~2027 Housing New Mexico Design Standards
E. ~~2026~~2027 Housing New Mexico Design Standards – Supplement A – NHTF Requirements
F. ~~2026~~2027 9% LIHTC Universal Rental Development Application Form and Schedules
G. NCHMA Model Content Standards
H. ~~2026~~2027 Carryover Allocation & 10% Test Instructions & Checklist
    a. Assignment of Building Identification Numbers
    b. Architect's Certification
    c. Option to Lock Applicable Credit Percentage (Section 42(b) of the Code)
    d. Ten Percent Letter (Independent Accountant's Report)

e. Form of Owner's Attorney's Opinion
f. Exhibit A to Independent Auditor's Report

I. ~~2026~~2027 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 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. LURA Request Form
   m. Sample Equity Certification Letter

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

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



Qualified Allocation Plan (QAP)

State of New Mexico

4% Low-Income Housing Tax Credit Program

Effective as of December 1, 2025~~5~~6

Approved by Board of Directors on October 21~~15~~, 2025~~5~~6
Approved by the Honorable Governor Michelle Lujan Grisham on October __, 2025~~5~~6

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

7425 Jefferson St. NE, Albuquerque, NM 87109 | *housingnm.org* | 505-843-6880

EQUAL HOUSING OPPORTUNITY

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I. Introduction

This "Allocation Plan" constitutes the "Qualified Allocation Plan" (QAP[1]) for the state of New Mexico and is intended to comply with the requirements set forth in Section 42 of the Internal Revenue Code of 1986[2], as amended, including all applicable rules and regulations promulgated thereunder (collectively, the "Code"). This Allocation Plan applies to all allocations of 4% Low-Income Housing Tax Credits pursuant to the Code (hereinafter LIHTC, credits or tax credits) and multifamily private activity tax-exempt bonds made for QAP year ~~2026~~2027.

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~~2027 Mandatory Design Standards for Multifamily Housing ("Design Standards"), and Universal Multifamily Underwriting Supplement ("Underwriting Supplement"), all of which are hereby incorporated by reference into this QAP.

A. Role of Housing New Mexico

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 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 monitors existing Projects for compliance with the Code; however, Housing New Mexico 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, nor its agents or employees, will be liable for any matters arising out of or in

[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.

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 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 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's inherent discretion, reasonable judgement and prudent business practices, Housing New Mexico may reject any Application (as defined in the Glossary) or Project that Housing New Mexico 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 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 may modify this QAP, including its compliance and monitoring provisions, and waive plan provisions, as required by the promulgation or amendment of the Code, from time to time or for other reasons as determined by Housing New Mexico, including, but not limited to, the ability to respond to government declared disasters and emergencies. Housing New Mexico will make available to the general public a written explanation of any allocation of housing tax credits that is not made in accordance with established priorities and selection criteria of the Agency.

In addition, Housing New Mexico 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 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's 4% tax credit allocation

activity in the state, commencing on its effective date. The procedure required at Code Section 42(m)(1)(B)(iii) is summarized in Section VIII but published in full under a separate cover and incorporated herein by reference as Appendices J and K. It is titled Low-Income Housing Tax Credit Compliance Plan and Appendices, and is available on our website: https://housingnm.org/property-owners-agents-and-managers/lihtc. The procedures for Code Section 42(m)(1)(D) are found in New Mexico's QAP governing the 4% LIHTC.

C. Public Hearing Required by Code Section 42(m)(1)(A)(i)

Following public notice, a draft QAP was made available to the public for comment for a period of 21 days (beginning August 1~~45~~, 202~~5~~6 and continuing through September ~~45~~, 202~~5~~6), during which time a public hearing was held on August 2~~8~~7, 202~~5~~6 Housing New Mexico 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's Tax Credit Program is limited to residential rental housing located in the state of New Mexico. Eligible Projects include rehabilitation of existing residential housing Units, Adaptive Reuse of commercial property as residential rental Units, or new construction. Dormitories, assisted living facilities, "trailer parks" and transient housing (e.g. emergency shelters for homeless Persons and households) are ineligible.

Project design must adhere to the *Housing New Mexico ~~2026~~2027 Mandatory Design Standards for Multifamily Rental Housing* (Design Standards) for rehabilitation, Adaptive Reuse and newly constructed Units as they pertain to each Unit type.

1. Scattered Site Projects

Under Code Section 42(g)(3)(D), each low-income building is considered a separate project unless the taxpayer identifies each building which is, or will be, part of the Project. Under Code Section 42(g)(7) and Treasury Regulation Section 1.103-8(b)(4)(ii), two or more qualified low-income buildings can be included in a Project only if the buildings:

- Are located on the same tract of land, unless all the Units in all the "scattered site" buildings to be included in the Project are Low-Income Units;
- Are owned by the same Person (Entity) for federal tax purposes;

- Are financed under a common plan for financing; and
- Have similarly constructed Units.

Generally, each site of a scattered-site Project must have a community space adequate for the provision of services and services must be delivered at each site for the Project to be eligible for Projects in which Units are reserved for Households with Special Housing Needs, Projects Reserved for Seniors Housing Priority or Projects in which 25% of all Units are reserved for Households with Children.

However, if one of the project sites proposed for rehabilitation does not have adequate community space for the provision of services, services may be provided for residents at another project site so long as the following conditions are met:

- Project sites sharing community space are located within a quarter of a mile of each other and connected by an ADA compliant route, and
- the Application demonstrates, to the sole satisfaction of Housing New Mexico, how the needs of Persons with disabilities who do not have access to on-site services will be met and
- sufficient community space for the provision of services is available for all residents of the Project.

2. Combined Rehabilitation with New Construction Projects

Projects may combine the rehabilitation of existing residential Units with the construction of new residential Units. Such Projects shall be classified as new construction if the number of Units to be newly constructed (or Adaptively Reused) is equal to at least 50% of total Units in the Project. If less than exactly 50% of the total Units are new construction (or Adaptive Reuse) Units, the Project shall be classified as a Rehabilitation Project. The cost limits will be applied based on the category chosen, if the Project is evenly split between newly constructed/Adaptively Reused Units and rehabilitation Units. For example, if the Project has 51% or more newly constructed Units, it will be held to the new Construction Cost limits provided in the Underwriting Supplement.

3. Hybrid 9%/4% Developments

Applicants wishing to combine 9% LIHTC with 4% LIHTC (where the 4% credits are not solely for acquisition of a building) pursuant to an allocation of private activity bond volume cap may do so under the following conditions.

1. The 9% LIHTC and 4% LIHTC portions of the development will be two separate projects, each of which has fully self-supporting financing and operations; the two portions of the development will not be cross-collateralized.
2. Complete separate Applications for the 9% and 4% LIHTC will be required.
3. **Adjacent Parcels:** Applicants proposing to build on adjacent parcels (or by splitting a parcel of land) may submit the 4% LIHTC Application concurrent with the 9% LIHTC Application or at any time 4% LIHTC Applications are being accepted.
4. **Within a Building**: Projects that propose allocating 9% and 4% tax credits within a building through a condominium plat must submit both the 9% and 4% LIHTC Applications concurrently by the 9% Application Deadline. Any reservation of tax credits for the 9% portion, if approved, will be contingent upon an allocation of private activity volume cap by the State Board of Finance. If the State Board of Finance does not issue an allocation of private activity bond volume cap on or before December ~~2026~~2027, 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.

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 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.

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 present a "Qualified Contract" for the Project in accordance with Code Section 42(h)(6). The Applicant and Project Owner further agree that the Extended Use Period shall not be terminated for any reason other than foreclosure (or instrument in lieu of foreclosure), in which case existing Low-Income Tenants will not be evicted or charged rents in excess of tax credit rents for a period of three years following the foreclosure or transfer by instrument in lieu of foreclosure in accordance with the Code.

II. Available Financing

A. Amount of Private Activity Bond Volume Cap Available Statewide

The state of New Mexico receives a population-based allocation of private activity bond volume cap each year, which is usually the small state minimum. At its December meeting, the New Mexico State Board of Finance allocates a portion of that annual private activity bond volume cap to finance multifamily housing for the following calendar year. In December 2024~~4~~5, the State Board of Finance allocated $238,575,000~~200,000,000~~ for multifamily housing in 2025~~5~~6.

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

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

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

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

~~From January through August, 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 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~~ three Projects in the construction phase (for the period beginning when the Project starts construction until ~~the~~ all ~~Forms 8609~~Certificates of Occupancy (for new construction) or Certificates of Substantial Completion (for rehab) have been issued.) ~~The two-Project limit in the construction phase does not include Projects that received bond volume cap prior to 2026.~~

C. Basis Boost

Projects located within a HUD-designated Difficult Development Area (DDA, SDDA) or Qualified Census Tract (QCT) may request a 30% increase in eligible basis under Code Section 42(d)(5)(B), by including documentation of status in a QCT or DDA in the Initial Application.

If the federal government expands the basis boost, Housing New Mexico will allow a basis boost up to the federal limit for Projects meeting the federal eligibility requirements.

III. Application Process

A. Application and Award Schedule

Item	Deadline/Date
Intent to Submit a Tax Credit Application & Development Synopsis	30 Days Prior to Application Submission
Initial Application	Rolling Basis – subject to readiness criteria
Housing New Mexico LIHTC Application Processing	Approximately 30 – 60 days from receipt of Complete Application depending on complexity and application pipeline
Deficiency Corrections (if requested by Housing New Mexico)	Five business days to respond
Draft 42(m) Letter	Upon determination that the Project meets all standards in the QAP and appendices
Draft 42(m) Letter Expires	3 months from issuance
State Board of Finance Presentation	Within 3 months of Draft 42(m) Letter
LIHTC Processing Fees Due	Upon SBOF allocation of volume cap approval
Final 42(m) Letter Issued	Upon payment of LIHTC Processing Fees
Financial Closing and Construction Start	The earlier of: 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

Certificate(s) of Occupancy / Certificate of Completion	Within 30 days of Placement In Service
Final Allocation Application	~~Within 120 days of the end of the first year of the Compliance Period~~ One year from the date the last building is Placed In Service.

B. 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.

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.

2. Where to Submit the Application

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

3. Form of Submission

The required ~~2026~~2027 Housing New Mexico Universal Rental Development Application will be provided electronically and may be downloaded from Housing New Mexico's website at https://housingnm.org/developers/lihtc/current-and-prior-tax-credit-rounds. Applicants must submit the ~~2026~~2027 Housing New Mexico 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 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.*

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

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

a. Housing New Mexico will require submission of an "omnibus" signature page wherein all General Partners must certify, among other things, that the Application submitted, including all schedules and certifications, is accurate and complete and does not contain any misrepresentations.
b. Complete Initial Applications must include the ~~2026~~2027 Housing New Mexico 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~~2027 QAP that apply to the Project.

c. Applicants must redact protected personal information such as Social Security numbers and board member home addresses except for the name of the local jurisdiction.
d. Complete Initial Applications must include Application fees as outlined in Section III.C below.
e. Current year Housing New Mexico forms must be used when provided and no substitutions will be accepted.
f. All information must be current, clearly legible and consistent with all other information provided in the Application.
g. Forms must be completely filled out and executed where indicated. Forms that require signatures must bear scanned blue ink or third-party verified digital signatures from all General Partners.
h. Except as Housing New Mexico may determine is necessary to evaluate the "Applicant eligibility" threshold requirement in Section IV.E, all Applications must be self-contained. Housing New Mexico will not rely on any previously submitted information, written or verbal, to evaluate the Application.
i. A Gantt 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 will examine the package for both the availability of all required materials listed in Section I of the Application Attachments Checklist and for the content of those materials. Failure to provide or complete any element of the Initial Application Package, including all items listed in Section I of the Application Attachments Checklist, may result in immediate rejection of the Application without complete review.

The Application Attachments Checklist is not intended to be a comprehensive listing of all documents required to be submitted. Applicants bear the burden of determining and submitting any additional documents that directly support an Application or other information required by this QAP to be submitted.

In addition to the actions Housing New Mexico may take pursuant to Section III.F.7 "*Deficiency Correction Period*", Housing New Mexico 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 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's staff responds to a request for assistance from Applicant or otherwise provides Applicant assistance with respect to all or a portion of the Application.

5. Prohibited Activities

Applicants for tax-exempt bond-financed Projects or their representatives shall not communicate with or by any other means attempt to influence members of the Board of Directors, their proxies, or members of the State Board of Finance (SBOF) regarding any Application except when specifically permitted to present testimony at a tax credit or bond-related proceeding. **An Application shall be rejected, and a complete new Application with a new Application fee will be required, if the Applicant or any Person or Entity acting on behalf of Applicant violates the prohibitions of this section**. A list of SBOF members, Housing New Mexico Board members, their proxies, Housing New Mexico 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's website for a current list of Board members and check the State Board of Finance website for a list of SBOF members.

Any communication made or action taken in violation of this prohibited activities section of the QAP shall be immediately reported to the Tax Credit Program Manager:

Jeanne Redondo
Tax Credit Program Manager
(505)767-2210
jredondo@housingnm.org

C. Housing New Mexico Fees and Direct Costs

Except where explicitly stated below, all fees are non-refundable. Fees are due at the times and in the amounts shown below and they apply to both allocated and non-allocated tax credits. Fees may be delivered in the form of personal or business checks, money orders or cashier's checks, or wire (contact hd@housingnm.org for wiring instructions). Any check returned for insufficient funds will result in rejection of the Application, cancellation of the 42(m) Letter or other actions available to Housing New Mexico. Exceptions may be granted at Housing New Mexico's sole discretion

and fees may be adjusted annually, as determined by Housing New Mexico in its sole discretion.

The following table summarizes the fees described below:

Fee	Amount	Payment Deadline
Application	$750 nonprofit/ $1,500 for profit	With Initial Application
Base Portion Design Review	$12,000	With Initial Application
Additional Design Review and/or Inspection	$1,500 each	With 20 days of invoice
Additional Market Study	Varies	Within 5 days of Deficiency Correction
LIHTC Processing Fee	8.5% of Annual LIHTC	Upon approval of volume cap
Additional Review	$1,500 each	Invoiced Deadline
Deadline Extension	$2,500 per week	Upon receipt of invoice
Monitoring and Compliance Fees	$50/LI Unit/Year	First Credit Year Upon Receipt of Invoice, thereafter annually on 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
Change Requests before 8609 (ownership, swaps, documents)	$500	With change request
Form 8609 Re-issuance	$250/form but not to exceed $2,500	With reissuance request
Ownership/GP/LP Change	$500	With change request
	$1,500	Upon approval of request
LURA Modification	$500	With modification request
	$250 per item	With modification request
	$1,500	Upon approval of request
Non-Compliance for Ownership/GP/LP Change	$10,000	Upon receipt of invoice

1. Application Fee (for initial and supplemental requests)

- Due at submission of tax credit Initial Application

- $750 for nonprofit or governmental Entity Applicant; $1,500 for a for-profit Applicant

2. **Direct Cost Fees**
   a. Base Portion Design Review: $12,000 due at submission of tax credit Initial Application. It includes one of each of the following:

      i. Preliminary review of Project for Design Standard compliance at Initial Application. All plans and related materials submitted as part of an Application must provide enough detail for Housing New Mexico 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 will not issue the IRS Form 8609 before Housing New Mexico'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. 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-ordered Market Study: Amount varies depending on cost

If a subsequent Housing New Mexico-ordered Market Study is required, the cost will be covered by the Applicant through a non-refundable Direct Cost Fee that will be due within five days of receiving a deficiency correction (see Section III.F.7) with an invoice via email.

3. LIHTC Processing Fee

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

4. Additional Review Fees

One underwriting with one opportunity to make corrections is included in the standard Application and Processing Fees. Any additional underwriting (of the Initial Application or submissions described in the Post Award Requirements Handbook) to review further corrections or changes to the Project will incur a $1,500 fee per review.

5. Extension Fee

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

- $2,500 per week due upon invoice

6. Monitoring and Compliance Fees

Housing New Mexico will send an invoice for the first credit year fees shortly after the Project is Placed In Service. The invoice is due upon receipt.

Thereafter, fees are due~~Due~~ annually by January 31st through the end of the Extended Use Period. The monitoring and compliance fee for the entire 15-year Compliance Period may be paid in a lump sum at the ~~Final Allocation Application~~time the first credit year fees are due (number of Units x $50/Set-aside Unit/year x 15 years).

- $50/set-aside Unit/year (Average Income projects may be subject to an increased Compliance Monitoring fee.)
- $20/set-aside Unit/year during the Extended Use Period

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

7. Reinspection Fees (Compliance Monitoring)

A re-inspection fee will be charged if Housing New Mexico is unable to complete the inspection due to owner/agent's failure to notify residents or owner/agent's failure to appear for the inspection.

- For properties within 60 miles from Housing New Mexico's office (one way), the fee is $80.
- For all other properties further than 60 miles, the fee is $250

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

8. Compliance Monitoring – Non-Compliance Fees

Projects will be charged additional inspection fees in the following circumstances:

- Issuance of IRS Form 8823: Each IRS Form 8823 issued $150 plus $25 per Form.

- Non-compliance with the LURA requirements that persists 6 months beyond the traditional 30 days initial response time will incur a $200 penalty fee plus a reinspection fee if a follow-up inspection becomes required for monitoring reviews open 12 months beyond the initial response deadline.

Additional inspection fees are due within 30 days of billing.

9. Change Requests

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

- changes in ownership prior to receiving Form 8609,
- other changes, that in Housing New Mexico's sole discretion, do not rise to the level of requiring an additional underwriting review.

10. Reissuance of Form 8609

Housing New Mexico sends draft 8609 forms to the Owner for review prior to issuance. A $250 fee for each 8609 form that must be re-issued after it is signed and issued to the Owner; total fees shall not exceed $2,500.

11. Ownership Change and LURA Modification Fees after receipt of Form 8609:

- $500 non-refundable fee due at submission of application to change ownership, General Partner, and/or limited partner, request a limited partner exit and/or request a LURA modification.
- If applicable, an additional $250 per item requested in a LURA Modification, when the Project is out of compliance with Asset Management at the time of the application.
- If applicable, an additional $1,500 processing fee upon approval of an ownership or General Partner change.
- If changes are made to the ownership structure without Housing New Mexico'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's discretion, also be subject to a $10,000 fine to move forward with the ownership change process.

D. Process to Allocate Tax Credits

Applicants may request a 42(m) Letter by submitting an Application at least 60 days , but no longer than 90 days, prior to submission to the State Board of Finance for bond volume cap. Requests must include an Application fee and Direct Cost Deposit as listed in Section III.C.2, a market study, a completed ~~2026~~2027 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 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.

E. Rehabilitation Projects

1. Scope of Work

For all rehabilitation Projects, Applicants must also submit an accurate, detailed and concise description of the work to be performed by the contractor, the Applicant and any third parties relating to the rehabilitation of the Project. Referred to as the scope of work, this submission must identify the work to be performed including any demolition. At a minimum, the Project's scope of work must meet the definition of a Moderate Rehabilitation in the Glossary at Section IX. See Design Standards for more detailed discussion of Scope of Work requirements.

The scope of work must include a detailed narrative. This narrative should:

a. Describe the following:
   i. Proposed rehabilitation plans, including a detailed discussion regarding how the Project conforms to the definition of a Moderate Rehabilitation or Substantial Rehabilitation in the Glossary at Section IX, including the major building systems to be replaced and/or improved, how and whether the work area exceeds 50% of the aggregate building area, and how the proposed rehabilitation plans are consistent or inconsistent with the scope of work and/or Capital Needs Assessment ("CNA"). (See the Glossary and below for CNA requirements.)
   ii. Any capital expenditures made to the Project over the past two (2) years and the nature of these capital expenditures.
   iii. Any past local, state or federal resources invested in the Project.
   iv. Any obvious design flaws, obsolescence issues or safety issues.
   v. Any significant events that have led to the current need for rehabilitation, e.g. fire, natural disaster or any other catastrophic event.
   vi. Why the Project is appropriate for rehabilitation and not demolition;
   vii. The physical aspects of the existing building(s), including, but not limited to, structural conditions;
   viii. Any relocation issues;
   ix. Work performed, including the inclusion of any third-party reports, to determine the reasonableness of a rehabilitation versus demolition; and
   x. Preservation of affordability, including any existing federal rental assistance contracts, and the impact of a rehabilitation or demolition on this federal assistance.

b. Address the following:
   i. The anticipated date of site control and whether there is any Identity of Interest between or among any Principal of the seller and buyer.
   ii. The Ten-Year Rule. (See Code Section 42(d)(2)(B)(ii).)
   iii. Current financing on the property or Project which will be assumed or paid with LIHTC equity or an Housing New Mexico-administered funding source. e.g. paid in full vs assumed and current terms.

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

2. Capital Needs Assessment

All Projects that include rehabilitation must provide a CNA prepared by a professional who meets the minimum requirements set forth in the Design Standards. (See Glossary for requirements.) Housing New Mexico will review the CNA to determine whether it supports the Scope of Work outlined in the Application and complies with the Design Standards. The CNA is due with the Initial Application.

3. Relocation Plan

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

F. Staff Analysis and Application Processing

1. Threshold Review

Following the Application Deadline, Housing New Mexico will undertake a threshold review to determine whether the Initial Application meets the minimum Project threshold requirements shown in Section IV. If the Initial Application fails to meet threshold requirements, the Applicant will be given an opportunity to correct the deficiency in accordance with Section III.F.7 and if not corrected in the five business days allowed, the Application will be rejected.

2. Feasibility Analysis and Financial Considerations

All Projects, in addition to the threshold review process, will undergo financial analysis by Housing New Mexico 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 financing sources must be clearly identified, and their terms specified in a letter of interest from the financing source.

Projects must meet all standards in the Underwriting Supplement which includes, among other topics, cost limits, debt coverage ratio floors, operating expense ranges, as well as requirements for other Housing New Mexico financing.

3. Initial Design Review

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

4. Local Notice

Within 10 days after receiving the Application, Housing New Mexico provides a "Local Notice" to the Chief Executive Officer of the local jurisdiction identified on the Application form that informs the local jurisdiction that an Application has been received and offers a 30-day window to comment. The jurisdiction may be a municipality, town, county or tribal government.

5. Site Visits

On completion of the threshold review, and as allowed by current health conditions, public health and executive orders, or laws, Housing New Mexico may visit the proposed site. Sites considered by Housing New Mexico in its reasonable judgment to be inappropriate due to current or foreseeable adverse health, safety, welfare, site constraints or marketability risks may be cause for rejection of any Application, regardless of threshold review or financial feasibility analysis.

6. Deficiency Correction Period

Housing New Mexico may provide a five-business day deficiency correction period after the threshold review. This period is intended only to: 1) correct threshold items, 2) clarify ambiguous information, 3) complete forms, 4) make minor corrections to the Application, or 5) request supplementary information, that Housing New Mexico, in its sole discretion, believes is necessary to complete its review.

In the event that Housing New Mexico 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 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 determines in its reasonable judgment may not be correctable. In no case shall the deficiency correction period be used by Housing New Mexico to allow an Applicant to alter the original structure of the Project. This prohibition includes, but is not limited to, all changes listed in Section VII.C. If the information requested by Housing New Mexico is not submitted within the timeframe provided or is submitted but remains deficient, the Application may be rejected without any further review.

7. Final Processing and Awards

Applications meeting the requirements of the threshold review and Feasibility Analysis described above will be further evaluated and processed by Housing New Mexico. 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's reasonable judgment to evaluate the Project's Application.

42(m) Letter

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

8. Post Award Submittals

Affirmative actions after 42(m) Letter. From the date of the 42(m) Letter, the Applicant must continue to timely remit all Tax Credit Program related fees and meet each of the deadlines specified in the Post Award Processes and Requirements Handbook attached to and incorporated by reference to this QAP. **Housing New Mexico 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. All submissions must follow "Form of Submission" requirements shown in Section III.B.3.**

IV. Threshold Requirements

All tax credit Applications must meet each of the following requirements, in addition to the eligibility requirements of the Code.

A. Site Control

1. Site control for all of the property needed for the Project must be evidenced by:
    a. A fully executed and legally enforceable purchase contract or purchase option and/or a written governmental commitment to transfer or convey the property to the Applicant or Developer or Project Owner by deed or lease that demonstrates Applicant or Developer or Project Owner will possess a Qualified Leasehold Interest upon execution of the lease, (collectively termed a "transfer commitment"). If a transfer commitment is submitted, the commitment must provide for an initial term lasting at least until June 30 of the year in which the allocation is made ("initial term.") This initial term must not be conditioned upon any extensions requiring seller consent, additional payments, financing approval, tax credit award or other such requirements. Similarly, the transfer commitment must not require any additional actions on behalf of Applicant during the initial term which could allow the seller/lessor to terminate the transfer commitment if the action is not fulfilled by Applicant. **If the transfer commitment requires an escrow payment or other deposit due and payable after signing, evidence that payment was received must be included in the Initial Application**; or

b. A recorded deed or recorded lease demonstrating that Applicant possesses a Qualified Leasehold Interest.

2. Site control evidence and the Application materials must show **exactly** the same names, legal description and Acquisition Costs. (Exception: In the case of To Be Formed partnerships, the relationship between the parties must be shown.) All signatures, exhibits and amendments must be included to be considered complete.

3. If the Developer has purchased the land or depreciable real property within one year prior to the Initial Application with bridge financing, evidence of the purchase price paid must be included in the Initial Application.

B. Zoning

Zoning allowing the Project to be built must be in place at Initial Application. The Initial Application must include a letter from the local jurisdictional zoning (or planning) official stating that the current zoning of the proposed site(s) does not prohibit the proposed Project. The zoning letter must be dated no more than six months prior to the Application Deadline and indicate the specific address for the proposed Project or location of the site, if no address has been assigned. The letter must indicate that multifamily projects are not prohibited by the existing zoning of the proposed site and that there is no pending litigation, pending variance, or unexpired appeal process relating to the zoning of the proposed site.

C. Fees

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

D. Market Study

A Market Study must be submitted with the Initial Application and completed by a vendor meeting the requirements agreed upon in the Market Study Professional Certification document, found at http://housingnm.org/developers/developer-resources/market-study-requirements. The market study itself must meet the requirements and follow the methodologies identified in the National Council of Housing Market Analysts (NCHMA) Model Content Standards and have been issued

within 180 days of the Application submission[4]. All market studies must be issued to Housing New Mexico as the designated user. The market study must indicate a need for the Project and demonstrate that the overall vacancy rate in the Primary Market Area defined in the market study is less than 10%.

If the Market Study as submitted is not sufficient, there may be an additional Market Study ordered by Housing New Mexico. The cost of this Housing New Mexico-ordered Market Study will be covered by the Applicant through the Direct Cost Fee invoiced with a deficiency correction described in Section III.C.2.b. It is Housing New Mexico'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 and all other state and federal affordable housing agencies.

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

- Related party affidavits inserted at Tab 1h for the Developer, Project Owner, General Partner, contractor, consultant(s), and architect affirming they have no related party relationships; or, that all related party relationships have been properly disclosed.
- Organizational chart inserted at Tab 1i that includes all related party interests among the Developer, Project Owner, General Partner, contractor, management company, consultant(s) and architect.
- Compliance affidavit(s)[5] in the form stipulated at Tab 1l of the Application certifying the Projects owned/developed by the Principal and its Affiliate(s) ~~are not in default with respect to any~~ have no outstanding Material Compliance Matters ~~for any such Project or shall state what defaults exist~~

[4] Market Studies that were issued more than 180 days but less than one calendar year prior to the Application submission may be updated at the market analyst's discretion. Market Studies issued one year or more prior to the Application submission will be rejected. A new Market Study is required.

[5] Applicants shall attach a complete list of all Projects in which the Principal and/or its Affiliate(s) have experience. The schedule of experience required shall be in the form of a recent real estate owned schedule provided to a lender, a HUD Form 2530, or other similar form that includes the experience of the Principal completing the compliance affidavit. The schedule of experience shall include every project that is Placed In Service for which the Principal has a financial interest and that the Principal developed without an ownership participation. Projects that are planned or under development may be included but are not required. If the experience of any Principal differs from the Applicant and/or General Partner, a separate schedule of experience is required for that Principal.

~~and what corrective action Applicant is taking~~. Only Applicants (along with their Affiliates) with no outstanding Material Compliance Matters are eligible to participate in the 4% LIHTC program.

- 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:

- 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:
    - late payments of any Housing New Mexico fees or loan payments within the 18-month period prior to the Application Deadline,
    - misuse of reserves and/or other Project funds,
    - default,
    - fair housing violations,
    - Material Compliance Matter with the terms of a LURA on a Project controlled by an Affiliate, or
    - failure to meet Housing New Mexico development deadlines or documentation requirements

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.

F. Financial Feasibility

Applications must demonstrate that the Project meets all requirements 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.
2. All tax-exempt bond financed Projects are encouraged to meet Housing New Mexico staff at least 30 days prior to submission to review and discuss the proposed Project.
3. Developers applying for 4% LIHTC 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. This quiz must have been completed within the six months prior to submittal of the Application.

V. Selection Criteria

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

A. Locational Efficiency

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

B. Rehabilitation Projects

The Project Selection Criterion applies to the rehabilitation of Low-Income apartment Units or the conversion of Market Rate apartment Units to Low-Income Units.

Projects must incur average rehabilitation Construction Costs of $25,000 per Unit or more for Moderate Rehabilitation or $45,000 per Unit or more for Substantial Rehabilitation (see Section IX Glossary for definitions). Rehabilitation that is less than a Moderate Rehabilitation is not eligible for 4% LIHTC.

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

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

1. Households with Special Housing Needs Housing Priority

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

Twenty percent or more of total Units are reserved for Households with Special Housing Needs (see definition in Glossary), and

- at least 10% of the total Units in the Project must be rent-restricted at 30% of Area Median Income (AMI), **or**
- have secured (at time of Initial Application) permanent rental subsidy support with a project-based federal rental assistance contract that ensures residents do not pay rent in excess of 30% of their adjusted income.

The Application includes a Service Coordination Plan demonstrates satisfaction of items a, b, c and d below.

Applicant certifies to Housing New Mexico that it will meet the reporting requirements described in the Low-Income Housing Tax Credit Compliance Plan.

a. Fair Housing

All Projects shall comply with Federal Fair Housing requirements. Any limitation or preference must not violate nondiscrimination requirements. A limitation does not violate nondiscrimination requirements if the Project also receives funding from a federal program that limits eligibility to a particular segment of the population (e.g., Housing Opportunity for Persons Living with AIDS program, the Section 202 and Section 811 programs or the Housing for Older Persons Act).

b. Service Coordination

i. A minimum of four hours per week of onsite Service Coordination provided by the service coordinator for properties with up to 20 Units set aside for Households with Special Housing Needs, with an additional one hour per week for every five Units over 20. Service coordinator must be in addition to the property manager and property management site staff. Duties of the service coordinator include, but are not limited to:
   - Providing residents with information about available onsite and community services;
   - Assisting residents in accessing available services through referral and advocacy;
   - Arranging for access to transportation; and
   - Organizing community-building and/or other enrichment events for residents (i.e. holiday events, resident counsel, etc.)

ii. Adequate space to meet with residents that provides for confidential conversations and maintenance of secure records.
iii. Appropriate space reserved for the delivery of supportive services.
iv. Access to telephone and internet services when meeting with residents for the purpose of coordinating services. Use of a smart phone and tablet is acceptable.
v. Meeting with residents requiring services within 60 days of move-in and semi-annually thereafter.
vi. Provide follow up as needed to address residents' needs.
vii. Conduct an annual survey regarding need for and satisfaction or dissatisfaction with the service coordination, including coordinated services.

c. Coordinated Services-

i. Immediately following the issuance of a certificate of occupancy, implementation of at least two services/programs to be offered on-site on a monthly or quarterly basis.

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'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.).

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 services offered 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~~ selection criterion and any services proposed in the Application 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 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's advance approval).

2. Projects Reserved for Seniors Housing Priority

"Senior Housing" means Projects that qualify for an exemption from familial status discrimination under the Fair Housing Act. To qualify for this exemption, Projects must be:

• Provided under any state or federal program that HUD has determined to be specifically designed and operated to assist elderly Persons (as defined in the state or federal program); or

• Intended for, and solely occupied by Persons 62 years of age or older; or

• Intended and operated for occupancy by Persons 55 years of age or older in compliance with the Housing for Older Persons Act (HOPA), 24 CFR Part 100 Final Rule.

a. Fair Housing

All Projects shall comply with Federal Fair Housing requirements. Any limitation or preference must not violate nondiscrimination requirements. A limitation does not violate nondiscrimination requirements if the Project also receives funding from a federal program that limits eligibility to a particular segment of the population (e.g., the Section 202 program or the Housing for Older Persons Act).

Applicants are required to submit a Fair Housing Act Certification.

b. Land Use Restriction Agreement

The requirements of this ~~scoring~~ selection criterion and any services proposed in the Application 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 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's advance approval).

3. Households with Children Housing Priority

Twenty-five percent of all Units are reserved for Households with Children.

The Applicant must provide a description of the Project's specific design elements that serve the needs of Households with Children.

In addition to meeting the Design Standards, for new construction Projects, at least:

- 10% of the total Units must have three or more bedrooms with at least two bathrooms, one of which must contain four pieces (bathtub, shower (or bathtub/shower combo), sink, and toilet) and the other must contain at least three pieces (sink, toilet and bathtub or shower)

- and a further 15% of the total Units must have two bedrooms with at least two bathrooms, one of which must contain four pieces (bathtub, shower (or bathtub/shower combo), sink, and toilet) and the other must contain at least three pieces (sink, toilet and bathtub or shower).

For rehabilitation Projects, at least:

- 30% of the total Units must have at least two bedrooms.

For Projects that combine rehabilitation and new construction:

- All newly constructed two- and three or more bedroom Units must have two bathrooms, one of which must contain four pieces (bathtub, shower (or bathtub/shower combo), sink, and toilet) and the other must contain at least three pieces (sink, toilet and bathtub or shower)

- Two- and three- or more bedroom Units must be added until the percentages required for new construction Projects are met for the Project overall.

a. Fair Housing

All Projects shall comply with Federal Fair Housing requirements. Any limitation or preference must not violate nondiscrimination requirements. A limitation does not violate nondiscrimination requirements if the Project also receives funding from a federal program that limits eligibility to a particular segment of the population (e.g., Housing Opportunity for Persons Living with AIDS program, the Section 202 and Section 811 programs or the Housing for Older Persons Act).

b. Land Use Restriction Agreement

The requirements of this ~~scoring~~ selection criterion and any services proposed in the Application 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 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's advance approval).

4. Labor Force Housing

Projects may provide housing for the labor force in lieu of housing to serve one of the three priority populations listed previously in this section if the project is located in a highly urbanized area within the jurisdictional boundaries of Santa Fe, Albuquerque or Las Cruces and a need for housing for the local labor force is supported by the market study. Qualifying Projects must provide efficiency, one-bedroom and/or two-bedroom Units designed to serve the local labor force. The market analyst must consider the following demographic criteria in the census tract when determining whether an area is highly urbanized:

- Population per square mile
- Ratio of single-family vs multifamily housing
- Percentage of units occupied by non-family households
- Percentage of units occupied by seniors

- Percentage of units occupied by children
- Household size
- Public transportation available

a. Fair Housing

All Projects must comply with Federal Fair Housing requirements. Any limitation or preference must not violate nondiscrimination requirements. A limitation does not violate nondiscrimination requirements if the Project also receives funding from a federal program that limits eligibility to a particular segment of the population (e.g., Housing Opportunity for Persons Living with AIDS program, the Section 202 and Section 811 programs or the Housing for Older Persons Act).

b. Land Use Restriction Agreement

The requirements of this selection criterion and any services proposed in the Application 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 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's advance approval).

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

Projects must commit to market the Units to households listed on public or Indian housing agency waiting lists. A letter to the Public Housing Authority (PHA) or Tribally Designated Housing Entity (TDHE) that serves the jurisdiction of the proposed site verifying this commitment is required.

E. Non-Smoking Properties

All LIHTC Projects are required to participate in the New Mexico Smoke-Free at Home program. More information on the certification programs may be found at https://www.smokefreeathomenm.org/get-certified-today/. In order to receive Certification, Applicants will be required to complete three steps as detailed on the Smoke-Free at Home website, including the submission of a Letter of Intent, a Lease Addendum, and a Violation Policy. Projects must indicate a commitment to provide one

of the following certifications and submit proof of certification with the Project's 8609 Application:

1. Smoke-Free at Home NM Platinum Certification (new construction Projects which do not allow any smoking or use of electronic cigarettes at any time on any part of the property);
2. Smoke-Free at Home NM Gold Certification (applies to, rehabilitation and/or Adaptive Reuse Projects and no smoking or use of electronic cigarettes is permitted at any time on any part of the property).

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

F. Veterans Preference

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

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

VI. Underwriting Criteria

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

VII. General

A. New Allocations to Projects Previously Subsidized with Tax Credits

Existing Projects that previously received tax credit allocations and are eligible under Code Section 42(d)(2) for new acquisition tax credits may apply for a current allocation. However, because of prior subsidy investment in the Project and the scarcity of the resource and to ensure that the subsidy is not being used primarily for ownership transfer, previously subsidized Projects must demonstrate: 1) a real risk of loss of affordable Units, and 2) an addition of significant improvements and services

to enhance livability for the tenants. These may qualify for standard tax credit applicable percentages.

B. Property Standards

All Projects must conform to the ~~2026~~2027 Mandatory Design Standards for Multifamily Housing, which are hereby incorporated into this QAP at Appendix D.

C. Termination of Determination of Qualification or Rejection of Applications

Any of the following events or actions on the part of the Applicant at any time subsequent to the Initial Application may cause the Application to be rejected or the Reservation to be terminated in Housing New Mexico's sole discretion:

1. Loss of site control or site change

2. Submission of any false or fraudulent information in the Application or in other submissions

3. Failure to meet the conditions and directives in this QAP, the Reservation Letter, and all appendices to this QAP.

4. Subsequent regulations issued by U.S. Department of Treasury or the IRS pertaining to the Code

5. Failure to promptly notify Housing New Mexico of any material or adverse changes in the facts of the original Application pursuant to Section VII.D 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~~ selection of the Application or which was not approved in advance by Housing New Mexico

8. Debarment from HUD, Housing New Mexico or other federal programs, bankruptcy, criminal indictments or convictions, poor performance on prior Housing New Mexico or HUD-financed Projects (including but not limited to late payments within the 18 month period prior to the Application Deadline, misuse of reserves and/or other Project funds, default, fair housing violations, non-compliance [e.g. with the terms of LURAs on other Projects,] failure to meet development deadlines or documentation requirements) on the part of any development team member or Project Owner or Principal

9. Change in the federal Set-Aside Election or other set-aside proposed in the Initial Application, subsequent to the Application Deadline

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

It is Applicant's responsibility to notify Housing New Mexico 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's approval of such changes. Failure to notify Housing New Mexico may result in the rejection of an Application or tax credit allocation. Approval of such changes will be made in Housing New Mexico's sole discretion and the change may result in a change in the tax credit amount or other action by Housing New Mexico. A $500 fee payment is required at the time of the request for approval of any changes in accordance with Section III.C.

Examples of changes of which Housing New Mexico must be notified:

1. Site control or rights of way are lost or at risk of loss;

2. Project costs change in excess of 5% of the Total Development Cost subsequent to Initial Application submission;

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

4. Development cost contributions made by a state, local or tribal governmental Entity are reduced, increased, withdrawn or substituted with other types of contributions than the ones originally proposed in the Application;

5. The syndication payment timing and/or net proceeds change from those stated in the Initial Application submission;

6. The parties [other than the limited partner(s) formation] involved in the ownership Entity as represented in the Application change;

7. Changes to Project design, Unit design, square footage, Unit mix, number of Units, number of buildings, 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 in its reasonable judgment.

E. Notice Provisions

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

F. Applications are Public Records

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

After award, all Applications are open to the public for inspection and copying. Applicants must redact confidential and personal identifier information from documents if the information is not specifically required by Housing New Mexico.

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.

G. Attorney Fees

Any and all attorney fees incurred by Housing New Mexico 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, if it is the prevailing party, shall be entitled to be awarded its reasonable attorney fees, costs and expenses incurred from the opposing party, regardless of which party initiated the litigation, arbitration or other proceeding.

H. Audit Requirements

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

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

- an on-site inspection of all buildings;
- a review of all records and certifications and other documents supporting criteria for which the Project Owner received points in the Application for an allocation of tax credits;
- audit of all costs of a Project, including invoices, all third-party contracts, e.g., construction contract(s), management contract(s), architect and other professional contract(s), all construction pay applications and back up documentation (including, but not limited to, subcontractor invoices), and any other documents deemed necessary to perform the above;
- an audit of records of the process used to select general contractors (including any RFPs and Proposals).
- a review of written communication with selected general contractor regarding required Cost Certification upon Project completion.

I. Compliance Plan

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

VIII. Tax Credit Monitoring and Compliance Plan Summary

A. General Requirements

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

Housing New Mexico 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 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, through Housing New Mexico'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

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 that the Project meets the requirements of the Code, whichever set-aside is applicable to the Project. Failure to make this certification is deemed as noncompliance and is reportable to the IRS. This annual certification requires the Project Owner to certify that:

1. The Project meets the minimum requirements of the set-aside election
2. If the Project is an Average Income Test project, the owner has met the qualified group of units to satisfy the Average Income Test. The owner has met the qualified group of units to determine the applicable fraction. There have been no changes to the unit designation this year.
3. There has been no change in the Applicable Fraction (as defined in Section 42(c)(1)(B) of the Code) for any building in the Project.
4. The owner has received an annual Tenant Income Certification from each Low-Income Tenant and documentation to support that certification, or the owner has obtained self-certifications based on HERA rules.
5. Each Low-Income Unit is rent restricted under Section 42(g)(2) of the Code.

6. All low-income units in the project are and have been for use by the general public and used on a non-transient basis (except for transitional housing for the homeless provided under Section 42 (i)(3)(B)(iii) of the Code).

7. No finding of discrimination under the Fair Housing Act, 42 U.S.C 3601-3619, has occurred for this project. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C 3616a(a)(1), or an adverse judgment from a federal court.

8. Each building in the project is and has been suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low income unit in the project.

9. There has been no change in the eligible basis (as defined in Section 42(d) of the Code) of any building in the project since last certification submission.

10. All tenant facilities included in the eligible basis under Section 42(d) of the Code of any building in the project, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups, and appliances were provided on a comparable basis without charge to all tenants in the buildings.

11. If a low-income unit in the project has been vacant during the year, reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income.

12. If the income of tenants of a low-income unit in any building increased above the limit allowed in Section 42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size in that building was or will be rented to residents having a qualifying income.

13. An extended low-income housing commitment as described in Section 42(h)(6) was in effect, including the requirement under Section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s. Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher and the project otherwise meets the provisions, including any special provisions,

as outlined in the extended low-income housing commitment (not applicable to buildings with tax credits from years 1987-1989).

14. The owner received its credit allocation from the portion of the state ceiling set-aside for a project involving "qualified non- profit organizations" under Section 42(h)(5) of the code and its Non-Profit entity materially participated in the operation of the development within the meaning of Section 469(h) of the Code.

15. There has been no change in the ownership or management of the project.

16. The owner has obtained accurate, allowable, current utility allowances for use in the calculation of rents for the project. In addition, the owner acknowledges this process to be an annual requirement of the LIHTC program and certifies to adhere to this requirement for the duration of the compliance period for the project.

17. For the proceeding 12-month period (pursuant to IRS Revenue Ruling 2004-82) the owner has complied with §42(h)(6)(E)(ii)(I) that an existing tenant of a low-income unit has not been evicted or had their tenancies terminated for anything other than good cause.

18. The owner has complied with § 42(h)(6)(E)(ii)(II) and not increased the gross rent above the maximum allowed under § 42 with respect to any low-income unit.

19. The project has complied with the Violence Against Women Act (VAWA), which provides protections for residents and applicants who are victims of domestic violence, dating violence or stalking, and any other situation or incidence mandated by VAWA. Compliance requirements mandated by VAWA include, but are not limited to, honoring civil protection orders, eviction protection and bifurcation of lease when necessary.

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

21. The owner is compliance with all agency mandated tenant protections and any applicable protections required by state or local landlord-tenant laws or rules

22. The owner continues to comply with all terms it agreed to in its application for Credit authority, including all federal and state-level program requirements and any commitments for which it received points or other preferential treatment in its application.

23. The property has not suffered a casualty loss resulting in the current displacement of residents.

24. The owner has not initiated foreclosure or instrument in lieu of foreclosure since the completion of the last Certification of Continuing Program Compliance.

25. If applicable, the property has completed the annual service coordination requirements per the LURA including on site office hours, providing coordinated services and conducting an annual survey.

26. If applicable, the property has completed PSH Commitment to Quality checklist for every Permanent Supportive Housing for each qualified household.

27. If applicable, the property has provided all required service enrichments according to the schedule listed in the LURA with lapses in services no greater than 30 days and has current Memorandums of Understanding with all Service Providers.

28. The property is incompliance with the Smoke Free at Home Program.

29. If applicable, the property has all required special needs units filled or offered all vacancies that came available in the last year to the Local Lead Agency on a priority basis in compliance with requirements for the Special Needs Housing Priority.

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

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

E. Compliance Review

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

Housing New Mexico 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 202~~5~~7, 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~~5~~7, 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 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'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 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).

Allocation Review Committee (ARC) - a committee appointed by the Chairman of the Housing New Mexico 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 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's file sharing site https:/.internal.housingnm.org/SFT_HD/ any additional documentation requested in the Initial Application Package, Placed In Service package and Final Allocation package, as well as any supplemental materials requested by Housing New Mexico. They must be submitted to Housing New Mexico in accordance with the QAP in order to apply for the Tax Credit Program.

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

Application Package - the forms, schedules, checklists, exhibits uploaded to Housing New Mexico's file sharing site: https:/.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 as described in Section III.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.

Board of Directors (Board) – Housing New Mexico'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 Identification Number (BIN) – Housing New Mexico issues a number to identify each building in the Project so the Owner can claim LIHTC from the IRS. Housing New Mexico only issues BINs for complete buildings and does not issue separate BINs by floor or due to separate permits being issued. The only exception is when a Hybrid 9%/4% Development requires separate BINs for each portion of a single building with a

condominium plat to separate the portions of the building that are under separate ownership.

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, 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.

Casualty - A casualty loss can result from the damage, destruction, or loss of your property from any sudden, unexpected, or unusual event such as a flood, hurricane, tornado, fire, earthquake, or volcanic eruption. A casualty does not include normal wear and tear or progressive deterioration.

Code –Section 42 of the Internal Revenue Code of 1986, as in effect on the date of the QAP, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued with respect thereto by the U.S. Department of Treasury or the Internal Revenue Service of the U.S.

Complete Application – an Initial Application meeting all of the requirements in Section III.B.4.

Compliance Monitoring – the Agency's procedure, as required by the Code and detailed in Housing New Mexico'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, 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 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, 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 as reasonable and necessary. Such costs may include, but are not limited to:

1. The cost of acquiring real property and any building thereon, including payment for options, deposits or contracts to purchase properties.
2. The cost of site preparation and development.
3. Any expenses relating to the issuance of tax-exempt bonds or taxable bonds by the Agency, if any, related to the Project.
4. Fees in connection with the planning, execution and financing of the Project, such as those of architects, engineers, attorneys, accountants and the Agency.
5. The cost of studies, surveys, plans, permits, insurance, interest, financing, tax and assessment costs and other operating and carrying costs incurred during construction, rehabilitation or reconstruction of the Project.
6. The cost of the construction, rehabilitation and equipping of the Project.
7. The cost of land improvements, such as landscaping and off-site improvements related to the Project, whether such costs are paid in cash, property or services.
8. Expenses in connection with initial occupancy of the Project.
9. Allowances established by the Agency for working capital, contingency reserves and reserves for any anticipated operating deficits during the first two years after completion of the Project.
10. The cost of such other items, including relocation cost, indemnity and surety bonds, premium on insurance and fee and expenses of trustees, depositories and paying agents for bonds.

Difficult Development Area or DDA – any area designated by the secretary of HUD as having high construction, land and utility costs relative to Area Median Income in accordance with Section 42(d)(5) of the Code.

Eligible Application or **Eligible Project** – an Application or Project which has met all minimum Project threshold requirements.

Eligible Basis – the sum of the eligible cost elements that are subject to depreciation, such as expenditures for new construction, rehabilitation and building acquisition.

Entity - any General Partnership, limited partnership, corporation, joint venture, trust, limited liability company, limited liability partnership, limited liability limited partnership, business trust, cooperative or other business association.

Extended Use Period – with respect to any building that is included in a LIHTC Project, the period of affordability **following** the initial 15-year Compliance Period during which time the Project continues to be restricted to affordable low-income housing. The minimum Extended Use Period required by Code is fifteen years. Compliance Period plus Extended Use Period equals Affordability Period.

Feasibility Analysis – a financial analysis based on rules established by the IRS and Housing New Mexico 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 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.

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.

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 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 pursuant to Section 42(m)(1)(D) of the Code advising the Project Owner that Housing New Mexico 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 three 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 Housing New Mexico 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'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 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 Housing New Mexico ~~Housing~~ (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's mandatory Design Standards. For example, a change in building area, Unit areas, Unit counts, amenities, parking quantities, landscaping scope, energy performance, water usage, quality of construction or specification would each constitute a material change.

Moderate Rehabilitation – repairs, replacements and improvements that do not fall into Substantial Rehabilitation as defined herein or where the work is limited to level two (2) alterations (as described by Enterprise Green Communities Criteria.) Level two alterations include the reconfiguration of space, the addition or elimination of any door or window, the reconfiguration or extension of any system, does not include the replacement of two

or more major systems or the installation of any additional equipment. A Project where the work area does not exceed 50% of the aggregate area of the building (the work scope is less than an ICC level three alteration.)

Net Square Footage - the total number of square feet within the inside finished wall surface of the outer walls of a structure. This measurement generally excludes non-rentable areas such as common areas, hallways, and mechanical rooms.

New Mexico Housing Authority (NMHA) – any public housing authority legally established in the state of New Mexico.

Person - any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits; and, unless the context otherwise requires, the singular shall include the plural, and the masculine gender shall include the feminine and the neuter and vice versa, as the context within this QAP may call for.

Placed In Service – the date on which the first Unit of a new construction Project is certified or otherwise officially declared as available for occupancy as evidenced by the Certificate of Occupancy. For rehabilitation Projects, it is the date of the Certificate of Substantial Completion. For acquisitions of existing Projects, it is the date of purchase by a new Project Owner.

Principal – an Applicant, any General Partner of an Applicant, and any officer, director, board member or any shareholder, General Partner, managing member or Affiliate of an Applicant. It also includes any Entity receiving any part of a Developer fee for a Project. For Project compliance purposes (**Section IV.E**), 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."

Rural Development or RD or USDA (previously called "Farmer's Home Administration" or "FMHA" of the U.S. Department of Agriculture) means Rural Development or other Agency or Instrumentality created or chartered by the U.S. to which the powers of RD have been transferred.

Section 811 Project-based Rental Assistance Demonstration Program (Section 811 PRA) – The purpose of the Section 811 PRA is to expand the supply of supportive

housing that promotes and facilitates community integration for people with significant and long-term disabilities. Section 811 PRA provides a project-based rent assistance subsidy that covers the difference between the tenant payment and the approved contract rent. Tenants pay 30 percent of their adjusted gross income for rent and utilities. Tenant referrals and service providers are coordinated by the Department of Human Services (DHS) and Local Lead Agencies (LLAs). For more information go to: https://housingnm.org/property-owners-agents-and-managers/section-811-project-rental-assistance

Senior Housing – Projects that qualify for an exemption from familial status discrimination under the Fair Housing Act. To qualify for this exemption, Projects must be: (i) provided under any state or federal program that HUD has determined to be specifically designed and operated to assist elderly Persons (as defined in the state or federal program); or (ii) intended for, and solely occupied by Persons 62 years of age or older; or (iii) intended and operated for occupancy by Persons 55 years of age or older in compliance with the Housing for Older Persons Act (HOPA), 24 CFR Part 100 Final Rule.

Set-Aside Election – the federally imposed minimum proportion of total Project Units set-aside as Low-Income Units at one or more Area Gross Median Income level(s). This election is made by the Applicant and meets the minimum requirements of Code Section 42: larger proportions of Units are generally set-aside by the Applicant and restricted in the LURA.

Set-Aside Units those Units eligible for Low-Income housing tax credits.

Special Needs – see definition above under Households with Special Housing Needs.

State-Assisted Building – any building which is substantially assisted, financed or operated under any state law similar in purposes to Section 8 of the United States Housing Act of 1937, Section 221(d)(3), Section 221(d)(4) or 236 of the United States Housing Act, Section 515 of the Housing Act of 1949 or any other program administered by HUD or by the USDA Rural Housing Service.

Substantial Rehabilitation – commonly referred to as a "gut" rehabilitation and includes the replacement and/or improvements to at least two (2) major systems of the building, including its envelope. Major building systems include roof structures, wall or floor structures, foundations, plumbing, heating, ventilating and air conditioning (HVAC) and electrical systems. The building envelope is defined as the air barrier and thermal barrier separating exterior from interior space. A Substantial Rehabilitation also includes a Project where the work area exceeds 50% of the aggregate building area (an ICC level 3 alteration Scope of Work.)

Tax Credit Ceiling Rents – the maximum rent that may be charged for a Rent Restricted Unit.

Tenant Conversion Plan – a written plan acceptable to Housing New Mexico, 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.

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~~ 2027 Housing New Mexico Universal Multifamily Underwriting Supplement
D. ~~2026~~ 2027 Housing New Mexico Design Standards
E. ~~2026~~ 2027 Housing New Mexico Design Standards – Supplement A – NHTF Requirements
F. ~~2026~~ 2027 4% LIHTC Universal Rental Development Application Form and Schedules
G. NCHMA Model Content Standards
H. RESERVED

I. ~~2026~~ 2027 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 form of Attorney Opinion
    h. Form 8609 Certification
    i. As-Built Architect Certification
    j. Lender's Consent and Agreement to Recording of and Subordination to Land Use Restriction Agreement
    k. Project Ownership Profile
    l. Sample LIHTC LURA
    m. Sample Equity Certification Letter

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

K. Annual Owners Certification of Continuing Program Compliance, as may be amended



Post-Award Processes and Requirements Handbook

State of New Mexico
9% Low-Income Housing Tax Credit Program

Effective as of December 1, 2025~~5~~6

Approved by Board of Directors on October 21~~15~~, 202~~69~~
Approved by the Honorable Governor Michelle Lujan Grisham on October __, 202~~56~~

Housing New Mexico | New Mexico Mortgage Finance Authority (MFA)
7425 Jefferson St. NE, Albuquerque, NM 87109 | housingnm.org | 505-843-6880

EQUAL HOUSING OPPORTUNITY

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I. Introduction

This Post-Award Processes and Requirements Handbook ("Handbook") is an appendix to the ~~2026~~ 2027 9% 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") allocation decision in the form of a Reservation Letter. Housing New Mexico anticipates Reservation Letters will be delivered in May ~~2026~~2027, shortly after approval of tax credit awards at the May ~~2026~~2027 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, 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, it is not expected that Housing New Mexico's consent will be granted for such transfers unless a new Application is submitted and scores no less than the original Application, and the transfer would result in a benefit to the Project.

II. Post Award Submittals

From the date of the Reservation, the Applicant must continue to timely remit all tax credit program related fees and meet each of the deadlines specified below for follow up activity in order to maintain its Reservation or Carryover Allocation. **Housing New Mexico 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 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~~2027 9% QAP. The requirements shown in the ~~2026~~2027 9% QAP, the Design Standards and the Underwriting Supplement (as defined in the ~~2026~~2027 9% QAP) also apply to submittals described in this Handbook.

A. At Reservation

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

B. ~~Quarterly~~ Progress Reports

All 9% Projects must submit a quarterly progress report to Housing New Mexico on or before March 31st, June 30th, September 30th, and December 31st each year, beginning with March 31st after the allocation year until construction start, and continuing after construction until the Final Allocation Application has been submitted. The information to be covered in the progress reports will be provided on Housing New Mexico's website. During construction, copies of all architect field reports are required in lieu of the quarterly progress report. 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's website) including:

a. Updated Development Project Application Form and Schedules A-F, dated as of the submission date.
    ~~a.~~ Any changes from the Initial Application must be highlighted in yellow. Any change to the development team, construction drawings or changes in costs greater than 5 percent requires submission of a narrative discussing each change (from $XX to $YY) and the reason(s) for the change. Rents on Schedule B must be updated.
b. Columns A and B of the Assignment of Building Identification Numbers form.

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

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

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

Concurrent with, or subsequent to the Carryover Application, if there is a change to a key member of the development team (Developer, Project Owner, General Partner, contractor, management company, consultant(s), architect, attorney and accountant, etc.), the project must supply Housing New Mexico 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'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 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'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 review for compliance with the Design Standards. Housing New Mexico 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 will review the CNA for completeness, consistency with the Application and compliance with the Design Standards.

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

1. **Prior to commencing construction:**

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

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

~~b.~~c. 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.

~~c.~~d. Applicants must close on all Project financing (except the permanent mortgage) and record the LURA in a superior lien position to all permanent financing.

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. 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.10 of the ~~2026~~2027 QAP.

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

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

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

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

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 that construction of the Project has begun. This will include, at a minimum, building permits and site photographs. If available, Applicant shall also submit a copy of the general contractor's application and certificate for payment.

b. The Applicant must deliver an executed partnership agreement.

c. Qualified Nonprofit Organization Eligible Projects included in the federal set-aside (as defined in the Code Section 42(h)(5)(C)) must deliver the Partnership Agreement with all attachments and exhibits thereto. (Required for all Projects awarded points under Section V.A of the ~~2026~~2027 QAP.)

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

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

G. At or around the 50% construction completion mark

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

- Related Party Affidavit for the Management Agent
- Compliance Affidavit for the Property Management Agent
- Property Management Agent resume
- Schedule I for the Property Management Agent

- Memorandums of Understanding (MOUs) or service contracts memorializing the service commitments in the Initial Application, if not previously provided.
- Updated Service Provider resumes

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

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

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

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

In addition, upon receipt of an invoice, ~~P~~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).

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

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

The Placed In Service Application includes:

- Updated Housing New Mexico 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.~~J. 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 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.~~K. 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's loans can be adjusted prior to the Final Allocation Application submission. If the Project Owner fails to notify Housing New Mexico 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.~~L. ~~120 calendar days~~One Year following the date the last building was Placed In Service~~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~~one year following the date the last building was Placed In Service, ~~close of the Project's first taxable year of the Credit Period,~~ the Project Owner must submit a complete Final Allocation Application, containing all items in the Final Allocation checklist, which include, among other items, the following:

~~1. Payment to New Mexico Mortgage Finance Authority (with tax credit project number and "HTC Compliance Fee") noted on payment, in the amount of the total number of LIHTC Units multiplied by $50, for the first year's compliance~~

~~monitoring fee (Owner may also elect to pay Compliance Fees for the entire 15-year Compliance Period).~~

~~2.~~1. Complete an updated Housing New Mexico 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.

~~3.~~2. A completed and fully executed Schedule "M" Addendum for Final Allocation.

~~4.~~3. 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.~~4. 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 IV of this Handbook. 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

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

~~6.~~5. Copy of the signed cost certifications submitted to FHA, lenders, or RD (FmHA), as applicable.

~~7.~~6. 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.~~7. 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.

~~9.~~8. As-Built Site Plan, Building Floor Plans, and Unit Plans

~~10.~~9. Fully executed final contractor's application and certificate for payment, AIA doc. G702 or equivalent, indicating all hard Construction Costs for the Project.

~~11.~~10. Updated cash flow analysis (15-year pro forma).

~~12.~~11. Complete (with all exhibits attached) copy of the executed partnership or operating agreement.

~~13.~~12. 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.

~~14.~~13. 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.~~14. Copy of the Recorded Land Use Restriction Agreement (LURA).

~~16.~~15. Fully executed promissory note between Project Owner and Developer for deferred developer fee, if any.

~~17.~~16. HERS Report/Certification prepared and executed by a qualified third-party HERS rater.

~~18.~~17. Copy of the current rental assistance contract, if applicable.

~~19.~~18. Copy of New Mexico Smoke Free at Home certification, as applicable.

~~20.~~19. Evidence that the Project is located within a ~~2026~~2027 QCT/DDA, if applicable.

III. Cost Certification

A. Applicability of Cost Certification

Prior to the issuance of a LIHTC certification (IRS Form 8609), Housing New Mexico 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 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.
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 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 and during the entire term of the Compliance and Extended Use Periods, Housing New Mexico 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'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 may audit all costs of a Project, including invoices, all third-party contracts, e.g., construction contract(s), management contract(s), architect and other professional contract(s), all construction pay applications and back up documentation (including, but not limited to, subcontractor invoices), and any other documents deemed necessary to perform the above.

Additionally, all Projects must maintain records of the process used to select general contractors (including any RFPs and Proposals). Written communication with selected

general contractor regarding required Cost Certification upon Project completion should be retained.

V. Recycled Allocations

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

- The Project Owner pays the $500 fee due for requests for changes to a Project;
- No changes to the Project (i.e., design, financing, etc.) have occurred without Housing New Mexico'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~~ 2027 will not participate in the ~~2026~~ 2028 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~~2028, and receive no further opportunity to recycle the tax credits (e.g., if ~~2023~~ 2025 LIHTC are returned in December ~~2025~~ 2027 in exchange for ~~2025~~ 2027 tax credits, the Project will place in service by December 31, ~~2026~~2028).
- Housing New Mexico 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.



Post-Award Processes and Requirements Handbook

State of New Mexico
4% Low-Income Housing Tax Credit Program

Effective as of December 1, 2025~~5~~6

Approved by Board of Directors on October ~~15~~21, 2025~~6~~
Approved by the Honorable Governor Michelle Lujan Grisham on October __, 2025~~5~~6

Housing New Mexico | New Mexico Mortgage Finance Authority (MFA)
7425 Jefferson St. NE, Albuquerque, NM 87109 | housingnm.org | 505-843-6880

EQUAL HOUSING OPPORTUNITY

~~2026~~2027 4% LIHTC Post-Award Processes and Requirements Handbook

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I. Introduction

This Post-Award Processes and Requirements Handbook ("Handbook") is an appendix to the ~~2026~~2027 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") allocation decision in the form of a 42(m) Letter (also known as a Determination of Qualification).

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, it being the explicit intention of the QAP to prevent one party from obtaining such a 42(m) Letter in order to sell or broker its interest in the proposal (except for syndication purposes). Because all representations made with respect to the Project Owner, Application, Developer or related party or Entity, or any member of the development team, their experience and previous participation are material to the evaluation made by Housing New Mexico, it is not expected that Housing New Mexico's consent will be granted for such transfers unless a new Application is submitted and scores no less than the original Application, and the transfer would result in a benefit to the Project.

II. Post Award Submittals

From the date of the issuance of a draft 42(m) Letter, the Applicant must continue to timely remit all tax credit program related fees and meet each of the deadlines specified below for follow up activity in order to maintain its compliance with the ~~2026~~2027 4% QAP. **Housing New Mexico has no obligation to provide any further notice to Applicants of these requirements and failure to submit any one or more of the items may cause the 42(m) Letter to be rescinded.** All submissions must be uploaded to Housing New Mexico's Secure File Transfer-HD file sharing site following the "Form of Submission" requirements shown in Section III.B.3 of the ~~2026~~2027 4% QAP. The requirements shown in the ~~2026~~2027 4% QAP, the Design Standards and the Underwriting Supplement (as defined in the ~~2026~~2027 4% QAP) also apply to submittals described in this Handbook.

A. Upon Receipt of 42(m) Letter

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

of private activity bond volume cap remains valid. Beginning seven months after the date the final 42(m) Letter is issued, a $2,500 per week extension fee will be assessed until the Project closes on all construction period financing and begins construction.

~~Quarterly~~ Progress Reports

All 4% Projects must submit a quarterly progress report to Housing New Mexico on or before March 31st, June 30th, September 30th, and December 31st each year, beginning with the first of these dates after volume cap has been allocated until construction start ~~March 31st after the allocation year~~, and continuing after construction until the Final Allocation Application has been submitted. The information to be covered in the progress reports will be provided on Housing New Mexico's website. During construction, copies of all architect field reports are required in lieu of the quarterly progress report. 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.

B. Design Review and Construction Inspections

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

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

~~b.~~c. 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.

~~c.~~d. Applicants must close on all Project financing (except the permanent mortgage) and record the LURA in a superior lien position to all permanent financing.

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. 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.9 of the ~~2026~~2027 QAP.

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

C. Construction Start:

1. The Applicant must deliver evidence acceptable to Housing New Mexico that construction of the Project has begun. This will include, at a minimum, building permits and site photographs. If available, Applicant shall also submit a copy of the general contractor's application and certificate for payment.
2. The Applicant must deliver an executed partnership agreement.
3. If federal historic tax credits are included in the financing structure of the Project, evidence of National Park Service approval of the Project's historic certification – part 2 must be submitted.
4. The Applicant must deliver evidence that the Project Owner has taken ownership of the land and, if applicable, depreciable real property, that is expected to be part of the Project. For tribal Projects, this would include fully executed master and sub-lease agreements with evidence of filing with the Bureau of Indian Affairs.
5. Applicant must deliver evidence of written approval to begin construction from Housing New Mexico's Architectural Services Representative.

D. At or around the 50% construction completion mark

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

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

~~E. 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.~~

~~F.~~E. 30 days after the Project is Placed In Service

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

The Placed In Service Application includes:

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

First year compliance and monitoring fees are also due at this time. Upon receipt of an invoice from Housing New Mexico, send p~~P~~ayment 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

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the first year's compliance monitoring fee (Owner may also elect to pay Compliance Fees for the entire 15-year Compliance Period).

~~G.~~F. 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 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.

~~H.~~G. ~~120 calendar days~~One year following the date the last building is Placed In Service~~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~~one year following the date the last building is Placed In Service, ~~close of the Project's first taxable year of the Credit Period,~~ the Project Owner must submit a complete Final Allocation Application, containing all items in the Final Allocation checklist, which include, among other items, the following:

~~1. Payment to New Mexico Mortgage Finance Authority (with tax credit project number and "HTC Compliance Fee") noted on payment, in the amount of the total number of LIHTC Units multiplied by $50, for the first year's compliance monitoring fee (Owner may also elect to pay Compliance Fees for the entire 15-year Compliance Period).~~

~~2.~~1. Complete an updated Housing New Mexico 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.

~~3.~~2. A completed and fully executed Schedule "M" Addendum for Final Allocation.

~~4.~~3. 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.~~4. 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 IV of this Handbook. 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

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

~~6.~~5. Copy of the signed cost certifications submitted to FHA, lenders, or RD (FmHA), as applicable.

~~7.~~6. 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.~~7. 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.

~~9.~~8. As-Built Site Plan, Building Floor Plans, and Unit Plans

~~10.~~9. Fully executed final contractor's application and certificate for payment, AIA doc. G702 or equivalent, indicating all hard Construction Costs for the Project.

~~11.~~10. Updated cash flow analysis (15-year pro forma).

~~12.~~11. Complete (with all exhibits attached) copy of the executed partnership or operating agreement.

~~13.~~12. 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.

~~14.~~13. 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.~~14. Copy of the Recorded Land Use Restriction Agreement (LURA).

~~16.~~15. Fully executed promissory note between Project Owner and Developer for deferred developer fee, if any.

~~17.~~16. HERS Report/Certification prepared and executed by a qualified third-party HERS rater.

~~18.~~17. Copy of the current rental assistance contract, if applicable.

~~19.~~18. Copy of New Mexico Smoke Free at Home certification, as applicable.

~~20.~~19. Evidence that the Project is located within a ~~2026~~2027 QCT/DDA, if applicable.

~~21.~~20. Final executed financing documents from all sources

III. Cost Certification

A. Applicability of Cost Certification

Prior to the issuance of a LIHTC certification (IRS Form 8609), Housing New Mexico 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 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.
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 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 42(m) Letter by Housing New Mexico and during the entire term of the Compliance and Extended Use Periods, Housing New Mexico 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'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 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.



Universal Multifamily Underwriting Supplement

State of New Mexico
Housing Development Programs

Effective as of December 1, 2025~~5~~6

Approved by Board of Directors on October 21~~15~~, 2025~~5~~6
Approved by the Honorable Governor Michelle Lujan Grisham on October __, 2025~~5~~6

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

7425 Jefferson St. NE, Albuquerque, NM 87109 | housingnm.org | 505-843-6880

EQUAL HOUSING OPPORTUNITY

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I. Introduction

This underwriting supplement ("Underwriting Supplement") outlines the standards that Housing New Mexico will use when underwriting Applications submitted for consideration for ~~2026~~2027 LIHTC and gap funding allocations. Housing New Mexico underwrites Applications for two purposes: 1) to determine the amount of credits that may be allocated to each proposed Project and 2) to determine the financial feasibility of each proposed Project. Housing New Mexico will use the most conservative of the financing terms listed in this underwriting supplement, the ~~2026~~2027 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~~2027 QAP Glossary. References to schedules refer to the schedules in part II of the Application.

II. General

A. Awards

Housing New Mexico 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~~2027 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.

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

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

C. Minimum Apartment Unit Set-Asides

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

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.
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.

D. Unit Distributions

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

E. General Public Use – Management Units

Housing New Mexico-approved Management Units set-aside for Project employees (i.e., property managers, maintenance staff, etc.) are not considered residential Units, even if rent is collected on the Unit, but as facilities "reasonably required" for the Project not included in the Applicable Fraction as low-income residential space. Before excluding them from the Applicable Fraction, Management Units must be approved by the Housing New Mexico 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 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 include or consider other criteria to justify exceeding safe harbor limits for fees associated with Projects requiring subsidy layering reviews. Housing New Mexico also may limit Projects to safe harbor limitations for any reason that, in its sole discretion, deems reasonable.

III. Construction Criteria

A. Development Costs

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

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 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.

If the Project is a mixed-use development with commercial and/or market rate residential uses, all costs of each use must be shown and broken out on Schedule A (Development Budget). This level of detail assists Housing New Mexico to understand the entire Project and to determine whether the Project is within the Cost Limits described below.

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 for less than five years before selling the real estate to the Project Owner, the purchase price used to determine the acquisition cost limit will be the lesser of the amount paid at the time of the bridge financing, the Applicant's procured appraisal and the construction lender's appraisal. An appraisal is due with the Initial Application for tax exempt bond financed projects and with the Carryover Application for 9% Projects not claiming points under the Leveraging Resources scoring criterion.

2. Total Development Cost Limits

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

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

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

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

d. Combined Rehabilitation and New construction Projects. For Projects that involve rehabilitation of existing Units, the construction of new Units and/or the Adaptive

reuse of an existing building, the costs will be evaluated based on the track/category selected by the project as described in Section I.D.2 of the 9% QAP and 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.

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

B. Builder profit, overhead and general requirements

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

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

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

C. Architecture and Engineering Fees

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

For LIHTC purposes, this 3.3 percent of Total Development Cost fee limit is a soft cap and any amounts in excess of this cap will not be included in Eligible Basis. Exceptions to the above rules governing Architect and Engineering fees may be granted based on site or Project specifics and in Housing New Mexico'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.F of this Underwriting Supplement 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 results in increased fees for which an exception is being requested constitutes a change to that Project.

D. Construction Contingency

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

IV. Mortgagor Criteria

A. LIHTC Sources

1. Credit Pricing

Housing New Mexico will not use a single credit pricing factor for ~~2026~~2027 Initial Applications. Housing New Mexico ~~has a recommended range of credit of $.85 and $.95 for the credit pricing factor and will~~ underwrites the Project using the factor contained in the letter of interest (LOI) from the proposed credit syndicator or investor based on market conditions.

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 loans.

B. 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
- 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 III.A.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% 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.

C. 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 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

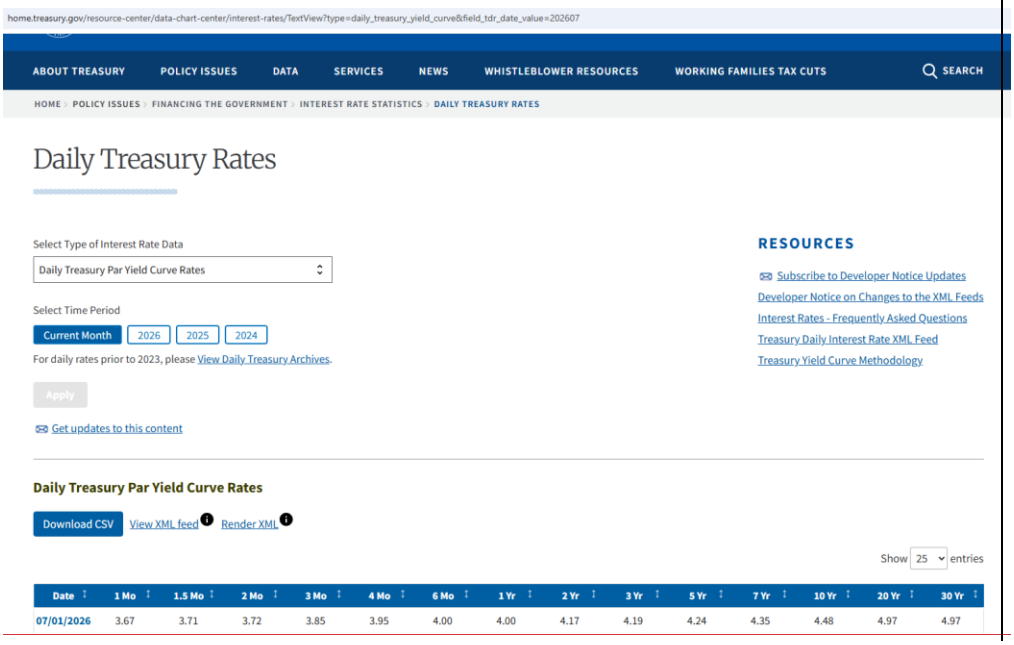
defined in this section. Housing New Mexico may also add a 50-basis point contingency factor at subsequent underwritings based on market trends at that time.

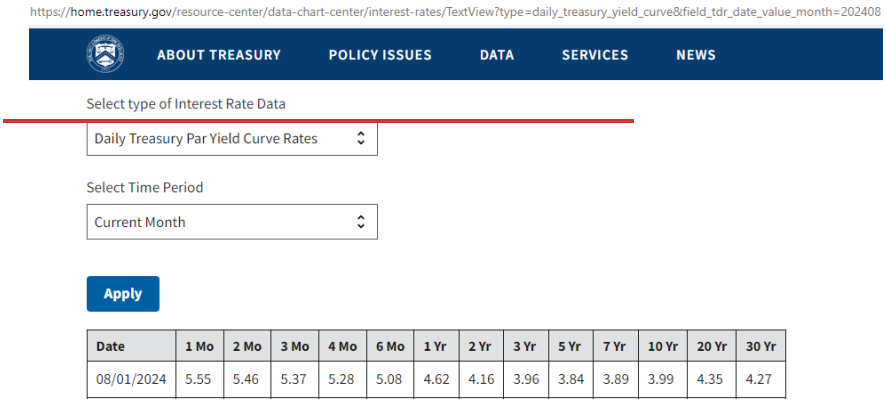
All sources of financing identified on Schedule A-1 must have a Letter of Interest that includes all terms and conditions of the financing.

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. 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~~

https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value=202607

For example:
The 20-Year Constant Maturity date as of ~~August~~ July 1, 2024~~5~~6 was ~~4.35~~4.97%.





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~~8.97% (4.97~~35~~% on ~~August 1, 2024~~July 1, 2026 + 4%).

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

During underwriting, Housing New Mexico 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 HUD 542 (c) Risk Sharing Program loan, as the formula for such rate is based, in part, on a floating index. Housing New Mexico 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 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 servicing fee + 2.00

The current HUD-approved total MIP is 0.25 as of April 1, 2016. As noted above, for underwriting purposes a 50-basis point contingency factor will be added, which shall not cause the all-in rate to exceed the Conservative Interest Rate defined above.

24-month rate locks are also available at an additional 1% fee to the borrower. Payments are interest-only during construction, and amortization occurs over the remaining life of the loan beginning at conversion.

3. Assumed Debt (Rehabilitation Projects)

Any assumed debt must be reflected in Schedule A-1 and Schedule C-1 (cash flow). Any debt to be paid off must be reflected as a use in Schedule A-1. If the debt is in the form of outstanding bonded indebtedness, explain whether bonds are redeemable, callable, and/or refundable. Housing New Mexico 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 financing, must be supported by a Letter of Intent, or other commitment, or Housing New Mexico will not underwrite that source. Housing New Mexico NM Housing Trust Fund loans may be underwritten at 3% interest and up to a 40-year amortization. Housing New Mexico HOME loans will be underwritten per the ~~2026~~2027 HOME/LIHTC terms (provided below) (i.e., as necessary for financing gap) but not to exceed ~~0~~3% 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 will not underwrite non-Housing New Mexico 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 or Ventana Fund loans, please reference the individual loan underwriting requirements on Housing New Mexico's website to ensure compliance.

6. Developer fees

Developer fees for 9% LIHTC projects shall not exceed: 1) $25,000 per low-income unit for the first 30 units, plus 2) $22,500 per low-income unit for units 31 – 60, plus 3) $20,000 per low-income unit for Units 61+, which shall not cause the total Developer Fee to exceed the lesser of $2,500,000 or 14% of Total Development Cost. Developer Fee for 4% LIHTC Projects shall not exceed 14% of Total Development Cost. 9% Projects utilizing Housing New Mexico-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-required Project reserve (see below), may be considered as part of the developer fee, if it is not held for the

benefit of the Project for a minimum of 15 years. For the purposes of these calculations, Total Development Cost is adjusted to exclude developer fees, consultant fees and all reserves.

Notwithstanding the Developer Fee amounts described in the first paragraph of this section, where an Identity of Interest exists between the Developer/Project Owner and the builder, the above-mentioned fee may be further reduced if Housing New Mexico, 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 unless the seller's Identity of Interest is solely due to short-term bridge financing to complete a sale from a non-related arm's length third party to acquire the property in order to prepare it for resyndication and rehabilitation. 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 IV.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 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 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 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.

V. Operating Pro Forma 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~~or projects reserved for seniors, Housing New Mexico will use the market study vacancy factor but not less than 5%.

B. Minimum Debt Service Coverage

Cash flow proformas, during each of the first 15 years, must reflect the ability to repay all must-pay debt with an all-in minimum debt service coverage ratio (DSCR) of 1.20:1.00 or the debt service coverage ratio (DSCR) minimum within the LOI but shall not be underwritten at less than

1.15:1.00[1]. Projects that fail to produce sufficient cash flow may be deemed financially infeasible and may be rejected. Conversely, Housing New Mexico may reduce the Tax Credit award and/or other loans and/or subsidies, increase the interest rate on Housing New Mexico subordinate loans or shorten loan amortization if a Project has a DSCR on all must-pay debt in excess of 1.40:1.00. Housing New Mexico will consider total annual cash flow as well as DSCR when making this determination.

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 will underwrite to that fee only if the applicant submits documentation showing the USDA approved management fee.

Housing New Mexico will not underwrite any fees to the developer or its Affiliate for its asset management expenses unless they are stipulated as property operating expenses in the Limited Partnership Agreement or Operating Agreement with the investor.

D. Income in Addition to Base Rent

[1] While Housing New Mexico may consider a DSCR between 1.15:1.00 and 1.20:1.00 on other financing structures, all 9% LIHTC Projects must have a minimum all-in DSCR of 1.20:1.00 during each of the first 15 years, and no higher than 1.40:1.00 all-in DSCR in Year 1 unless it trends downwards and is necessary to meet the minimum all-in DSCR of 1.20:1.00 in at least one of the first 15 years.

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

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

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

E. Operating Reserves

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

Larger operating reserves may be required for Projects which show a declining debt coverage ratio in 15-year cash flow projections, have rental assistance contracts included in their income projections or have other factors that Housing New Mexico 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.

On a case-by-case basis, Housing New Mexico may consider operating reserves of four months of operating expenses (including replacement reserve payments and social service delivery costs) and four months of must-pay debt service for 4% LIHTC properties that are 250 units or larger.

F. Replacement 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's calculation of Eligible Basis for tax credit purposes.

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

Housing New Mexico 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 website via the following URL:

https://housingnm.org/property-owners-agents-and-managers/tools-resources-1/rent-and-income-limits/

~~G.~~H. Rent and income Restrictions

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

~~H.~~I. Projects with Rental Subsidies

Housing New Mexico 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 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 will underwrite to FMR.

J. Utility Allowances

When providing a utility allowance to be deducted from the gross allowable rent, Applicants must provide evidence in the Application that all service fees charged to the tenant have been included in the calculation of the utility allowance.

HOME TERM SHEET

BACKGROUND – Housing New Mexico'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'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 will allocate HOME accordingly.~~
- ✓ HOME loans are not provided on a cash-flow basis. ~~r~~The loan~~payment~~ will ~~normally~~ generally be structured at 0% interest with full principal repayment by the end of the 40-year term ~~with a minimum of 50% of principal to be repaid monthly over the term of the loan~~. Housing New Mexico, however, may require a higher interest rate of up to 3% ~~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 include ~~may extend up to 40 years, plus~~ a construction period of up to 24 months, during which no principal payments are required, plus a 40-year permanent period based on a 40 to 80 year amortization, depending on feasibility.
- ✓ Projects targeting households at or below 30% of area median income are eligible for forgivable loans. However, per LIHTC rules, forgivable HOME loans are considered federal grants that are deducted from eligible basis.
- ✓ Housing New Mexico 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 Underwriting Criteria. When all financing sources are committed to the project, Housing New Mexico will perform a final underwriting prior to close and may restructure the HOME loan according to the Housing New Mexico 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 is at risk for repayment if, and when, Housing New Mexico's Gap funding sources are expended and units are not produced. Therefore, the use of Housing New Mexico funds for construction will be allowed only when guarantors, acceptable to Housing New Mexico, 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 intends to make HOME awards only to projects that are significantly ready to proceed. At the time of application, the project must have all required zoning in place and evidence of site control. Preference will be given to projects that have all funding commitments, other than Housing New Mexico resources, in place. The applicant must be able to represent to Housing New Mexico 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's website for guidance.

Please note that~~, for~~ the 9% LIHTC QAP requires ~~purposes, as of~~ the ~~2026 QAP,~~ property ~~must~~ to 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 is responsible for making the determination that proposed sites for new construction meet the requirements in 24 CFR 983.57(e). Housing New Mexico 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 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 for guidance.

BUILD AMERICA BUY AMERICA (BABA) Act – Projects receiving HOME funds will have the Buy America Preference (BAP) apply to the Project. ~~Depending upon the date the HOME funds awarded to the Project were allocated to Housing New Mexico 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~~ https://www.hud.gov/hud-partners/baba

HOME LOAN AMOUNTS - In accordance with the approved ~~2024~~ State of New Mexico Action Plan, the maximum HOME loan amount for the 9% LIHTC round will be the lesser of (a) a maximum of $1,250,000 per project for CHDOs/$500,000 for non-CHDOs or (b) 80 percent of the project's Housing New Mexico-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***~~ ***outside of*** 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-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. If the Applicant procures additional funding to replace a New Mexico HOME award, the Applicant will not be eligible to participate in Housing New Mexico's housing development programs for one year from the date the funds are returned. Housing New Mexico may, at its own discretion, alter the Project's LIHTC and/or other Housing New Mexico funding, including but not limited to withdrawing those awards.

FOR FURTHER INFORMATION:

HOME Underwriting Criteria: Justin Carmona, Housing Development Supervisor ~~Loan Manager~~ (505) 532-1856~~767-2211~~ jcarmona@housingnm.org	Relocation: ~~Sherry Stephens, Preservation Program Mgr.~~ ~~(505) 767-2250~~ ~~sstephens@housingnm.org~~John Kazalas, Preservation Program Specialist (505) 532-1861 Jkazalas@housingnm.org
Environmental Review Michelle W~~h~~erley, Regulatory Compliance Specialist II (505) 532-1884~~308-4230~~ mwherley@housingnm.org	Site & Neighborhood Standards Miguel Rivera, Architectural Services Rep. II (505) 532-1859~~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'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~~ NHTF 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 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 13 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 ~~18~~ above, unless further restricted by other funding sources.

CONSTRUCTION LOANS - Housing New Mexico is at risk for repayment if, and when, Housing New Mexico's Gap funding sources are expended, and units are not produced. Therefore, the use of Housing New Mexico funds for construction will be allowed only when guarantors, acceptable to Housing New Mexico, 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 intends to make NHTF awards only to projects that are significantly ready to proceed. At the time of application, the project must have site control, all required zoning in place and the applicant should have all significant environmental issues identified with a plan to address such issues. Preference will be given to

projects that have all funding commitments, other than Housing New Mexico resources, in place. The applicant must be able to represent to Housing New Mexico 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 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/hud-partners/babahttps://www.hud.gov/program_offices/general_counsel/build_america_buy_america

NHTF AWARD - If the Applicant procures additional funding to replace a New Mexico NHTF award, the Applicant will not be eligible to participate in Housing New Mexico's housing development programs for one year from the date the funds are returned. Housing New Mexico may, at its own discretion, alter the Project's LIHTC and/or other Housing New Mexico funding, including but not limited to withdrawing those awards.

FOR FURTHER INFORMATION:

NHTF Underwriting Criteria: Justin Carmona, Housing Development Supervisor ~~Loan Manager~~ (505) 532-1856~~767-2211~~ jcarmona@housingnm.org	Relocation: ~~Sherry Stephens, Preservation Program Mgr.~~ ~~(505) 767-2250~~ ~~sstephens@housingnm.org~~ John Kazalas, Preservation Program Specialist (505) 532-1861 jkazalas@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, 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's website at https://housingnm.org/developers/rental/new-mexico-housing-trust-fund for current funding limits.

- ✓ **Interest Rate** – Housing New Mexico may, in its sole discretion, set interest rates on NMHTF funding. See the program webpage on Housing New Mexico'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 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.

- 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 is at risk for repayment if, and when, Housing New Mexico's Gap funding sources are expended and units are not produced. Therefore, the use of Housing New Mexico funds for construction will be allowed only when guarantors, acceptable to Housing New Mexico, 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 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'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 will require an extended affordability period to match the duration of the loan term (currently set at a maximum of 40 years).

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

Beneficiary Income Limits and Other Requirements:

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

✓ **Owner-Occupied Housing** - Beneficiary households residing in units financed with NMHTF monies must earn either very low, low, or moderate incomes (adjusted for household size) as defined by the most recently amended Housing New Mexico 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.

- ✓ **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 requires that 60% of all rental units in a given project be for families earning no more than 120% of AMI.

FOR FURTHER INFORMATION:

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(505) 532-1856~~767-2211~~ or toll-free statewide (800) 444-6880
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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. All 2020 funding has been awarded.

In 2026 Housing New Mexico applied for almost $3.8 million Section 811 PRA. If Housing New Mexico is selected for an award, any~~An~~ award of Section 811 funds ~~is~~ shall be 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.~~

Applications that include Section 811 PRA as a source of rental assistance must include a letter from the Program Coordinator (see below for contact information) that indicates a specific number of Section 811 PRA RAC Units will be available for the Project. Only letters issued after Housing New Mexico receives an announcement of award from HUD will be accepted. If HUD announces Section 811 PRA awards after January 4, 2027, Housing New Mexico will not consider Section 811 PRA awards in the 2027 9% LIHTC Round.

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

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

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

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

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

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

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

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

FOR FURTHER INFORMATION:

Carmela Arellano, Program Coordinator III
(505) 532-1576~~767-2269~~ or toll-free statewide (800) 444-6880
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Mandatory Design Standard for Multifamily Housing

State of New Mexico
Housing Development Programs

Effective as of December 1, 2025~~5~~6

Approved by Board of Directors on October 21~~15~~, 2025~~5~~6
Approved by the Honorable Governor Michelle Lujan Grisham on October __, 2025~~5~~6

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

7425 Jefferson St. NE, Albuquerque, NM 87109 | *housingnm.org* | 505-843-6880

EQUAL HOUSING OPPORTUNITY

Approved by the Honorable Governor Michelle Lujan Grisham on October -, 202~~5~~6

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Part A: Mandatory Design Standards for Multifamily Housing

The following Design Standards, including the Housing New Mexico | New Mexico Mortgage Finance Authority (MFA) ("Housing New Mexico") ~~2026~~2027 Submission Instructions for Preliminary Architectural Documentation for Multifamily Housing Applications, contained herein as **Part B,** represent the minimum requirements for Housing New Mexico financed rental housing and are herewith incorporated by reference into Housing New Mexico's ~~2026~~2027 Qualified Allocation Plan (QAP). Capitalized terms are defined either herein or in the QAP.

Housing New Mexico 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. 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 gap financing prior to receipt of Housing New Mexico'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 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 or its agents for final determination. In light of the complexity of adherence to all various code requirements, some developers may find it beneficial to hire third-party consultants to provide additional review. Each Project Owner and architect will be required to certify at Application that the Project design meets these Design Standards, and at completion will be required to certify that the Project was built in compliance with these Design Standards. The Design Standards have been arranged into three sections: "New Construction," "Rehabilitation," and "Special Projects" and shall be used as applicable for each type of Project or each portion of a Project.

Generally: Each Project must satisfy the desires and demands of the rental market. The physical characteristics of Projects will vary and depend on such matters as rentals, characteristics of

population served, size of households, and comparable Projects. While it is expected that all projects meet the Design Standards applicable to their form of construction, these Design Standards are not intended to add unnecessary burden to the project. In cases where it is not technically ~~and/or economically~~ feasible to adhere strictly to all design or submission requirements, individual requirements may be waived at Housing New Mexico's discretion. However, Housing New Mexico will not waive energy efficiency and/or accessibility requirements. The applicant must complete and submit the Waiver Procedure for Design Requirements form found in the ~~2026~~2027 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 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. Amenities are for the residents, who shall not be restricted from accessing them unless they are closed for all users (e.g., overnight or because they are closed for repairs).

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's affordable housing programs.

For purposes of this document, the American National Standards Institute ("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~~as of the date the developer submits the Initial Application.

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. All Projects must meet the ANSI A117.1 standard, in addition to any FHA and ADA requirements that may apply. A minimum 5 percent of the units on a Project site shall meet the provisions of a Type A accessible unit as described in the ANSI A117.1

standard. An additional 2 percent of the units shall meet the provisions of a "hearing impaired unit." Depending on the funding sources and other partners' requirements, the Project may also be subject to UFAS requirements. The development team is responsible to know and meet all accessibility requirements for their Project.

a. Site elements, accessible routes, buildings, and units shall be constructed in accordance with the ANSI A117.1 standard.
b. An accessible route shall be provided to all accessible units, to all public use spaces, to all common use spaces, and to site amenities (such as mail centers and dumpsters).
c. All common areas, including playgrounds and exercise rooms, shall be made accessible in accordance with FHA and ADA requirements. Playgrounds shall be shaded with a canopy or trees.
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.)
   a. 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. 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.

B. SITE DESIGN AND DEVELOPMENT

1. Sites shall be designed, constructed, monitored and maintained in accordance with the federal Clean Water Act. See EPA's "Managing Your Environmental Responsibilities: A Planning Guide for Construction and Development" for additional information and requirements. http://water.epa.gov/polwaste/npdes/stormwater/upload/myerguide.pdf.

2. Sites shall be constructed to drain away from buildings. Storm water recharge of groundwater is a goal. Ponding areas shall be made attractive but reduce risk to tenants.
3. Parking shall be provided at the minimum numbers as defined by local Zoning Ordinance.
4. Parking for bicycles shall be provided at all properties at the ratio of .5 bicycle parking space per unit.
    a. Senior properties so designated by the U.S. Department of Housing and Urban Development (HUD) funding definitions applicable to the property and/or the Housing for Older Persons Act (HOPA) shall be required to provide bicycle parking at the ratio of .25 spaces per unit.
    b. Bicycle parking should be provided in secure areas outside of the unit and in locations that do not compromise building safety or exiting. Bicycle parking at exterior locations shall be placed in highly visible locations and adjacent to the units the spaces serve. Bicycle parking may be congregate. Multiple spaces may be accomplished on a single rack. Bicycle parking racks should be fixed and permanent in nature.
5. Common use site areas shall include refuse collection, mail distribution, laundry, recreation, and congregation. All such areas shall be connected with an accessible route.
    a. Refuse collection areas shall be convenient to the units, shall be screened on all four sides, and shall offer room for recycling activities if such service is available in that municipality.
    b. Mail distribution areas shall be well lit and secure but shall remain open to the tenants at all times.
    c. Unless washers and dryers are provided in each individual unit, laundry facilities shall be provided for tenant use at all properties with more than 20 units on the site as follows:
        i. One each washer and dryer shall be provided for every 12 units.
        ii. If washer and dryer connections are being provided at each unit, one each washer and dryer required for every 16 units.
        iii. Laundry facilities shall be secured and well-lit from dusk until dawn.
        iv. Laundry facilities shall be centrally located onsite to allow for easy access for all tenants.
        v. An accessible clothes folding table or counter shall be provided in each laundry facility.
    d. Site recreational areas shall be provided at all properties.
        i. Site recreational facilities shall be provided on an accessible route and shall encourage physical activity and community interaction.
        ii. Site recreational facilities shall include accessible play areas, shall be provided for different age groups, and shall encourage physical activity. Activities/play areas for different age groups may be combined within a common play area as appropriate.
            a) All play areas shall be located away from high automobile traffic and shall be situated for maximum visibility from the dwelling units.

b) A play area for children under age 5 shall be provided within direct visibility of common spaces.
c) A play area for children ages 5 – 12 shall be provided.
d) For children over age 12 an area of congregation that encourages physical activity shall be provided.
e) Visible warning signs describing play area rules and warning that use is at one's own risk shall be provided at each play area.
f) A weather resistant, permanently mounted bench shall be provided at each play area and connected to the accessible path. A clear floor space shall be provided adjacent to mounted bench.
g) Labor Force Housing properties and ~~S~~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 with an adjoining kitchen area that can be used for resident activities and serving meals. ~~with an adjoining kitchen area.~~
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
   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.

~~d.~~e. Units without separate bedrooms (i.e., studios and efficiencies) must have a minimum of 400 gross square feet and a maximum of 600 gross square feet.

2. All units shall meet the following minimum storage requirements:
   a. A clothes closet in each bedroom shall be provided. Bedroom closets shall not be dual purposed to meet other storage requirements.
   b. A mechanical closet (as appropriate for the system to be utilized) shall be provided. Mechanical closets shall not be dual purposed to meet other storage requirements.
   c. A laundry room or utility closet (if included in the unit design with the intent to provide washer and dryer hook ups) shall be provided.
   d. A multi-use storage closet or closets which total not less than 8 square feet in area shall be provided. Multi-use closets shall be equipped with shelving at multiple heights.
   e. Larger units (three bedrooms or more) shall be provided with an entry or coat closet in addition to the multi-use closet(s).
3. Three- and four-bedroom units shall be provided with not less than 1.75 baths.
4. Single lever deadbolts and eye viewers are required on all entry doors to residential units.
5. Interior finishes shall be easily cleanable and durable.
6. Carpet shall not be installed in high moisture areas including entryways, bathrooms, kitchens, and laundry rooms/closets. All carpet shall be CRI Green Label Plus and hard surface flooring shall be SCS Floorscore certified.
7. Units shall be individually marked with visible contrasting identifying signage that shall be illuminated so that it is clearly visible from dusk until dawn, as well as daylight hours.
8. Every room and space intended for human occupancy shall be equipped with permanent, hardwired, energy efficient light fixtures. Switched outlets will not satisfy this requirement.
9. Sites shall be developed, and units constructed so as to include wiring and infrastructure needed to allow for access to high-speed broadband internet[1], telephone, and cable/satellite television.
10. Interior paints and sealants shall be low volatile organic compounds (VOC) or no VOC.

[1] Under the final HUD rule governing installation of broadband, any new and substantially rehabilitated "public housing project" of four or more units must include infrastructure capable of supporting broadband access to residents as of January 19, 2017, unless the federal fund recipient can document one of the following three grounds for waiver:

- Location of property makes it infeasible;
- Costs of broadband infrastructure deployment changes the nature of the project or is an undue financial burden; or
- Nature of the structure being rehabbed makes installation infeasible.

Under the new regulation, "broadband infrastructure" is defined to include cable and fiber optic wiring, as well as wireless infrastructure, that is capable of meeting the FCC's definition of "advanced telecommunication capability." The FCC currently defines that term as broadband with at least 25 Mbps of downstream capability and 4 Mbps of upstream capability.

11. All appliances, including laundry equipment, shall be Energy Star rated. (Cooking appliances are exempt from this requirement).

REHABILITATION

A. GENERAL DESIGN

Rehabilitation Projects shall conform to the following provisions and requirements as described in the Rehabilitation section of this standard unless specific building and/or site conditions make compliance technically infeasible, in which case the Application must contain a Waiver of Procedure for Design Requirements, which can be found in the ~~2026~~2027 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. All Projects must meet the ANSI A117.1 standard, in addition to any FHA and ADA requirements that may apply. At minimum 5 percent of the units on a Project site shall meet the provisions of a Type A accessible unit as described in the ANSI A117.1 standard. An additional 2 percent of the units shall meet the provisions of a "hearing impaired unit." (See Special Projects "C" below for recommended practices.) Depending on the funding sources and other partner requirements, the Project may also be subject to Uniform Federal Accessibility Standards (UFAS) requirements. The development team is responsible to know and meet all accessibility requirements for their Project.
   a. Site elements, accessible routes, buildings and units shall be constructed in accordance with the ANSI A117.1 standard.
   b. An accessible route shall be provided to all accessible units, to all public use spaces, to all common use spaces and to site amenities (such as mail centers and dumpsters).
   c. All common areas, including playgrounds and exercise rooms shall be made accessible in accordance with FHA and ADA requirements.
   d. Not less than one of the Type A units provide shall be fitted with a roll-in shower which shall be constructed in conformance with the ANSI A117.1 standard.
   e. One accessible parking space shall be provided for each designated Type A accessible unit. Accessible parking, including van accessible parking, shall be provided at the community building at the ratios required by Code.

3) Rehabilitation properties shall be designed and constructed in such a way as to provide greater energy efficiency, decreased water usage, and increased durability to the buildings, units and site elements. The State of New Mexico has adopted the ~~2018~~ 2021 International Energy Conservation Code (IECC); some local government standards may exceed that standard.
    a. Rehabilitation units shall achieve a post-construction HERS score of 65 or less.
    b. Plumbing fixtures to be replaced as part of the rehabilitation scope shall be replaced with fixtures utilizing flow rates and flush rates at the following given rates or better:
        - Toilets at 1.28 GPF;
        - Lavatory Faucets 1.0 GPM;
        - Kitchen Faucets 1.2 GPM;
        - Shower Heads 2.0 GPM.

4) Hazardous materials assessment and remediation must be completed in accordance with EPA requirements and best practices.
    a. Asbestos – project will be assessed for the existence of asbestos-containing building materials by qualified professionals:
        i. National Emission Standards for Hazardous Air Pollutants (NESHAP) apply.
        ii. Removal of asbestos must be carried out per federal EPA and state regulations and rules.
    b. Lead - Health and Safety and Lead Safe Housing:
        i. Lead-Based Paint
            - Federal and state regulations related to lead-based paint apply to target housing, which is defined as any housing constructed prior to 1978.
            - Rehabilitation of target housing must be completed in a manner which ensures the health and safety of workers and residents, especially children. A number of regulations apply when lead painted surfaces are disturbed in residential properties, primarily requiring the appropriate training of workers and the use of safe work practices. In some cases, use of federal funds for rehabilitation will trigger a higher level of lead paint treatments based on the amount of federal money being used. The following regulations must be adhered to during all rehabilitation of target housing:

        ii. Federal Regulations:
            - HUD Lead Safe Housing Rule (Title 24, Part 35) requires various levels of evaluation and treatment of lead paint hazards when federal money is used for rehabilitation of target housing. More information is available at: https://www.hud.gov/program_offices/healthy_homes/enforcement/lshr

- EPA Renovation Repair and Painting Rule (40 CFR Part 745) – Requires contractors conducting renovation, repair or maintenance that disturbs paint in target housing or child-occupied facilities to be licensed by EPA and use lead- safe work practices to complete the work. Developers must ensure contractors are properly trained and licensed. More information is available at: http://www2.epa.gov/lead
- HUD/EPA Disclosure Regulations (Title 24, Part 35, Subpart A) – Requires owners of target housing to disclose all lead paint records and related information to potential buyers and/or tenants. More information is available at: http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_12347.pdf
- OSHA Lead in Construction Rule (29 CFR Part 1926.62) - Proscribes personal protection measures to be taken when workers are exposed to any lead during construction projects. More information is available at: https://www.osha.gov/Publications/osha3142.pdf

Note: Projects utilizing National Housing Trust Fund funding are also subject to the requirements of Supplement A: State of New Mexico National Housing Trust Fund Rehabilitation Standards.

B. SITE DESIGN AND DEVELOPMENT

1. Sites shall be improved, constructed, and monitored in accordance with the federal Clean Water Act.
2. Sites shall be constructed to drain away from buildings. Storm water recharge of groundwater is a goal. Ponding areas shall be made attractive but reduce risk to residents.
3. Parking for bicycles shall be provided at all properties at the ratio of .25 bicycle parking spaces per unit.
   a. Senior properties so designated by HUD funding definitions applicable to the property and/or the HOPA shall be required to provide bicycle parking at the ratio of .15 spaces per unit.
   b. Bicycle parking should be provided in secure areas outside of the unit area and in locations that do not compromise building safety or exiting. Bicycle parking at exterior locations shall be placed in highly visible locations and adjacent to the units the spaces serve. Bicycle parking may be congregate. Multiple spaces may be accomplished on a single rack. Bicycle parking racks should be fixed and permanent in nature.
4. Common use site areas shall include refuse collection, mail distribution, laundry, recreation and congregation. All such areas shall be connected with an accessible route.
   a. Refuse collection areas shall be screened on all four sides and shall offer room for recycling if such service is available in that municipality.
   b. Mail distribution areas shall be well lit and secure but shall remain open to the tenants at all times.
   c. If an existing Project proposed for rehabilitation has washers and dryers and/or washer/dryer hook-ups provided in each unit, then no laundry facility is required as part

of the proposed rehabilitation. If existing units do not contain washer/dryer hook-ups, then laundry facilities shall be provided for tenant use at all properties with more than 20 units on the site as follows:

i. One each washer and dryer for every 12 units.
ii. If washer and dryer connections are being provided at each unit, one each washer and dryer required for every 16 units.
iii. Laundry facilities shall be secured and well-lit from dusk until dawn.
iv. An accessible clothes folding table or counter shall be provided in each laundry facility.

d. Site recreational areas shall be provided at all properties.
   i. Site recreational facilities shall be provided on an accessible route, shall encourage physical activity, and shall encourage community interaction.
   ii. Site recreational facilities shall include accessible play areas, shall be provided for different age groups, and shall encourage physical activity. Activities for different age groups may be combined within a common play area as appropriate.
      a) All play areas shall be located away from high automobile traffic and shall be situated for maximum visibility from the dwelling units.
      b) A play area for children under age 5 shall be provided within direct visibility of common spaces.
      c) A play area for children ages 5 – 12 shall be provided.
      d) For children over age 12 an area of congregation that encourages physical activity shall be provided.
      e) Visible warning signs describing playground rules and warning that use is at one's own risk shall be provided at each play area.
      f) A weather resistant, permanently mounted bench shall be provided at each play area and connected to the accessible path. A clear floor space shall be provided adjacent to mounted bench.
      g) Senior properties so designated by HUD funding definitions applicable to the property and/or the HOPA shall be exempt from the requirement to provide play areas but shall provide areas of congregation that encourage physical activity.

5. Landscaping shall be required at all properties:
   a. A complete landscape plan which maximizes existing natural features or otherwise enhances open space is required.
   b. Native, semi-native, or drought tolerant plants shall be used.
   c. Low water use irrigation systems shall be used.
6. Interior community spaces and business offices shall be provided at all properties.
   a. All properties shall provide at least 200 square feet of office space to be utilized as on-site business office space and a maintenance room of at least 100 square feet capable of storing the necessary equipment for maintaining the project.
   b. Accessible public restrooms, at ratios required by Code, shall be provided.

Unless required by local building codes, properties containing 20 or fewer units shall be exempt from the requirement to provide interior community spaces, public restrooms and business offices.

C. BUILDING DESIGN AND CONSTRUCTION

1. Exterior Building Design
   a. Unless more stringent local zoning requirements apply, the following minimum design requirements shall be met:
      i. Building Façades shall utilize not less than three different building materials.
         a) Exterior building materials exposed to the elements shall be low maintenance relative to the Project's geographic location.
      ii. Building Façades shall be multi-colored.
         a) Each Building Façade shall include not less than two distinct colors.
         b) Colors may be from the same hue family but shall be distinct from each other.
      iii. Buildings shall be individually marked with visible, contrasting identifying signage to minimize the response time of emergency personnel. Building identifying signs shall be illuminated so as to be clearly visible from dust until dawn.

D. UNIT DESIGN AND CONSTRUCTION

1. Single lever deadbolts and eye viewers are required on all entry doors to residential units.
2. Interior finishes shall be easily cleanable and durable.
3. Carpet shall not be installed in high moisture areas including entryways, bathrooms, kitchens, and laundry rooms/closets. All carpet shall be CRI Green Label Plus and hard surface flooring shall be SCS Floorscore certified. (Applies to new flooring only.)
4. All hot water lines exposed as a result of the construction shall be insulated and sealed in additional rigid pipe insulation to the insulation values required by ASHRAE standards.
5. Bathrooms must be ventilated in accordance with building codes.
6. Units shall be individually marked with visible contrasting identifying signage that shall be illuminated so that it is clearly visible from dusk until dawn, as well as daylight hours.
7. Sites shall be developed, and units constructed so as to include wiring and infrastructure needed to allow for access to high-speed broadband internet[2], telephone, and cable/satellite television.

[2] Under the final HUD rule governing installation of broadband, any new and substantially rehabilitated "public housing project" of four or more units must include infrastructure capable of supporting broadband access to residents as of January 19, 2017, unless the federal fund recipient can document one of the following three grounds for waiver:

- Location of property makes it infeasible;
- Costs of broadband infrastructure deployment changes the nature of the project or is an undue financial burden; or
- Nature of the structure being rehabbed makes installation infeasible.

Under the new regulation, "broadband infrastructure" is defined to include cable and fiber optic wiring, as well as wireless infrastructure, that is capable of meeting the FCC's definition of "advanced telecommunication capability." The FCC currently defines that term as broadband with at least 25 Mbps of downstream capability and 4 Mbps of upstream capability.

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

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'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.

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.
1. Construction materials and techniques that minimize vibration and improve sound control.
2. Open sightlines in community rooms, meeting areas, landings, stairwells, and other building areas to remove visual communication barriers.
3. 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.
4. 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.
5. 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.
6. 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.
7. Community room furnishings that are designed and functional for deaf persons. Tables, for example, are rounded rather than rectangular to allow all persons seated at the table to see one another more easily during conversations. Accessibility features for residents with mobility impairments and physical disabilities are located throughout the building. Handrails are located on both sides of common hallways, automatic door openers have been installed at main entrances to the building, and washers and dryers are front loading.

Part B: Housing New Mexico ~~2026~~2027 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 ~~2026~~2027 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 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 approval and payment of the applicable fees as described in the QAP. **Significant changes in the scope could result in the rescoring of the Application and the potential loss of tax credits.**

SITE INFORMATION

The Preliminary Architectural Documentation shall include the following:

1. City or jurisdiction map and detailed directions to the site.
2. Legal description of site.
3. Aerial view or satellite view of the site. The view shall show the areas adjacent to the site within a half mile of the site.
4. Location and Linkages map
    a. The map shall be scaled to show the roadways within at least a half mile radius of the site.
    b. The map shall indicate bus and/or commuter rail stops or stations within a half mile of the site.
    c. If any of the above services are not available within the half mile radius, the map shall so state.
5. Color Photos

Current color photographs of the Project site (images obtained from a website are not acceptable);

include images looking out toward each of the cardinal directions. If a rehabilitation Project, include

images of each façade of the existing structure(s) as well as existing amenities.

6. Preliminary Site Plan
    a. The site plan shall show the extents of the site and shall label adjacent roadways.
    b. The site plan shall include a north arrow and scale.
    c. The site plan shall show the buildings and identify the number of units to be included in each building.
    d. The site plan shall include a unit matrix giving the number, type and sizes of units to be included in the Project.
    e. The site plan shall show the preliminary parking layout and enumerate the number and type of parking spaces to be provided.
    f. The site plan shall show the locations of bicycle parking spaces.
    g. The site plan shall show the locations of site elements if required or provided, including but not limited to:
        i. Monument signs
        ii. Recreational and/or play areas with required features
        iii. Community areas
        iv. Garbage enclosures
        v. Mail centers
        vi. Laundry facilities
        vii. Office spaces
        viii. Maintenance room
        ix. Accessible features, including but not limited to:
            a) Accessible units
            b) Accessible routes
            c) Accessible parking spaces
7. Preliminary Landscape Plan
    a. The Landscape plan shall show tree and plant locations and relative sizes.
    b. The Landscape plan shall show the plant types anticipated for use.
    c. The Landscape plan shall describe the irrigation system to be used.
8. Preliminary Building Plans
    a. Building plans shall be provided showing the ground floor layouts for each building type to be included in the Project.
    b. Building plans shall be provided showing the typical upper floor layouts for each building type to be included in the Project.
    c. Building plans shall call out the following spaces, if required or provided, and show their locations relative to the remainder of the building elements on that floor:
        i. Laundry facilities
        ii. Community rooms
        iii. Accessible units
        iv. Leasing/program/special services offices
        v. Maintenance rooms
        vi. Elevators
9. Preliminary Building Exterior Elevations

a. Building elevations shall be provided for each building type.
b. Building elevations shall describe the following attributes:
    i. Building height
    ii. Exterior materials
    iii. Colors and/or color schemes
    iv. Building signage
    v. Building lighting
    vi. Vertical circulation if provided

10. Preliminary Unit Plans
    a. Unit plans shall be provided for each typical unit type.
    b. Unit plans shall be provided for all accessible units.
    c. Unit plans shall describe the following attributes:
        i. The overall layout of the rooms or spaces
        ii. Bedroom locations, numbers and square footage
        iii. Linear dimensions for bedrooms
        iv. Storage closets
        v. Mechanical systems to be used with space requirements and space locations
        vi. Lighting layout
        vii. Kitchen cabinetry and appliances
        viii. Doors and swings
        ix. Laundry equipment and/or hook ups if provided
        x. Accessible features, clear floor spaces and clear turning spaces
11. Preliminary Specifications:
    a. Preliminary specifications shall be provided for all Projects.
    b. The preliminary specifications shall describe the following aspects of the work:
        i. Proposed building systems, including but not limited to:
            a) The exterior envelope including windows, doors, roofing and wall surface finishes
            b) The building insulation systems
            c) The structural systems
            d) The mechanical systems
            e) The plumbing and hot water systems
            f) The electrical systems
            g) The lighting systems
        i. Proposed interior fixtures, finishes and installations, including but not limited to:
            a) Cabinetry
            b) Appliances
            c) Wall and ceiling finishes
            d) Floor finishes
            e) Plumbing fixtures and trim
            f) Electrical fixtures and trim
            g) Interior doors
12. Rehabilitation Scope of Work Narrative: (Required for all rehabilitation projects)

a. A rehabilitation scope of work shall be provided for all rehabilitation Projects.
b. The rehabilitation scope of work shall describe the following:
    i. Proposed changes to the site to remove barriers to accessibility
    ii. Proposed changes to the buildings to provide a minimum 5 percent accessible units
    iii. Proposed strategy to achieve a maximum HERS certification of 65 or better
    iv. Proposed changes to the site to meet the requirements of the Mandatory Design Standards: Rehabilitation Section B
    v. Proposed changes to the buildings to meet the requirements of the Mandatory Design Standards: Rehabilitation Section C
    vi. Proposed changes to the units to meet the requirements of the Mandatory Design Standards: Rehabilitation Section D
    vii. A detailed description of all demolition activities

13. For projects utilizing National Housing Trust Fund funding, a certification that the design is in compliance with all the requirements of the State of New Mexico National Housing Trust Fund Rehabilitation Standards.

CAPITAL NEEDS ASSESSMENT (CNA) REQUIREMENTS

As required by the ~~2026~~2027 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's discretion for any project requesting Housing New Mexico 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.

- Must be prepared by an independent, third-party professional not involved in the design or preparation of drawings and specifications for the project.
- Must have no financial interest in the Project and must have no identity of interest with the Developer or Co-Developer or personal interest with respect to the parties involved.
- Preparer must demonstrate a minimum of three years' experience performing CNAs. Experience may be demonstrated by submitting a resumé, list of projects, applicable AIA form, or other documentation containing information on the project and year the CNA claimed for experience was completed.
- The preparer must submit the Certification of Qualified Professional – CNA form found in the ~~2026~~2027 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 (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's written approval of complete construction documents for each form of Housing New Mexico funding, including approval of any program-required environmental review clearances. Applicants are required to post Housing New Mexico-provided signs/banners in English and Spanish featuring Housing New Mexico'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 will require Applicant to submit a detailed narrative of material design changes made to final plans and specifications for Housing New Mexico approval.** Housing New Mexico 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'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 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 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'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.~~

2027 QAP Comments:

Housing New Mexico received numerous comments during the public comment period provided for feedback regarding the draft 2027 Qualified Allocation Plan. They are included in summary form below.

General Comments

Appreciates separate 9% and 4% QAPs and the separation between the QAPs and post-award handbooks.

HUD-administered Subsidy Layering Reviews can become a significant closing bottleneck for developments combining LIHTC, Project-Based Vouchers, and other public financing. Please explore conducting HUD's Subsidy Layering Reviews through Housing New Mexico.

Response:

Housing New Mexico has engaged in conversations with stakeholders regarding this request.

Encourage community land trust models and promote tenant rights by incentivizing 99-year or perpetual affordability, implementing a rent stabilization clause that caps rent increases at an amount that may be lower than the increase in the area median income, explicitly requiring that the right of first refusal be provided to tenants, defining "good cause" eviction, expanding eventual tenant ownership points to include multifamily buildings that could be owned by a tenant cooperative, and prioritizing collective ownership models through points or set-asides.

Response:

These suggestions would radically transform the LIHTC program and would require further research that would take more time than Housing New Mexico has available to implement the QAP this year.

9% LIHTC QAP

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

- Believes the highest scoring applications should be awarded rather than limit the ability of nonprofits, tribal entities and housing authorities to participate in multiple developments. Recommends that an entity be able to receive up to two awards in the 9% LIHTC round, as was done prior to 2026.
- Requests that the blanket restrictions be replaced with a capacity and performance review that considers closing and completion history, compliance, staffing, financial capacity, guarantees, existing pipeline, and demonstrated ability to manage multiple developments. At minimum, provide an exception process for strong-performing developers and partnerships bringing development capacity to underserved areas.

- Requests that the blanket restrictions be replaced the ability to receive awards for two projects when at least one is located in a rural area of the state because a blanket limit on the number of projects may make it more difficult for rural communities to secure an experienced development partner.
- Requests that the limit of one project be based on the control of the project rather than receiving a portion of the developer fee. If an experienced developer is teaming up with a nonprofit in one town, it cannot also help a housing authority in another town during the same year.
- Requests that the $1,700,000 limit on 9% LIHTC be increased due to financing challenges such as higher interest rates, decreased equity pricing and consistently high construction costs have resulted in smaller projects, effectively reducing the economies of scale in construction.
- An absolute one-award limitation may unintentionally reduce affordable housing production by restricting experienced teams with demonstrated delivery capacity.
- Requests that the maximum number of awards revert to two tax credit awards per applicant. In lieu of the reduction in the awards, they recommend limiting applicants 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.

Response:

The restrictions on the 9% LIHTC awards are designed to allow more developers to participate in the program, since the annual credit ceiling only allows for five projects, assuming some forward allocated tax credits. Increasing New Mexico's maximum 9% LIHTC award would further reduce the number of projects, and therefore locations, where affordable units could be built.

Section II.C.6, Compliance Fees

Requests that compliance fees be prorated in the year the project is placed in Service. The draft QAP invoices first credit year fees shortly after placement in service. A project placed in service in December pays two full years of monitoring fees about six weeks apart. Under Code Section 42(f)(1) the credit period begins in the year of placement in service or, at the owner's election, the next year. For a fourth quarter placement in service most owners elect the next year, so an invoice sent "shortly after the Project is Placed In Service" can arrive before the first credit year even starts.

Response:

Compliance fees are for a credit year. If the Project is Placed In Service in December and the Owner elects to claim credits that year, the month of December is the entire credit year for the Project, which effectively reduces the Compliance Period and Extended Use Period by 11 months.

Housing New Mexico will add a line to the Project Ownership Profile that indicates the first year the Owner will claim tax credits so Projects are not invoiced for the year the Project is Placed In Service, if credits will not be claimed until the following year.

Section II.D, Basis Boost

Requested a 5% basis boost for all-electric housing, both new and retrofits to guide developers towards safer, modern construction.

Response:

The state-designated basis boost in Internal Revenue Code (Code) Section 42(d)(5)(B)(v) is only available to 9% LIHTC developments. In addition, New Mexico's QAP already provides the maximum allowable basis boost to projects that receive points for serving a priority population, so an additional 5% would not be permitted under the Code.

Section III.B.1, Deadline

Requests that the Application Deadline be moved from January to the prior year or pushed later in the spring. The current schedule requires third-party reports to be completed in December to submit a complete and accurate application in January.

Response:

Housing New Mexico has considered this comment but will not be moving the Application Deadline at this time. Third-party reports can be dated as early as October 20th and some as early as July 20th which provides ample time before December to procure these materials. The New Mexico Certificate of Good Standing must be dated after January 1st so that would need to be obtained after December.

Section III.C Housing New Mexico/MFA Fees and Direct Costs

- Believes that the $1,500 Late Fee for failure to submit compliance fees on time is excessive, that Reinspection Fees for properties that failed to show up for an inspection are too high in rural areas, and that LURA modifications are assessed a modification fee in addition to paying for Housing New Mexico's legal fees to review the change.
- A $1,500 Late Fee for compliance fees is excessive. We would ask that any fees not be excessive in nature. Fees should also not be higher for properties in rural areas of the State.
- Extension fees of $2,500 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.

Response:

Housing New Mexico's Asset Management Department has implemented its late fees to cover costs incurred when re-inspections are required and to incentivize Owners to pay fees in a timely manner. The State Board of Finance staff expressed the need for construction begin quickly after the bonds are allocated. Before the extension fee was implemented, Projects were taking years to close. Developers are encouraged to request volume cap from the State Board of Finance once the project is ready to move forward in an expeditious manner to avoid incurring extension fees for taking longer than seven months to close on financing.

Section III.E.1.c, Rehabilitation Projects

Requested that the QAP require that gas stoves be replaced with electric equivalents to protect tenant health.

Response:

Internal Revenue Code Section 42(m)(1)(C)(ix) requires that the energy efficiency of the project be included among the selection criteria in the QAP. Gas is a more efficient energy source than non-solar power (for which tax incentives have expired). Therefore, replacing gas stoves with electric could impact the ability of the project to meet the HERS score required in the Design Standards. Requiring gas stoves to be replaced with electric equivalents often requires an upgrade to the electric panel and additional plumbing work to cap off the gas line, which adds cost to the Project.

Section IV.A, Site Control – Make Documentation Gaps Correctable

Requests that this section expressly confirm that missing documentation of a previously-disclosed, underlying site control arrangement – where site control itself was never actually at risk – is correctable during the deficiency period in Section III.F.7.

Response:

Section III.F.7 states that deficiencies related to site control are correctable within the five-day period: "Following the Application Deadline, Housing New Mexico 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."

IV.B Zoning Letter

Obtaining a zoning letter from the local jurisdiction regarding a specific project site can take up to six weeks. Requests that evidence of zoning should be sufficient for this criterion.

The current requirement for a letter from a zoning official stating that multifamily projects are not prohibited and that there is not pending litigation, variance, or appeal process is overly burdensome. We recommend revising the requirement to focus on confirming that multifamily use is not prohibited under current zoning only, and allowing the use of other documentation, such as zoning atlas maps or other municipal zoning maps, as evidence of zoning.

Response:

The requirement to include pending litigation, variance, or appeal processes ensures that these potential barriers to the Project have been addressed so the Project can be Placed In Service in a timely manner.

IV.E. Applicant Eligibility

Applicants may not have outstanding Material Compliance Matters. Suggested that if there is an open IRS Form 8823 outlining a material matter of noncompliance, perhaps this language should just reference a material IRS Form 8823.

Requests that the compliance matters be limited to New Mexico, as there are numerous forms of outstanding compliance matters in other states that are curable over time, not the fault/cause of applicants, and do not cause public safety issues.

Response:

The QAP defines a Material Compliance Matter as "any compliance issue identified by Housing New Mexico (for any of its programs) during a monitoring visit that remains open six months after the monitoring letter was sent." This is broader than compliance matters that are reported on IRS Form 8823, which are solely requirements under IRS Section 42. QAPs often include matters that exceed Section 42, such as state-imposed income-restricted units to earn points in the competitive 9% LHTC round. In addition, a Material Compliance Matter may solely be a violation of the requirements of another funding source, that Housing New Mexico monitors.

Requested scoring that is not in the 2026 or draft 2027 QAP:

Energy Efficiency

Requested that there be a scoring criterion for energy efficiency through green building standards.

Response:

Developers are not prohibited from pursuing green building certifications. However, Housing New Mexico has opted not to require certain sustainability certifications because they can add to project cost.

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

- Supports the changes to the nonprofit scoring criterion for the 9% LIHTC program.

- Suggests restoring the 2026 nonprofit ownership scoring approach while retaining the stronger definition and requirements for meaningful nonprofit participation.
- Supports the "new" definition of Local Qualified Nonprofit Organization, financial capacity, ownership, developer fee participation, and long-term operations. However, concerned that the highest score is not available to projects with for-profit developer participation. Feels that it discourages partnerships in rural communities with fewer nonprofits with capacity to develop housing.
- Smaller and emerging nonprofits and housing authorities often build their LIHTC experience by partnering with experienced developers. This is particularly important in parts of New Mexico that do not currently have experienced nonprofit LIHTC developers. A scoring system that effectively discourages nonprofit/for-profit partnerships could unintentionally make it harder to develop housing in rural and underserved communities.
- Appreciates the difference in scoring between local and national nonprofit organizations, but "noticed" that the scoring for nonprofits has decreased over time. Suggests incentivizing local nonprofits to provide beneficial local knowledge, economic benefits, and increased project participation.
- Appreciates ROFR clarifications and thinks the benchmarks are more appropriate for what developers can provide at application and close of financing.
- While we strongly support continued incentives for local qualified nonprofit organizations, allowing exceptionally qualified non-local nonprofits to access Tier 1 points would complement – not replace – this established local participation and broaden the pool of specialized nonprofit partners available to the State. Housing New Mexico could establish an alternative pathway for non-local nonprofits that demonstrate a higher level of financial capacity and substantial affordable housing experience.
- The effect of the changes to this section closes both doors on small or rural nonprofits from getting into LIHTC ownership. If they bring in a for-profit co-developer who has the capacity required to guarantee a deal, it drops their points dramatically. There is no route from small nonprofit to Tier 1 except to already be a large nonprofit. The Right of First Refusal is also backwards. In a Tier 1 or Tier 2 deal there is no for-profit developer, so the nonprofit's control is already secure. The ROFR matters most in a partnership, because it is how the nonprofit takes sole ownership when the investor exits.
- Suggests raising the net worth/net asset requirement for Tier 1 and Tier 2 sponsors to one hundred million dollars because the one-million net worth/net asset requirement may not be sufficient for a stand-alone nonprofit sponsor to find an investor.
- Suggests removing the requirement for executing a Right of First Refusal to qualify for points under the Nonprofit Participation scoring criterion because the length of affordability and the likelihood that a project will be operated to high standards are not determined by the tax status of the project owner.

- Requests that this provision be delayed to 2028 because they (a for-profit developer) already have commitments with their partners and this would create uncertainty regarding their success in the upcoming round.
- Requests specific language that the Right of First Refusal (ROFR) is possessed by tenants (in cooperative form or otherwise), a resident management corporation, a qualified nonprofit organization, or a government agency. Furthermore, language should be added stating that the right may be exercised without a bona fide third-party offer and that the transfer must be executed strictly at the statutory minimum purchase price under IRC Section 42(i)(7).

Response:

Smaller and emerging nonprofits and housing authorities are able to partner with another Local Qualified Nonprofit Organization to earn maximum points under this scoring criterion. Partnerships between smaller nonprofits and for-profit organizations still earn the same points as a non-local Qualified Nonprofit Organization, but don't earn points for providing a right of first refusal. Over the past few years, for-profit organizations either did not apply for these points or wrote language into their development agreements to limit the nonprofit from owning the project at the end of the 15-year Compliance Period. This tiered system allows them to earn partial points.

Housing New Mexico will conduct further research into how investors underwrite single sponsor developments. The preliminary inquiries do not reveal that a Tier 1 or Tier 2 sponsor would need to have anywhere near one-hundred million dollars in net assets to find an investor. New Mexico's strong local nonprofits have good relationships with syndicators and have not had difficulty finding an investor.

The requirements for the ROFR are in the Internal Revenue Code. The ROFR provision in the Code is not currently an option, so a bona fide third-party offer is often required by the investor.

Section V.B, Locational Efficiency

The draft adds "on tribal land" to the provision recognizing established "on call" transportation. Requests that it be removed from the criteria because fixed-route commuter bus or rail with scheduled service does not exist in most New Mexico communities outside Albuquerque, Santa Fe, and Las Cruces. For a rural applicant off tribal land, the two transportation points become unreachable, and the four-point frequent-service tier was already out of reach. Rural non-tribal projects end up capped at two of the six Locational Efficiency points while urban projects compete for all six.

Requests that the threshold for frequent transportation allow for the full four points for headways of exactly one hour, rather than more frequently than one hour. Alternatively, requests an intermediate threshold point value for sites with reliable hourly fixed-route service.

Response:

The Locational Efficiency points are for locating a Project close to amenities, such as public fixed-route transportation, rather than further away from amenities. Rural Projects are able to earn points for

being in a small (35,000 or lower population) or for a small project size. They are also able to earn points for locations that have not received a LIHTC award in the past five years.

Prior to 2026, 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" was cited as an example of an acceptable alternative transportation program. The provision that "on call" transportation be limited to tribal lands was made explicit in the 2026 QAP after years of being cited as an example of an acceptable alternative transportation program. The 2027 draft QAP merely restated that provision.

The most frequent transportation available in Las Cruces, the second-largest urban area in New Mexico, is a one-hour headway. Therefore, the draft 2027 QAP proposes to increase the threshold by one minute to qualify one-hour headways for four points.

Section V.D, Sustaining Affordability

While they support incentives for Permanent Supportive Housing, deeply targeted housing, and preservation of existing federal rental assistance, they are concerned about creating a broader incentive for projects to obtain Project-Based Vouchers primarily to remain competitive for LIHTC rather than directing these resources to communities and populations where rental assistance is most needed. Reaching the 20% Project Based Voucher threshold for points also has the potential to increase costs by triggering Davis-Bacon wages.

Suggests providing half the points for eight vouchers and not incentivizing over eight vouchers per project because that would generally trigger Davis Bacon wage requirements.

Response:

Code Section 42(m)((1)(B)(ii)(I) requires that the qualified allocation plan give "preference in allocating housing credit dollar amounts among selected projects to projects serving the lowest income tenants." The Sustaining Affordability scoring criterion is intended to meet that directive by rewarding Projects that already have federal rental assistance and those where new contracts for federal rental assistance are available. Most Projects cannot achieve the low rents that meet the needs of households earning 30% of Area Median Income without rental assistance and people with extremely low incomes are not limited to those requiring the extra care found in permanent supportive housing.

Section V.J, Households with Children Housing Priority

Recommends that points for Households with Children Housing Priority receive scoring equivalent to the other priority populations in the QAP, citing the challenges of serving this population including larger unit sizes, additional parking requirements and obtaining entitlements.

Response:

This scoring criterion qualifies for fewer points based on research showing that more units are needed for the other priority populations. If that changes in the future, Housing New Mexico would consider adjusting these points in a future QAP.

Section V.K, Leveraging Resources – Confirm and Protect the Government Ground Lease Pathway

Requests that the provision for land lease "confirm this provision controls for government ground leases specifically".

Response:

This provision is listed under eligible "Government (federal, state, or Local Government" contributions, so there is no need to call out a "government ground lease" specifically.

Requests that the inconsistency between the "Cash or soft loans not requiring payment during the Affordability Period" be reconciled with the paragraph on the previous page "Soft debt shall not include any required payments during the Compliance Period."

Response:

The "Affordability Period" cited in the eligible governmental soft loan contributions was updated to reflect no payments during the "15-Year Compliance Period".

Finally, request that the QAP confirm a nominal, below-market ground lease payment from a municipality does not, by itself, disqualify the contribution from full points value under this criterion – regardless of the lease's total term. The commenter states "without this clarification, a reviewer could apply the stricter Affordability Period standard to disqualify what the QAP's own new government lease example is clearly meant to permit."

Response:

Requirements for "soft loans" are different from a "government ground lease". Soft loan repayments must be delayed until after the 15-year Compliance Period. The government ground lease at nominal cost is required for the Extended Use Period, since it is allowed in lieu of a land donation that would by its definition, not expire.

Section V.M, QCT/Concerted Community Revitalization Plan – Recognize Formally Designated, In-Progress Plans

Requests partial points for a Concerted Community Revitalization Plan (CCRP) for an area that is designated by City Council to complete the CCRP process but which as of the date of the application, the CCRP is not in place.

Response:

There are multiple pathways to receive points for a CCRP, which was relaxed to allow plans that are not Metropolitan Redevelopment Plans under NMSA 1978 Section 3-60A-4 to receive points. The Internal Revenue Code mandates "preference in allocating housing credit dollar amounts among selected projects to…projects which are located in qualified census tracts (as defined in subsection (d)(5)(B)(ii))

and the development of which contributes to a concerted community revitalization plan" and it is not possible to tell whether a project contributes to a plan that has not yet been written.

Section V.P, Efficient Use of Tax Credits

- Requests that financial efficiency be evaluated through underwriting, cost reasonableness, and project feasibility rather than incentivizing a reduction in the credit request and fill the resulting gap with additional funding sources, deferred developer fee, or assumptions that may ultimately need to change. Additional funding sources add complexity and shifts more of the financing burden to local governments.
- Awarding competitive points for requesting fewer credits may unintentionally disadvantage rural projects where local financing sources to leverage the tax credits may not exist.
- When the Efficient Use of Tax Credits scoring criterion is added to the Leveraging Resources scoring criterion, points for cost efficiency are weighed higher in the QAP than the income targeting criterion required under the Code. BABA is driving up costs, so it would be prudent to provide higher cost limits for developments receiving federal funding. Limiting tax credit equity at a time when building costs are increasing and gap funding sources are decreasing makes a very difficult tax nearly impossible. Would also like to see all units included for the efficient use of tax credits, rather than only LIHTC units to allow developers to use the points for mixed income projects in Section V.F.
- Due to the decline in tax credit pricing, requests that the ceilings within the Efficient Use of Tax Credits scoring criterion be increased to reflect current market conditions.
- Recommends that this scoring criterion be based solely on tax credits per unit, rather than the current combination of tax credits per unit and tax credits per square foot.

Response:

The Efficient Use of Tax Credits scoring criterion stretches the capacity of the LIHTC program to provide more units. In this environment where costs and interest rates are high, and tax credit pricing is lower than in past years, spreading the tax credits across more units by increasing project leverage from other sources is all the more important. Projects in rural areas serving communities with 35,000 or fewer residents have the opportunity to qualify for points solely on their location in these communities. In addition, there are points available for projects in locations that have not been served in the past five years. These can balance out the lack of competitiveness in the Efficient Use of Tax Credits scoring criterion. In 2026, 80% of the projects awarded were in areas outside Bernalillo County, Las Cruces, Santa Fe and Rio Rancho (defined as Urban in the QAP).

The Efficient Use of Tax Credits scoring criterion limits the costs to the tax credit units because market rate units are not part of the eligible basis calculation to determine the amount of tax credits available to the project. If market rate units were included, it would skew the amount of tax credits per unit downward, which would not be a level playing field for projects without market rate units.

In addition, the tax credits per unit and tax credits per square foot are included in the scoring to balance the efficiencies between these two factors. Smaller units decrease the tax credits per unit but increase the tax credits per square foot (because kitchens and bathrooms take up more of the unit). Likewise larger units increase the tax credits per unit but decrease the tax credits per square foot.

4% LIHTC QAP

Section II.B, Limitation on Tax Credit Awards/Private Activity Bond Volume Cap to a Single Project or Principal

- We ask Housing New Mexico to reconsider the new project-frequency limitation proposed in Section II.B, and to replace its construction-completion trigger with a financial closing trigger. Beyond its effect on any single developer, we believe this change carries real risk of reducing the total volume of affordable housing built in New Mexico.
- Bond Capacity: The changes made from the first draft to the second draft significantly clarify HNM's intent, and I welcome the revisions and have no objections to same.
- This commenter questioned why New Mexico includes benchmarks if bond cap is not oversubscribed. Recommends stating that limits will only be imposed if cap is over-subscribed.
- The limits on per project bond volume cap allocation tied to the amount of the permanent mortgage loan is arbitrary and may not be appropriate in all cases. The aggregate basis limit should be sufficient to limit allocation size.
- Limits on applications per Applicant or General Partner are also not necessary. Projects may have delays for a variety of reasons beyond the developer's control. Additionally, nonprofits may be asked to participate in multiple developments as a general partner and would have the capacity to fulfill that role on more than one project, and their participation should not limit competitiveness. The current limits as stated would have prevented the second phase of our West Mesa Ridge project from moving forward, preventing the development of an additional 144 affordable units for the City of Albuquerque.
- While this commenter agreed the change to the number of 4% project is a step in the right direction, he requested that the limit on 4% LIHTC Projects be lifted because under the proposed change, the current project he is working to close would not be possible. It affects the pipeline for affordable housing and believes national developers have capacity to do more. He is also concerned that he might have to reduce New Mexico based staff.
- Developers that have the capacity should be able to build multiple projects without being capped or limited to projects in a calendar year. We need more housing, and capping applications because other earlier projects awarded credits are still underway limits production of needed housing.

- We appreciate that the 2027 draft refines last year's language by replacing a hard one-project/two-project cap with a tiered benchmark system that allows a developer to bring additional projects forward as prior projects reach 33%, 66% and 100% construction completion. This is an improvement over a prior draft. That said, this is still an administrative burden for both developers and Housing New Mexico staff to monitor. We suggest permitting each developer to submit up to two 4% LIHTC Initial Applications per calendar year, without conditioning subsequent application on the construction-completion of prior projects. This would achieve the same goal of preventing any one developer from monopolizing bond volume cap while significantly reducing the administrative tracking burden on both sides.
- Suggests that the limitations read: 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 be allocated, in a calendar year, the greater of 1) 25% of the 5-year average annual bond cap reserved for multifamily housing (estimated Applicant cap of $50m) or 2) the amount of bond cap required for 1 project. In addition, if an Applicant receives a carryforward allocation of bond cap and fails to close by the end of the 1st year of the carryforward, the Applicant shall be prohibited from receiving an allocation of 4% Tax Credits for the subsequent 2 calendar years.

Response:

After considering the comments received, the policy was updated to read as follows:

> *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 three Projects in the construction phase (for the period beginning when the Project starts construction until all Certificates of Occupancy (for new construction) or Certificates of Substantial Completion (for rehab) have been issued.)*

This policy incentivizes developers to close quickly once the project is approved for volume cap and Housing New Mexico financing and allows more developers to qualify for an award while preventing a few developers from requesting and holding all the volume cap until they are ready to close.

III.C, Housing New Mexico Fees and Direct Costs

Requests that the 8.5% LIHTC processing fee be reduced because this fee is significantly higher than what many other states charge. We suggest revising to around 4 – 5% so that more equity can be captured to support construction costs instead of transaction costs, especially given the recent challenging tax credit pricing environment.

Response:

Housing New Mexico researched its fees and found that they are in line with other states' fees. Some of our neighboring states charge higher fees.

V.4, Labor Force Housing:

- Supports the new Labor Force Housing population for the 4% LIHTC program.
- We appreciate the addition of Labor Force Housing as a priority population but would argue that it should be applicable to areas beyond Santa Fe, Albuquerque and Las Cruces. For example, communities throughout the Permian Basin have strong labor force needs but would be precluded from utilizing this category.
- We applaud this addition and believe it will help address a segment of affordable housing need that has been neglected.

Glossary, Ten-Year Rule

The ten-year rule should be interpreted to allow qualifying federal financing received after acquisition to satisfy the exception [that the property is "substantially" federal assisted under Section 42(d)]. Requiring that financing to be in place at acquisition can delay rehabilitation, increase costs, and discourage preservation.

Response:

Housing New Mexico recognizes that some attorneys have opined that acquiring a property using a HUD loan may qualify a non-qualified property to receive acquisition tax credits. To determine whether the transaction qualifies under the exception, Housing New Mexico would need to receive an opinion from its attorney based on the financing of the project.

Underwriting Supplement

Section III.A.1, Acquisition Cost Limits

The QAP should allow short-term acquisitions using bridge financing to include the full acquisition cost in the eligible basis, provided that any proceeds above the seller's original cost remain in the project. Otherwise, the rule unnecessarily reduces LIHTC equity and discourages the preservation of affordable housing.

Applying the original acquisition cost limitation to these [bridged financing] transactions unnecessarily restricts the basis and resulting LIHTC equity available to support preservation. We strongly suggest exempting bona fide bridge-to-resyndication transactions completed within 36 months, provided that any proceeds above the seller's original acquisition cost are retained in the transaction.

Response:

The amount of LIHTC is limited in Section 42 to the amount necessary for feasibility. When a seller is unwilling to wait until the LIHTC equity closing to transfer the property, bridge financing may be needed to secure the property. However, the development budget is limited to the amount that the

developer paid for the property plus any actual holding costs, unless it has been owned by the developer or its affiliate for at least five years, in which case the value of the property to support refinancing is included in the development budget.

Section III.A.2, Total Development Cost Limits

Finds it difficult to comply with this section, since the cost limits are not a posted benchmark to meet, but rather a comparison against other projects in the round. In addition, feels that it is unclear whether exceeding the cost limits would be a ground for not awarding HNM-generated financial resources or simply a request back to the developer to have another look.

Response:

The Total Development Cost limits are intended to prevent excessive costs. The Underwriting Supplement provides an opportunity to request a waiver if there are extenuating circumstances around the hard construction in the Project. The Underwriting Supplement also provides that costs above the Total Development Cost limit are subject to a reduction in LIHTC.

Section IV.A.1, Credit Pricing

- Credit pricing is shown at a recommended range between $.85 and $.95 for the credit pricing factor. It is unlikely that anyone will have credit pricing within this range given current markets so we recommend this standard be researched and adjusted.
- Includes a credit pricing range that is above the current market pricing.

Response:

The pricing listed in the Underwriting Supplement is a recommendation, not a requirement, and states that Housing New Mexico will underwrite the Project based on the syndicator's letter of interest. However, it will be updated to reflect the current market to acknowledge what is currently available.

IV.C.6, Developer fees

- 9% developer fees have not been increased in some time. Additionally, the "low-income unit" methodology further disincentivizes mixed-income developments. The project size cutoff for fees also seems rather arbitrary. We would recommend returning to the developer fee calculation as a percentage of overall development costs, as they are calculated for 4% developments. This allows fees to keep pace with development cost increases – an important consideration as deferral of developer fees are assumed as a project source, so keeping those fees low contributes to further project funding gaps.
- The current developer fee limits and calculation make it harder for developers to justify acquiring and rehabilitating properties that are aging out of their LIHTC affordability requirements. Without adjusting the fee base and allowable fees upward, developers have less incentive and fewer resources to preserve these properties as affordable housing.

- As currently drafted, the underwriting guidelines reduce the developer fee base by the entire Acquisition Cost whenever an identity of interest exists in the sale, even where that cost reflects a genuine arm's-length price originally paid to an unrelated third party in a bridge transaction. This would not be true if the unrelated third party had been willing to wait to sell the property directly to the owner entity at the equity closing.
- For 4% LIHTC projects, we urge Housing New Mexico to increase the developer fee to at least 18% of Total Development Cost, which is in line with developer fees next door in Arizona. Because 4% credits generate a smaller share of equity relative to TDC as compared to 9% credits, these transactions face greater pressure on their capital stacks and often require additional flexibility to close financing gaps.

Response:

NCSHA's recommended practices encourage limiting developer fees to the lesser of: 1) an appropriate defined per unit dollar cap on developer fee; or 2) 15 percent of total development cost. When Housing New Mexico researched per unit dollar caps on developer fee and New Mexico's per unit dollar caps on developer fee, they were comparable to other states with a similar fee structure. Fees in New Mexico were slightly above the median among states that include per unit caps in their fee structure.

While Housing New Mexico recognizes that there are some states willing to increase developer fees on 4% projects to increase eligible basis, this is not a standard recommended practice among HFAs. The percentage of developer fee in eligible basis that may be deferred is limited to the amount that can be repaid within 15 years through project cash flow. Therefore, it would take more of New Mexico's limited soft resources to pay for this increased fee.

Regarding the exclusion of acquisition costs from the calculation of developer fee in related party transactions, NCSHA's recommended practices encourage lower developer fees for the acquisition portion of acquisition/rehabilitation developments – in all instances including transactions between unrelated parties. The QAP has been updated to allow projects financed with bridge financing (where the sale into the partnership is from an owner that has owned the property for less than five years) to include the cost of the acquisition from the third-party arm's length owner in the developer fee. Long-term owners (five years or more) are still precluded from including the cost of acquisition in the calculation of the developer fee.

Section V.C, Management Fee

Appreciates the update in the underwriting supplement to allow for fees paid to the developer during operations if it is agreed to by the investor in the limited partnership agreement. This is helpful because the accrual of those fees through the compliance period can result in complications for a long-term property holder.

Section V.E, Operating Reserve

The 2027 draft requires a minimum of six months of operating expenses and six months of must-pay debt service in the Operating Deficit Reserve (ODR), with a case-by-case allowance of four

months for 4% LIHTC properties of 250 units or more. We urge Housing New Mexico to allow the ODR to match the requirements of the Project's tax credit investor, or, alternatively, to build a waiver process similar to Arizona's, which nominally requires a six-month reserve but routinely grants a waiver where the investor confirms in writing that a shorter reserve period is acceptable based on its own underwriting.

Response:

The reserves are required so they are available to cover costs if the property faces a downturn in the market. Housing New Mexico recognizes that markets are cyclical and that developers with strong balance sheets and available cash reserves could face unanticipated future challenges that could change their ability to supplement a property's reserves during a downturn in the market.

Underwriting Supplement – HOME Term Sheet

Affordable housing financing changes frequently between award and closing. A local government may receive new funding, another state resource may become available, or a project's financing structure may change in a way that makes HOME unnecessary. If HOME can be returned early enough for Housing New Mexico to recommit it to another eligible project, replacing HOME should not automatically result in a one-year penalty.

Penalizing developers who are able to procure funding with better terms and elect to return HOME or NHTF by possibly rescinding their LIHTC awards and preventing them from participating in Housing New Mexico's development programs for one year is not appropriate. As these gap sources are allocated at the same time as LIHTC awards – and you often need evidence of the LIHTC awards to procure other funding – you are forcing developers to utilize funding that doesn't best serve their developments. Both HOME and NHTF have BABA requirements that increase construction costs, as well as possibly impacting project timelines, and no additions to per project/unit limits have been made to help developers absorb those costs.

Response:

While many sources would like to be the last financing source, Section 42(m)(2) "credit allocated to building not to exceed amount necessary to assure project feasibility" requires Housing New Mexico to "consider the sources and uses of funds and the total financing planned for the project" among other criteria. That is why LIHTC applications require letters of interest from all financing sources with the application, demonstrating financial feasibility at that time, so the project can move forward.

Housing New Mexico understands that developers may have to seek out other resources to cover cost increases, or that in very rare cases project costs could decrease enabling a return of resources. However, when an application is received, the applicant is affirming that the resources listed in the application are all that is needed to move forward. Part of the underwriting process is to determine that the project needs this resource. Turning back HOME funds after award, which requires considerable time and effort to underwrite and obtain Housing New Mexico Board of Directors approval, to only

replace it with a grant source for which an additional application was required, is not an efficient practice.

Design Standards

General Requests not currently in Design Standards:

- Requests that standards require all electric or electric-ready in new construction and that the design standards set minimum HVAC efficiencies.
- Request that retrofits be required to replace gas stoves with an electric induction stove, which greatly reduces fire hazards and reduces symptoms in asthmatics with greater impact than medications because gas stoves produce indoor air pollution.
- Suggests more specific language be added that dictates certain levels of energy efficiency in space heating, water heating, clothes drying, and cooking equipment.
- Suggests specific codes, rather than using the term "minimum Code compliant".

Response:

The Design Standards do not mention specific Codes because the change from year to year and different municipalities may have adopted different codes in their jurisdiction.

The HERS rating requirement in the Design Standards incentivizes energy efficiency and building performance. While New Mexico has not required all electric construction, market forces have incentivized this type of new construction because it is less costly than installing gas appliances.

In addition, electric induction stoves don't work with all cookware and can interfere with pacemakers for cardiac patients.

Part A:

Energy Efficiency:

- Appreciated that Design Requirements will not waive energy efficiency.
- Energy efficiency lowers resident's utility bills, but meeting uniform statewide standards can increase development costs, require more subsidy and reduce housing production. The QAP should recognize differences in New Mexico's climate and adopt regional standards to create more cost effective preservation and production.
- We are concerned that the 2027 draft eliminates the ability to waive a HERS requirement. Maintaining waiver authority would not weaken the standard, as Housing New Mexico would retain full discretion to deny relief where it is not justified. Given New Mexico's wide range of climate zones, a flat statewide HERS target does not reflect the real difference in achievable

energy performance. We suggest Housing New Mexico adopt a climate-differentiated rehabilitation HERS standard – for example, a 75 HERS threshold for rehabilitation projects in cold-climate zones and the existing 65 HERS threshold elsewhere in the state – or, at minimum, retain the ability to grant waivers where appropriate.

Amenities:

Regarding the added language "Amenities are for the residents, who shall not be restricted from accessing them unless they are closed for all users (e.g. overnight or because they are closed for repairs)." YES Housing supports Housing New Mexico's intent to ensure that project amenities remain available for the benefit of residents and are not converted to exclusive commercial or nonresidential use. However, the proposed language is overly broad and could unintentionally prohibit limited, scheduled uses that directly benefit residents.

For example, licensed childcare, supervised youth activities, resident classes, counseling, health services, and other resident-serving programs may require temporary access restrictions because of licensing, safety, supervision, privacy, age, or capacity requirements. Reasonable scheduling of these activities should not be treated as denying residents access to an amenity, provided the amenity remains available to residents at reasonable times and is not permanently dedicated to an outside use.

YES Housing recommends revising the proposed language as follows:

"Amenities are intended primarily for the benefit of residents and shall remain reasonably available to residents without charge. Reasonable limitations on access may be imposed for safety, security, maintenance, capacity, supervision, licensing requirements, age appropriateness, or limited scheduled programming that benefits project residents, provided the amenity remains available to residents at reasonable times and is not converted to exclusive commercial or non-residential use."

Response:
The Mandatory Design Standards require certain amenities which must be available to residents, who shall not be restricted from access. These standards are in addition to the statutory and regulatory requirement governing the LIHTC program. Developers who wish to provide certain amenities from which residents would be restricted, even temporarily, should plan to provide all amenities required in the Housing New Mexico Design Standards and build a separate amenity that would be excluded from eligible basis for the purpose of renting to the outside user or commercial tenant. In the example of a playground for a daycare provider tenant, a second playground for their use would be required.

D.1.e, Unit Design and Construction

Smaller units – of any room count – can mean more units, lower per unit development costs, and more people affordably housed.

Response:

Housing New Mexico's Design Standards do not dictate a minimum square footage of the unit, except where there are no bedrooms. The 2027 QAP adds a range of 400 – 600 gross square feet for units that do not have a separate bedroom. The Design Standards use minimum bedroom sizes of 100 square feet for secondary bedrooms and 120 square feet for the primary bedroom in each unit, along with amenities within the unit such as the number of storage spaces and bathrooms to provide adequate living space.

Tab 2

MEMO

TO: Housing New Mexico Board of Directors
Through: Finance Committee – 10/13/2026
Through: PC Committee – 10/7/2026

FROM: Joseph McIntyre, CPA Controller, Jacob Kemmeren, Asst Controller

DATE: 10/21/2026

SUBJECT: FY 2026-2027 Housing Opportunity Fund Request

Recommendation: As specified in the attached Resolution, staff recommend that $908,000 be transferred to the Partners Loan program from the Primero Loan Program.

Background: The Housing Opportunity Fund (HOF) was created in 1992 to support Housing New Mexico's legislative responsibility to provide decent, safe, and affordable housing programs to benefit all New Mexicans. The HOF programs are funded by Housing New Mexico | MFA's General Fund reserves through appropriations designated by the Board. The programs that comprise the General Fund HOF include the following: Primero Investment Fund Program, Partners Loan Program, Down Payment Assistance (DPA) Program, HERO First Mortgage Program, Access Loan Program and Emergency Housing Needs Program. The Board has appropriated General Fund reserves to various programs in the HOF throughout the years. Total appropriations to date are $110 million. Last year, Housing New Mexico appropriated $4.9 million of General Fund Reserves to the HOF. To date, $276 million in loans have been funded, and $162 million of repayments have been received by the HOF program.

Due to significant Single Family Loan program production growth, Housing New Mexico has increased collateral needs that are used to secure Federal Home Loan Bank (FHLB) Advances. Advances from the FHLB are used to fund daily loan warehouse purchases. Staff believes that HOF loan repayments can be used to invest in Treasury Securities that will provide safe returns and increased collateral for our Single-Family Loan program. We are afforded this opportunity in FY 2027 because of the $50 million appropriation received in the 2026 legislative session. $26 million of this appropriation has been earmarked for the First Down DPA program.

HNM currently has $85 million in DPA portfolio loans on its Statement of Net Position, earning approximately 5.5%. This program supports MFA's mission by providing statewide DPA to borrowers that have limited financial resources.

The Primero Loan program is anticipated to have available appropriation in the amount of 2.9 million that could be transferred to fund the projected needs of the revitalized Partners Loan program.

Discussion: The attached schedule summarizes the appropriations, uses, and projections for each program in the General Fund HOF as of 8/31/2026. Staff has estimated the availability of "Funds Required to meet Demand" for each of the programs that comprise the General Fund HOF. Staff also estimated the "Anticipated Need" for the programs through 9/30/2027 as well as the "Estimated Repayments" through 9/30/2027. Based on these estimates, we anticipate that funds will be available to shore up the collateral needs of the Single-Family loan program and provide additional resources to the Partners Loan program which has been revitalized in FY 2026.

As of 8/31/2026, MFA has $58.9 million in General Fund reserves which have been designated for use in the Single Family and Multifamily housing programs.

Summary: Staff are projecting that there will be no new appropriations needed from GF reserves to fund HOF programs in FY 2027. After current commitments are considered, staff projects that just under $7.25 million of funds are available to meet HOF program needs. Staff are projecting FY 2027 HOF production to be $13.45 million, and FY 2027 loan repayments of $11.4 million. This will result in approximately $5.2 million that could be used to shore up Single Family Loan program collateral needs. Approval of the resolution to transfer $908 thousand from the Primero Loan program to the Partners Loan Program is requested at this time.

New Mexico Mortgage Finance Authority
Housing Opportunity Fund

REQUEST

8/31/2026

Description	Primero Loans	Primero Loans PRLF	Partners Loans	DPA	HERO 1st Mortgages	Access Loans	Emergency Housing Needs	Total
Original Appropriation:	5,824,041	0	8,783,000	43,478,739	10,000,000	37,055,000	500,000	110,040,781
Appropriation Transfers	204,000	1,329,000	(4,880,000)	32,889,288	(9,133,288)	(16,009,000)	0	0
Original Appropriation:	6,028,041	1,329,000	3,903,000	76,368,027	866,712	21,046,000	500,000	110,040,781
RHED 2002 Award	13,000							13,000
HERO Loans/State Innovations				363,413				363,413
DPA Loans/State Mortgage Loans				75,000				75,000
DPA Loans/General Indenture				11,019,000				11,019,000
Wells Fargo	850,000							850,000
USDA		3,070,601						3,070,601
NM Small Business Investment Corp.	3,500,000							3,500,000
Used for:								
Funded Loans	(20,052,318)	(5,035,143)	(15,121,062)	(195,609,492)	(9,258,705)	(31,522,224)	0	(276,633,944)
Repayments	20,023,835	635,542	12,122,029	110,641,280	8,391,993	10,481,937	0	162,331,616
Funded Grants							(53,390)	(53,390)
Totals	10,362,558	0	903,967	2,857,229	(0)	5,713	446,610	**14,576,077**
Total Unused Appropriations:								**14,576,077**
Commitments:	5,450,000	0	547,344	1,329,838	0	0	0	**7,327,182**
Available:	4,912,558	0	356,623	1,527,391	(0)	5,713	446,610	**7,248,895**

PROJECTIONS FOR FISCAL YEAR 2026-2027:								
Anticipated Need thru 9/30/2027	3,000,000	0	1,500,000	8,500,000	0	0	446,610	**13,446,610**
Estimated Repayments	1,000,000	120,000	235,000	9,500,000	75,000	450,000	0	**11,380,000**
Funds Required to meet Demand	(2,912,558)	(120,000)	908,000	(2,526,000)	(75,000)	(455,713)	-	**(5,181,271)** *
Board Appropriation Request	**0**	**0**	**0**	**0**		**0**	**0**	**0**

SUMMARY UPON APPROVAL:

Loans & Guaranties Outstanding	114,302,328
Unused Appropriations	14,576,077
Grants	53,390
Total Appropriations	128,931,795

* **No additional Appropriation from Reserves Projected to be needed in FY 2027. Excess repayments can be used to shore up Single Family Collateral needs!**

NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA)
RESOLUTION

WHEREAS the New Mexico Mortgage Finance Authority Board of Directors (the "Board") met in a Regular meeting held in Albuquerque, New Mexico on October 21,2026 at 9:30 a.m.; and

WHEREAS New Mexico's nonprofit organizations, public and tribal agencies often have inadequate funding to initiate the development of affordable and/or special needs housing projects; and

WHEREAS the legislated responsibility of the MFA is to help provide decent, safe and affordable housing to all New Mexicans; and

WHEREAS the Board has $2,912,558 of unused appropriation in the Primero Loan Program

IT IS RESOLVED that the Board agrees to the following appropriations:

1. $908,000 to the Partners Loan Program from the Primero Loan program.

After discussion, the foregoing Resolution was duly moved by _____, and seconded by_____; adopted by the following vote:

Aye **Nay** **Absent**

Date Adopted: October 21, 2026

NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA)
RESOLUTION

WHEREAS the New Mexico Mortgage Finance Authority Board of Directors (the "Board") met in a Regular meeting held in Albuquerque, New Mexico on OctoberSeptember 2117,20265 at 9:30 a.m.; and

WHEREAS New Mexico's nonprofit organizations, public and tribal agencies often have inadequate funding to initiate the development of affordable and/or special needs housing projects; and

WHEREAS the legislated responsibility of the MFA is to help provide decent, safe and affordable housing to all New Mexicans; and

WHEREAS the Board has $432,000 of unused appropriation in the Access Loan Program; and WHEREAS the Board has $2,912,558 of unused appropriation in the Primero Loan Program

WHEREAS the Board has $70,000 of unused appropriation in the Primero Loans PRLF program; and

WHEREAS the Board has $1,255,000 of unused appropriation in the Partners Loans PRLF program; and

WHEREAS the Board Desires to appropriate $4,912,000 of General Fund reserves to the Primero Loan Program

IT IS RESOLVED that the Board agrees to the following appropriations:

1. $908,000 to the Partners Loan Program from the Primero Loan program.$432,000 to the DPA Loan Program to be transferred from the Access Loan Program, and $447,000 to the DPA Loan Program to be transferred from the Partners Loan Program
2. $808,000 to the Primero Loan Program to be transferred from the Partners Loan Program and $70,000 to the Primero Loan Program to be transferred from the Primero PRLF Loan Program
3. $4,912,000 in new appropriation to the Primero Loan Program from General Fund reserves

After discussion, the foregoing Resolution was duly moved by _____, and seconded by_____; adopted by the following vote:

Aye **Nay** **Absent**

Date Adopted: October 21, 2026~~September 17, 2025~~

Tab 3

MEMO

TO: Housing New Mexico Board of Directors

Through: Policy Committee – September 9, 2026
Finance Committee – October 13, 2026

FROM: Dolores Wood, HR Director

DATE: October 21, 2026

SUBJECT: Limited Delegation of Authority to the Chief Executive Officer to Amend and Restate 401(k) and 457(b) Retirement Plans

Recommendation

Staff is recommending that the Board of Directors delegate limited authority to the Executive Director/ CEO ("Executive Director") to adopt amendments, including full restatements, to Housing New Mexico | MFA's 401(k) Plan and 457(b) Plan under specified circumstances.

Background:

The 401(k) Plan and 457(b) Plan periodically require amendments to maintain compliance with changes in federal laws and regulations, including the Internal Revenue Code, Treasury Regulations, and the Employee Retirement Income Security Act of 1974 ("ERISA"), Department of Labor regulations or to satisfy the non-discrimination tests, or to improve the operation of the Plan. In addition, operational improvements and administrative updates may occasionally be necessary to enhance plan administration and efficiency.

Because certain amendments are routine, time-sensitive, or legally required, delegating limited amendment authority to the CEO would enable Housing New Mexico to respond promptly to regulatory changes and administrative needs without requiring Board action for each individual amendment. The proposed delegation includes appropriate limitations to ensure Board oversight of any amendments that would materially increase plan costs.

Discussion:

Staff recommend that the Board adopt the following resolutions relating to the New Mexico Mortgage Finance Authority's ("MFA") 401(k) and 457(b) Plans:

RESOLVED, that the Executive Director/ CEO ("Executive Director) of MFA is authorized to adopt amendments, including full restatements, of the 401(k) Plan and the 457(b) Plan, if the CEO determines that such amendments are in the best interests of MFA, or if such amendments are required to maintain the qualified status of the 401(k) Plan or the compliance of the 457(b) Plan as a result of a provision of, or change in, the Internal Revenue Code, Treasury Regulations, the Employee Retirement Income Security Act, or Department of Labor regulations, or to satisfy the non-discrimination tests, or to improve the operation of the Plan; provided that the Executive Director reasonably anticipates that such amendment(s)will not increase the cost of the applicable Plan by more than $10,000 for any plan year.

RESOLVED FURTHER, that the authority given to the Executive Director in the above Resolution includes the authority to take all actions and execute all documents necessary to effectuate the authority given.

RESOLVED FURTHER, that the officers of MFA be, and they hereby are, authorized and directed to take any and all actions and execute and deliver such documents as they may deem necessary, appropriate, or convenient to affect the foregoing resolutions, including, without limitation, causing to be prepared and filed such reports, documents or other information as may be required under applicable law.

Current Amendments requiring signature are listed below:

Two Amendments with the following required and optional changes for adoption into the 401(k) plan as a result of the SECURE 2.0 Act:

- Required Minimum Distribution: Increased from age 72 to age 73 for those born between 1951 and 1959 and to age 74 to 75 for those born in 1960 or later.
- Qualified Domestic Relations Order (QDRO) from Tribal Courts: Tribal courts are now authorized to issue QDRO's to employers.
- Required Distribution Applicable to Beneficiaries: Dependent on relationship with the deceased beneficiaries must take distributions earlier than prior requirements.
- Force Out Limit Increase: Force out limit was optional and the 401(k)

committed voted to increase the force out from $5,000 to $7,000

Two Amendments requiring the following changes for adoption into the 457(b) plan as a result of the SECURE 2.0 Act:

- Minimum Distribution Requirements: The age for mandatory retirement distributions has been updated based on the participants' birthdate.
    - Clarification of the date for required minimum distribution for the first year of the Required Minium Distribution, participants can wait to take the distribution until April 1st of the following calendar year.
- Qualified Domestic Relations Order (QDRO) from Tribal Courts: Tribal courts are now authorized to issue QDRO's to employers.
- Required Distribution Applicable to Beneficiaries: Dependent on relationship with the deceased beneficiaries must take distributions earlier than prior requirements.
- Catch-up Contributions Alignment: Since catch-up is no longer permitted under the 401(k) Plan, the 457(b) Plan can accept the deferrals that would have previously been made as catch-up to the 401(k) Plan.

Any 401(k) and/or 457(b) Amendments signed by the Executive Director will be communicated to Board of Directors via staff actions.

Summary

Staff is recommending that the Board of Directors delegate limited authority to the Executive Director to adopt amendments required by regulatory changes, including full restatements, to Housing New Mexico | MFA's 401(k) Plan and 457(b) Plan.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FORMAL RECORD OF ACTION

The following actions are hereby taken by the Board of Directors of New Mexico Mortgage Finance Authority (MFA):

RESOLVED, that the Executive Director/CEO ("Executive Director") of MFA is authorized to adopt amendments, including full restatements, of the 401(k) Plan and the 457(b) Plan, if the Executive Director determines that such amendments are in the best interests of MFA, or if such amendments are required to maintain the qualified status of the 401(k) Plan or the compliance of the 457(b) Plan as a result of a provision of, or change in, the Internal Revenue Code, the Treasury Regulations, the Employee Retirement Income Security Act, or Department of Labor regulations, or to satisfy the non-discrimination tests, or to improve the operation of the Plan, if the CEO reasonably anticipates that such amendment(s) will not increase the cost of the applicable Plan by more than $10,000 per occurrence.

RESOLVED FURTHER, that the authority given to the Executive Director in the above Resolution includes the authority to take all actions and execute all documents necessary to effectuate the authority given.

RESOLVED FURTHER: That the officers of MFA be, and they hereby are, authorized and directed to take any and all actions and execute and deliver such documents as they may deem necessary, appropriate or convenient to effect the foregoing resolutions including, without limitation, causing to be prepared and filed such reports documents or other information as may be required under applicable law.

After discussion the foregoing Resolution was:

ADOPTED:

Aye:

Nay:
Abstain:

Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS 21st DAY OF OCTOBER 2026.

Angel Reyes, Chair

CERTIFICATION

I HEREBY CERTIFY, that I am the Vice Chair of the New Mexico Mortgage Finance Authority; that the above and foregoing is a full, true and correct copy of a resolution duly and regularly adopted by the vote of the majority or more of the directors of the New Mexico Mortgage Finance Authority in accordance with the MFA bylaws adopted as of January 18, 2023 and in effect on the date hereof; that there is no provision in the articles of the MFA bylaws conflicting with said resolution; and that said resolution has not been modified or revoked and still remains in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of the New Mexico Mortgage Finance Authority this 21st day of October 2026.

Derek Valdo, Vice Chair

(SEAL)

Tab 4

MEMO

TO: Housing New Mexico Board of Directors
Through: Finance Committee – October 13, 2026
Through: PC Committee – October 6, 2026

FROM: Rene Acuña, Director of Homeownership

DATE: October 21, 2026

SUBJECT: New Homes for New Mexico – Award Recommendation for Abrazo Homes

Recommendation:

Staff requests Board approval of a $1,000,000 funding set-aside for Abrazo Homes LLC/QTM under the New Homes for New Mexico Down Payment Assistance (DPA) program.

The program received an initial appropriation of $10 million. If the proposed $1 million award is approved, $9 million will remain available for future awards.

Background:

Per House Bill 200, Housing New Mexico established the criteria for the Homes for New Mexico. Respondents to the New Homes for New Mexico Notice of Funding Availability are scored through a competitive process by an internal scoring committee. The committee awards points in the following categories: Applicant's experience in affordable residential construction, number of affordable units that meet the New Homes for New Mexico criteria outlined in House Bill 200, marketing plan to eligible borrowers, general plan for program administration and oversight of award, additional points are awarded for projects located in rural areas or on tribal lands. Applicants must receive a minimum of 70 points to be eligible for a funding award recommendation.

As outlined in the legislation, homes may not exceed 1,800 square feet, the lot size is limited to a maximum of 5,000 square feet, borrowers must be first time homebuyers and may not exceed 120 percent of area median income (AMI). Unlike our traditional down payment assistance programs, the recipient under the New Homes for New Mexico is a developer or builder who if approved, has funds reserved to offer down payment assistance to their eligible homebuyers.

The 120 percent household (AMI) limit for a household size of four in Bernalillo County for 2026 is $120,480 per year. The legislation established purchase price limits defined as being affordable for buyers with household incomes of up to 120 percent of AMI. Sales price limits for the program in Bernalillo County at the time of approval should not exceed $403,982.

The Board-approved Notice of Funding Availability limits each builder's award to a maximum of $1,000,000. Homebuilders may submit subsequent applications once 80% of an existing award has been committed to homebuyers through executed purchase agreements.

Discussion:

Staff requests Board approval of a $1,000,000 funding set-aside for Abrazo Homes LLC/QTM under the New Homes for New Mexico Down Payment Assistance program. This award supports 20 affordable homes in the Mesa del Sol Vintner's Series (Unit 4) in Albuquerque, Bernalillo County, with up to $50,000 in assistance available to each eligible homebuyer.

The internal review and scoring committee found that the application met the program's minimum requirements. Abrazo Homes has operated in New Mexico since 2010, holds an active GB-98 contractor's license, and has a proven development history in Mesa del Sol. At the time of application, four homes were nearing completion or ready for occupancy; additional homes are expected to require approximately seven months to complete. Unit 4 is fully platted, entitled, and served by infrastructure. The developer anticipates that funding will be fully utilized within 3 to 36 months, depending on the number of borrowers who qualify for the program.

As of September 2026, Abrazo's projected sales prices range from $359,940 to $392,940. If the entire $50,000 in assistance is applied solely toward the down payment, the estimated first-mortgage loan amounts, excluding fees and closing costs, would range from $309,940 to $342,940. The Greater Albuquerque Association of Realtors reported that the sales price of a newly constructed detached home was $452,633 and the median sales price of all detached homes was $385,000 in the month of August. The substantial down payment assistance reduces the monthly principal and interest payment by approximately $300.

Funding will remain subject to all program requirements, including household income and purchase-price limits, owner occupancy, use of an approved participating lender, monthly reporting, and repayment or reimbursement provisions for noncompliance.

Summary:

Staff recommends Board approval of a $1,000,000 set-aside for Abrazo Homes LLC/QTM to provide up to $50,000 in down payment assistance for each of the 20 affordable homes in Mesa del Sol's Vintner's Series (Unit 4). The application meets program requirements, and the experienced, licensed developer has several projects in the Mesa Del Sol Subdivision.

AWARD RECOMMENDATION SUMMARY
New Homes for New Mexico – Down Payment Assistance

Project Name & County	Mesa del Sol – Vintner's Series (Unit 4) Albuquerque, Bernalillo		
Affordable Units	20 units		
	Award Amount	Project	County
Proposed	$1,000,000 (Proposed: 20 units X $50K = $1MM)	Mesa del Sol Series (Unit 4), 20 affordable units	Bernalillo
Existing Awards (If applicable)	$	N/A	
	$	N/A	
	$	N/A	
Awardee	Abrazo Homes LLC /QTM		
Developer Experience	Since 2010, Abrazo Homes LLC has been building homes in New Mexico. This New Mexico owned and operated company remains in good standing with the New Mexico Secretary of State. Both owners were raised in the state and attended local universities. 100 percent of Abrazo's employee base is in the state. Abrazo Homes holds an active GB-98 contractor's license with New Mexico Regulation and Licensing Department.		
Project Description	*Project Overview* This project consists of two phases with up to 59 detached single-family homes located in Mesa del Sol. There are three floor plans ranging from 1,146 to 1,523 square feet, the builder also certifies that the lot size for these homes will not exceed the 5,000 square foot requirement as required in the New Homes for New Mexico legislation and outlined on the provided plat. Abrazo Homes has been building homes in the Mesa del Sol community for over 5 years and contributed to the community's development and growth. *Construction Time* As of the date of the application, the builder had four (4) homes nearing completion or ready for immediate move in. The construction timeframe from ground up to completion for additional units is estimated at seven (7) months. Unit 4 is fully platted and entitled with infrastructure in place. The developer projects that funding will be fully expensed anywhere from 3-36 months depending on the number of program eligible borrowers. *Marketing Plan* Abrazo Homes plans to utilize Frost Mortgage Banking Group. Frost Mortgage is an approved Housing New Mexico participating lender. Abrazo plans to market these homes to first time home buyers using a multichannel marketing plan. This includes but is not limited to: • Signage along with printed handouts • Email campaigns to their 20,000 existing contacts • Social media and Realtor messaging • Dedicated staff to answer questions • Website banner and pop ups *Program Administration and Reporting to Housing New Mexico* Abrazo committed to providing Housing New Mexico with monthly reports to include new contract executions, material changes to planned completion dates and the completion of each closing.		

Affordability & Repayment Requirements	The proposed sales prices for these homes range from $359,940 to $392,940. If the full $50,000 in assistance is applied solely toward the down payment, the estimated first-mortgage loan amounts, excluding fees and closing costs, would range from $309,940 to $342,940. The loan is repayable upon property sale, title transfer, change in occupancy, or refinance of the first mortgage. Borrowers certify they will occupy the property as their primary residence and agree to notify Housing New Mexico of any change to occupancy status. The maximum sales price is determined by calculating an affordable housing payment equal to 30% of gross monthly income, based on the county's approved 120% AMI limit and current FirstHome interest rate, then adding $50,000 in allowable program down payment assistance. Based on this methodology the maximum sales price for this award cannot exceed $403,982. If the builder is unable to offer homes below the $403,982 maximum sales price in the future, it must submit a formal request for consideration of an adjusted limit.
Tribal Or Rural	This project is in Bernalillo County, project is not located on tribal trust land, nor is it located in a rural area.
Special Conditions	The awardee certifies that the project will meet the requirements outlined in the Notice of Funding Availability, along with the list below. If the project or any individual loan fails to satisfy these requirements, the awardee must reimburse Housing New Mexico for the full down payment assistance amount associated with the noncompliant loan and may be subject to forfeiture of all or part of the award. • Newly Constructed, attached or detached, single-family homes no more than 1,800 square feet in size. • Lot size no larger than 5,000 square feet or 0.115 acres in size • Loans may only originate from a Housing New Mexico approved participating lender. • Borrower(s) must be first time homebuyers with household income less than 120% of Area Median Income. • Must be occupied by borrower(s) as their primary residence. • Borrower income must be the lesser of the First*Home* or Home*Forward* loan program income limits or 120% of Area Median Income for a family of 4. • Purchase price must not exceed $403,982 • Borrower must meet all other program eligibility requirements

Summary & Recommendation	The internal review Committee recommends a funding set aside in the sum of $1,000,000 for 20 units in Albuquerque's Mesa del Sol Vitner's series (Unit 4) project. The Scoring Committee found that Abrazo Homes application met the minimum requirements outlined in the New Homes for New Mexico assistance program.
Prepared by	Rene Acuna, Director of Homeownership

Tab 5

HOUSING NEW MEXICO | MFA

Contracted Services/Credit Committee Meeting

Tuesday, October 13, 2026 @ 10:00 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
1 2026 Capital Outlay Addendum 3 – Sharlynn Rosales & Robyn Powell	10:00-10:10	2-0	YES
2 Biannual Compliance Activity Report- Jackie Nutima & Jessica Franco	10:10-10:20	✓	NO
Informational Items 3 Questions/comments from Committee	10:20-10:30	✓	NO

Committee Members present:

Rebecca Wurzburger, Chair	☐ present	☐ absent	☑ conference call
Attorney General Raul Torrez/Designee Billy Jimenez	☐ present	☐ absent	☑ conference call
Randy Traynor	☐ present	☑ absent	☐ conference call

Hernandez

MEMO

TO: Housing New Mexico Board of Directors
Through: Contracted Services Committee on October 13, 2026
Through: Policy Committee on September 22, 2026

FROM: Sharlynn Rosales, Research and Development Manager
Robyn Powell, Senior Director of Policy & Planning

DATE: October 21, 2026

SUBJECT: Housing Innovation Notice of Funding Availability Addendum 3

ATTACHMENT: Housing Innovation Notice of Funding Availability Addendum 3

Recommendation:

Staff recommend approval of the Housing Innovation Notice of Funding Availability Addendum 3 – Capital Outlay & Special Appropriation Funding.

Background:

During the 2025 New Mexico legislative session, Housing New Mexico | MFA was appropriated Capital Outlay. These funds were made available for award via the Housing Innovation Notice of Funding Availability (NOFA) through Addendum 1, which was approved by Housing New Mexico Board of Directors in August 2025. A second Addendum updated the amount of 2025 Capital Outlay funding that remained available to award and incorporated a special appropriation from House Bill 2. During the 2026 New Mexico legislative session, Housing New Mexico | MFA was appropriated Capital Outlay funding for single-family affordable housing. Addendum 3 will list 2026 Capital Outlay funding available and appropriations to be awarded.

HOUSING NEW MEXICO CAPITAL OUTLAY & SPECIAL APPROPRIATIONS AVAILABLE

Appropriation Number	*Title*	*Appropriation Language*	*Appropriation Amount*	*Arts in Public Places Deduction*	*Appropriation Amount Available to Award*	*Reversion Date*
K3130	MFA CLOVIS LAND ACQ	to acquire land for the development of an affordable single-family home in Clovis in Curry County.	$15,000	$0	$15,000	6/30/30

K3132	MFA HOBBS AFFORDABLE HOME CONSTRUCT	to plan, design and construct affordable single-family homes in Hobbs in Lea County.	$1,104,000	$11,040	$1,092,960	6/30/30
K3133	MFA ESPANOLA LAND ACQ & AFFORDABLE HOMES CONSTRUCT	to acquire land for and to plan, design and construct affordable single-family homes in Espanola in Rio Arriba County.	$325,000	$3,250	321,750	6/30/30
K3134	MFA PORTALES LAND ACQ	to acquire land for the development of an affordable single-family home in Portales in Roosevelt County.	$15,000	$0	$15,000	6/3030
K3135	MFA KIRTLAND AFFORDABLE HOMES CONSTRUCT	to plan, design and construct energy-efficient affordable single-family homes in Kirtland in San Juan County.	$45,000	$0	$45,000	6/30/30
K3136	MFA NP SANTA FE AFFORDABLE HOMES CONSTRUCT	to plan, design and construct affordable single-family homes in Santa Fe in Santa Fe County.	$1,550,000	$155,000	$1,394,500	6/30/30
K3137	MFA TAOS AFFORDABLE HOMES CONSTRUCT	to plan, design and construct affordable single-family homes in Taos in Taos County.	$400,000	$4,000	$396,000	6/30/30

Discussion:

Housing New Mexico will apply all Threshold Requirements and score applications using the board approved Housing Innovation Program NOFA Scoring Criteria. Applicants must submit a separate application for each project it seeks to be funded. Applicants must explicitly state which appropriation they are soliciting funding from under Addendum 3. Housing New Mexico will not impose a $500K funding cap on applicants seeking funding under Addendum 3. All awards funded are subject to requirements set by the State of New Mexico Department of Finance and Administration and are contingent upon contract execution and funding availability.

Summary:

Staff recommend Board of Directors' approval of the Housing Innovation Notice of Funding Availability Addendum 3 – Capital Outlay & Special Appropriation Funding.

ADDENDUM 3– CAPITAL OUTLAY & SPECIAL APPROPRIATION FUNDING

BACKGROUND

During the 2025 New Mexico legislative session, Housing New Mexico | MFA was appropriated Capital Outlay funding, and a special appropriation from House Bill 2, for affordable housing. Additionally, the State of New Mexico Department of Finance and Administration (DFA) re-authorized a 2024 appropriation from Bernalillo County to Housing New Mexico. The Capital Outlay funding was initially made available for award via the Housing Innovation Notice of Funding Availability (NOFA) in Addendum 1, which was approved by the Housing New Mexico Board of Directors in August 2025. Addendum 2 updated the amount of 2025 Capital Outlay funding that remained available to award and incorporated a special appropriation from House Bill 2. Addendum 3 provides an updated list of appropriations for the 2026 Capital Outlay funding and is listed in the table below.

HOUSING NEW MEXICO CAPITAL OUTLAY AVAILABLE TO AWARD

Addendum 2							
Number	*Title*	*Appropriation Language*	*Appropriation Amount*	*Arts in Public Places Deduction*	*Previously Awarded Funds*	*Appropriation Amount Available to Award*	*Reversion Date*
J2873	BERN CO INTNL DIST HSING CONSTRUCT	To acquire and renovate multifamily housing facilities, including energy efficiency upgrades and improvements, to preserve affordable housing options in the International District in Albuquerque in Bernalillo County.	$624,444	$6,245	$238,325	$379,874	6/30/2029
Addendum 3							
Number	*Title*	*Appropriation Language*	*Appropriation Amount*	*Arts in Public Places Deduction*	*Previously Awarded Funds*	*Appropriation Amount Available to Award*	*Reversion Date*
K3130	MFA CLOVIS LAND ACQ	To acquire land for the development of an affordable single-family home in Clovis in Curry County	$15,000	$0	$0	$15,000	6/30/30
K3132	MFA HOBBS AFFORDABLE HOME CONSTRUCT	To plan, design and construct affordable single-family homes in Hobbs in Lea County	$1,104,000	$11,040	$0	$1,092,960	6/30/30
K3133	MFA ESPANOLA LAND ACQ & AFFORDABLE	To acquire land for and to plan, design and construct affordable single-family	$325,000	$3,250	$0	$321,750	6/30/30

	HOME CONSTRUCT	homes in Espanola in Rio Arriba County					
K3134	MFA PORTALES LAND ACQ	To acquire land for the development of an affordable single-family home in Portales in Roosevelt County.	$15,000	$0	$0	$15,000	6/30/30
K3135	MFA KIRTLAND AFFORDABLE HOMES CONSTRUCT	To plan, design and construct energy-efficient affordable single-family homes in Kirtland in San Juan County	$45,000	$0	$0	$45,000	6/30/30
K3136	MFA NP SANTA FE AFFORDABLE HOMES CONSTRUCT	To plan, design and construct affordable single-family homes in Santa Fe in Santa Fe County	$1,550,000	$155,500	$0	$1,394,500	6/30/30
K3137	MFA TAOS AFFORDABLE HOMES CONSTRUCT	To plan, design and construct affordable single-family homes in Taos in Taos County	$400,000	$4,000	$0	$396,000	6/30/30

USE OF THIS ADDENDUM

Applicants must submit a separate application for each project that it seeks to be funded with the appropriations included in Addendum 2 and 3. **Additionally, applicants must explicitly state in their application that they are soliciting funding from these appropriations and identify the appropriation for which funding is sought, otherwise the Limited Exceptions described in the following section will not apply.** Applicants requesting this funding must ensure that their applications and projects are consistent with the appropriation language.

Housing New Mexico will apply all Threshold Requirements and score applications using the Scoring Criteria included in the Housing Innovation Program NOFA.

This Addendum will remain valid until all funding from these appropriations is awarded, or until funding is reverted back to the state.

LIMITED EXCEPTIONS

Housing New Mexico will not impose a $500K cap on applicants seeking funding under Addendum 3.

AWARD TERMS AND CONDITIONS

All awards funded with these appropriations are subject to any requirements that the State of New Mexico Department of Finance and Administration may impose and are contingent upon funding availability.

Tab 6

MEMO

TO: Housing New Mexico Board of Directors
Through: Contracted Services, October 13, 2026
Through: Policy Committee, October 7, 2026

FROM: Jackie Nutima, Compliance Manager & Jessica Franco, CFO

DATE: October 21, 2026

SUBJECT: **Biannual Compliance Activity Report for March - September 2026**

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 New Mexico's single-family mortgage lending and servicing departments, including lender oversight and subservicing oversight. During this reporting period, no significant compliance concerns were identified. Quality Control conclusions were determined to be independent and free from apparent influence or bias from other business units.

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

Discussion: The following is a summary of compliance activities related to vendor management, subservicing oversight, loan quality control, and the tracking of regulatory compliance and consumer complaints from March through September 2026.

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 New Mexico which are subject to regulation and oversight by the Consumer Financial Protection Bureau[1] (CFPB), or any entity contracted to provide services that would cause Housing New Mexico 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 New Mexico 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 compliance review 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 New Mexico consumer NPPI (non- public personal information), access to Housing New Mexico consumers, access to Housing New Mexico systems. ***Reviewed annually.***
- Medium – limited operational reliance, limited access to Housing New Mexico consumer NPPI, no access to Housing New Mexico consumers, no access to Housing New Mexico systems. ***Reviewed every 18 months.***
- Low – no operational reliance, no access to Housing New Mexico consumer NPPI, no access to Housing New Mexico consumers, no access to Housing New Mexico systems. ***Reviewed every 2 years.***

[1] Although the CFPB's capacity has been reduced, the agency remains operational, and federal consumer financial protection laws continue to apply. New Mexico remains actively engaged in consumer protection enforcement and advocacy, including participation in multistate efforts to support and preserve consumer financial protections.

Vendor Review:

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[2] type review, security reviews) and 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
- Artificial Intelligence Policy
- Information Security Policies, and
- Current organizational chart.

Below is a list vendor that were reviewed and rated in this period.

Company	**Function**	**Risk Rating**
Housing and Development Services (HDS)	Asset Management Software	Low Risk
GoSecure, Inc	Infrastructure Patch Management	Low Risk
Mimecast North America, Inc	Email Security	Moderate Risk
Quadient Technologies	Accounts Payable Processing Software	Low Risk
PowerSeller Solutions, LLC	Mortgage Ops Software for Lending	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 New Mexico needs and that controls over data integrity are in place. No significant issues were identified during the review period.

Annually staff conduct a comprehensive review of IHFA's policies and procedures to ensure it maintains compliance with servicing requirements as defined by the applicable governmental agencies, GSE's and Consumer Protection Bureau. This review was completed in this period and found no significant issues.

[2] [1] ISO 27001 focuses on establishing and maintaining an Information Security Management System (ISMS)

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

Three charts are provided at the end of this report. Chart 1 – Subserviced Portfolio Delinquency Trends illustrates the last 6 months of trending delinquency percentages, Chart 2 – Subserviced Portfolio Delinquency Tends illustrates the total number of delinquencies for the past 6 months. From **March through August 2026**, the delinquency rate rose from **11.37%** to **12.74%**, an overall increase of **1.37 percentage points** with seriously delinquency rate at **4.48%.**

Chart 3 illustrates a comparison of the last twelve months in FY26 and FY25. Both lines follow a similar cyclical pattern: delinquency rates rise in the fall and early winter, fall sharply toward a March low, and then recover through the spring and summer.

Loan Quality Control

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

Every month, Housing New Mexico'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 New Mexico 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 New Mexico'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 New Mexico 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 New Mexico'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 2026 – Random QC

Defect Trend Report		Target Net Defect Rate 3.0%	MATERIAL - All Defects		
Audit Month	Loans Reviewed	Gross Defect	Gross Defect Rate	Net Defect	Net Defect Rate
Sep 2025	1	0	0.0%	0	0.0%
Oct 2025	1	0	0.0%	0	0.0%
Nov 2025	1	1	100.0%	0	0.0%
Dec 2025	1	0	0.0%	0	0.0%
Jan 2026	1	0	0.0%	0	0.0%
Feb 2026	1	1	100.0%	0	0.0%
Mar 2026	1	1	100.0%	0	0.0%
Apr 2026	3	2	66.7%	0	0.0%
May 2026	1	1	100.0%	0	0.0%
Jun 2026	1	0	0.0%	0	0.0%
Jul 2026	3	0	0.0%	0	0.0%
Aug 2026	1	0	0.0%	0	0.0%
TOTAL	**16**	**6**	**37.5%**	**0**	**0.0%**

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. Housing New Mexico was informed of the following regulatory changes.

Fannie Mae issued announcement LL-2026-04 defining governance framework on use of artificial intelligence and machine learning. Servicers and sellers must ensure technologies are deployed safely, legally, ethically and in alignment with Fannie Mae's expectations. (4/8/2026)

Fannie Mae Announcement SVC-2026-03 updated servicing requirements by eliminating the reactivation process for loans incorrectly reported as paid off after a reporting period has closed, strengthening the need for effective payoff reporting controls and quality assurance processes. The

announcement also incorporated previously issued Lender Letter LL-2026-01 policies into the Fannie Mae Servicing Guide, including updates to forbearance plans, retention workout options, Flex Mod evaluations, and disaster-related foreclosure procedures. (04/08/2026)

Fannie Mae APM 26-06 temporarily removes FHA-related Trial Payment Plan loans from Ginnie Mae issuer delinquency ratio calculations to prevent inflated delinquency metrics while the industry adapts to FHA's revised loss mitigation waterfall. (4/24/2026)

Training

All Housing New Mexico staff are required to participate and complete ongoing, comprehensive security and fraud awareness training that is provided through the Information Security department. In addition to these trainings all employees participated in Anti-Harassment Training for Non-supervisory staff and as well as Annual Active Shooter Preparedness and Response Training presented by New Mexico Mutual Risk and Safety Management team in April and May, respectively.

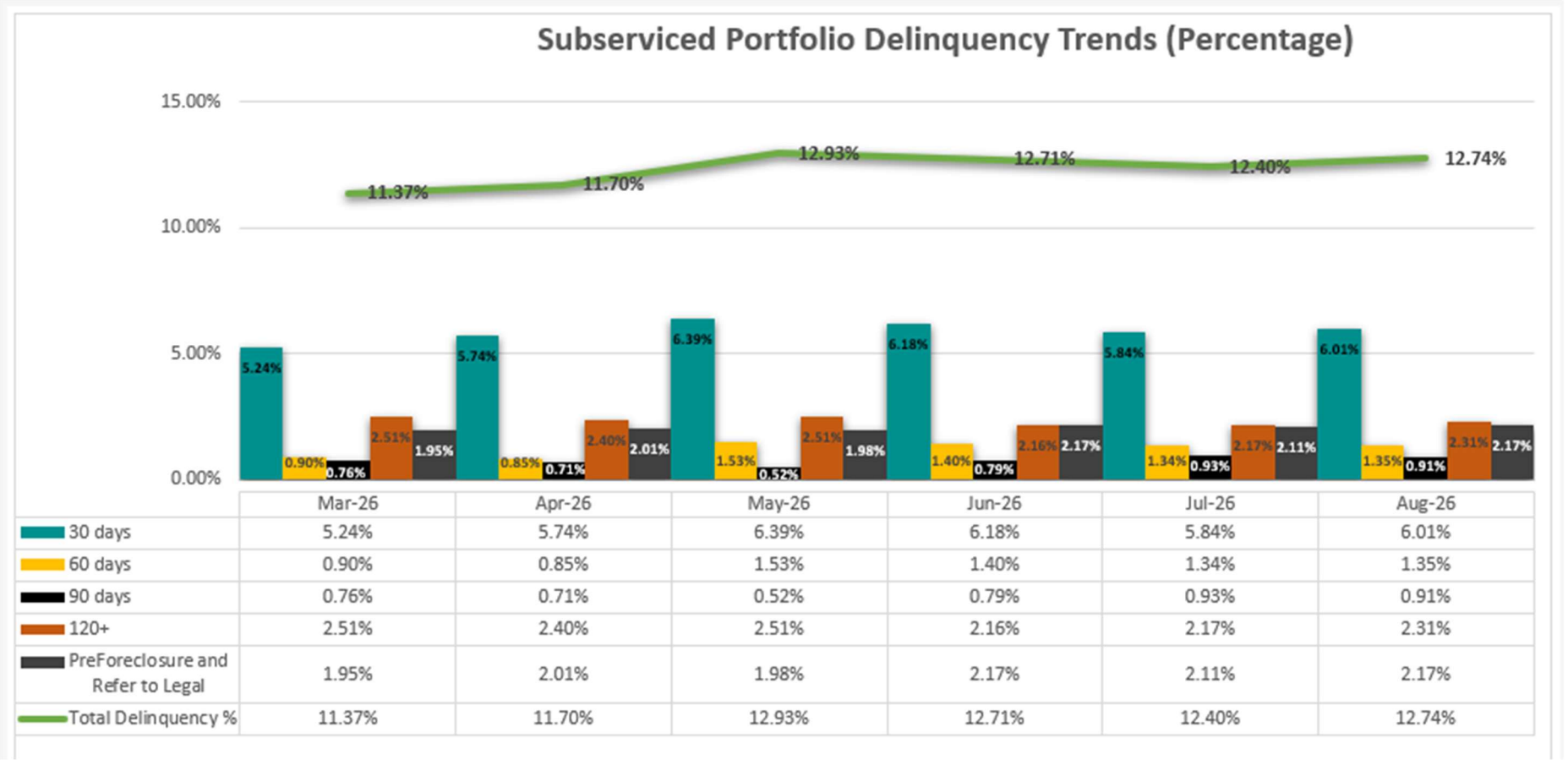
Consumer complaints

Tracking, investigating, and responding to consumer complaints is a function of the Compliance Management System. When a consumer complaint is received, it is routed to the appropriate department for follow-up and resolution. Some complaints are received but is not under Housing New Mexico'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 New Mexico is effectively managing compliance with Federal and State consumer financial laws applicable to the products and services being provided by Housing New Mexico and mitigating related risk.

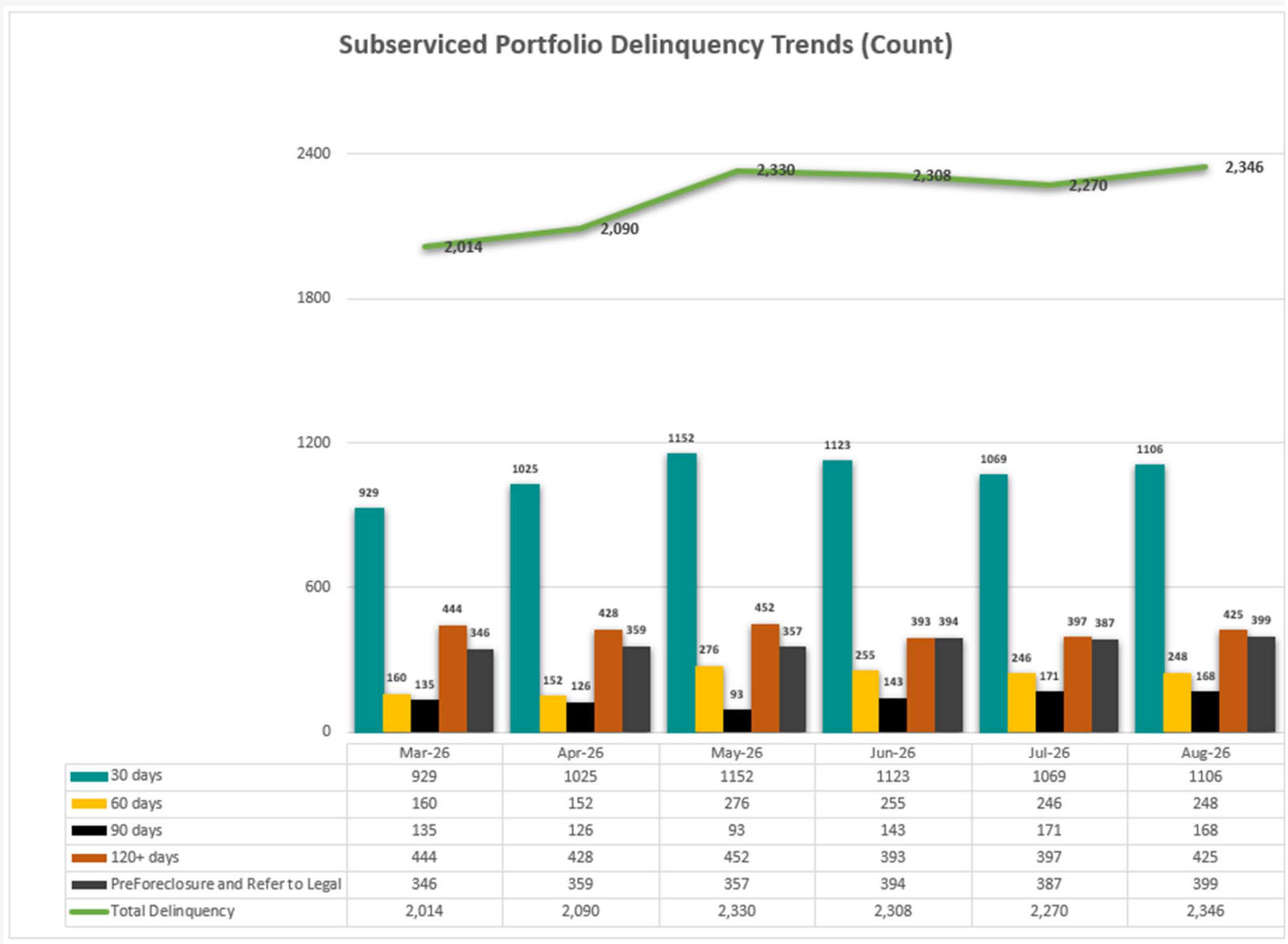
Compliance activities will be reported to the Board through the Contracted Services no less than twice per year, and as needed to fulfill the compliance manager's responsibility to inform the Board of any critical compliance issues. There are no significant compliance concerns identified during this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

Chart 1



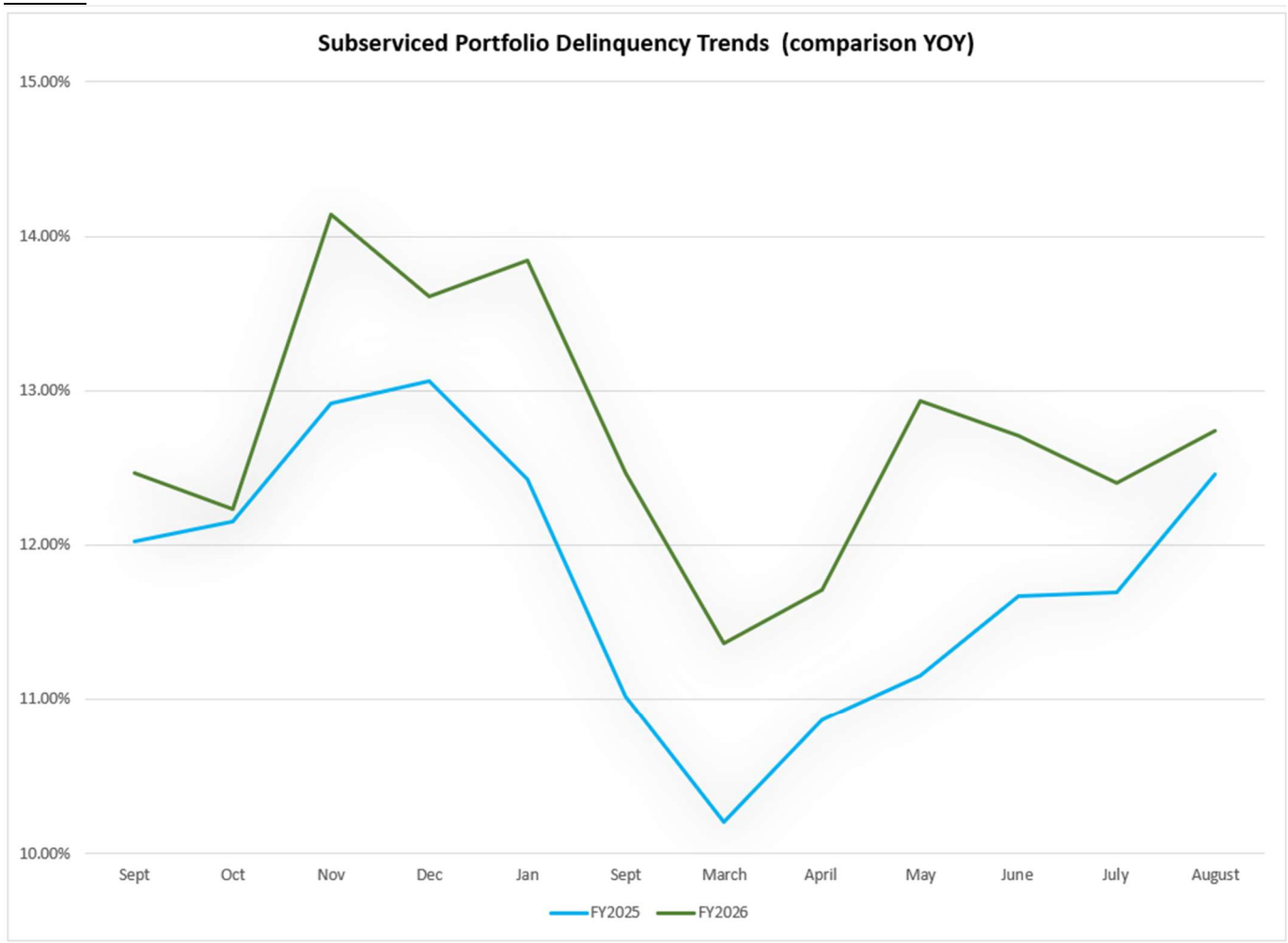
	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
30 days	5.24%	5.74%	6.39%	6.18%	5.84%	6.01%
60 days	0.90%	0.85%	1.53%	1.40%	1.34%	1.35%
90 days	0.76%	0.71%	0.52%	0.79%	0.93%	0.91%
120+	2.51%	2.40%	2.51%	2.16%	2.17%	2.31%
PreForeclosure and Refer to Legal	1.95%	2.01%	1.98%	2.17%	2.11%	2.17%
Total Delinquency %	11.37%	11.70%	12.93%	12.71%	12.40%	12.74%

Chart 2



	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
30 days	929	1025	1152	1123	1069	1106
60 days	160	152	276	255	246	248
90 days	135	126	93	143	171	168
120+ days	444	428	452	393	397	425
PreForeclosure and Refer to Legal	346	359	357	394	387	399
Total Delinquency	2,014	2,090	2,330	2,308	2,270	2,346

Chart 3


Subserviced Portfolio Delinquency Trends (comparison YOY)
15.00%
14.00%
13.00%
12.00%
11.00%
10.00%
Sept
Oct
Nov
Dec
Jan
Sept
March
April
May
June
July
August
FY2025
FY2026

Tab 7

MEMO

TO: Housing New Mexico Board of Directors

FROM: Robyn Powell, Director of Policy and Planning

DATE: October 21, 2026

SUBJECT: Recommended Legislative Priorities

Recommendation:
Staff recommends approval of the Housing New Mexico's proposed 2027 Legislative Priorities, authorizing leadership and staff to actively pursue legislative enactment and funding for two key priorities during the upcoming legislative session:

1. New Mexico Housing Trust Fund (NMHTF) $250 Million Non-Recurring Appropriation: A strategic investment designed to maintain supply-side development pipelines, mitigate developer risk, and expand homeownership and affordable rental opportunities statewide.
2. State Low-Income Housing Tax Credit (LIHTC) Legislation: Draft legislation establishing a 6-year credit period providing $10 million annually in state tax credits to pair directly with Federal Housing Credits.

Background

New Mexico faces acute housing challenges across all points of the housing continuum, characterized by severe cost burdens, unsafe living conditions, and overcrowding.

- Severe Cost Burdens: Nearly 1 in 3 New Mexico families face a severe housing problem. Almost half (49%) of renters and 20% of homeowners pay over 30% of their monthly income towards housing costs.
- Rental Shortage: 34,000 very low-income renters currently cannot find affordable rental units in the market.
- Homelessness Impact: The 2025 Point-in-Time (PIT) Count identified 2,960 individuals experiencing homelessness in Albuquerque and 1,723 in the

Balance of State. Additionally, approximately 10,530 public school students experienced homelessness during the 2024–2025 school year.

Long-Term Housing Demand Projections (2025–2045)

Income Tier (% AMI)	Rental Units Needed	Ownership Units Needed	Total Demand
Below 30% AMI	4,281	3,364	7,645
30%–50% AMI	2,941	3,227	6,168
50%–80% AMI	3,740	5,307	9,047
80%–100% AMI	1,887	3,751	5,638

Discussion

Priority 1: $250 Million New Mexico Housing Trust Fund Appropriation

Since FY2024, $268.5 million from the NMHTF has been deployed into 94 unique awards across 16 counties, supporting 25 statewide and regional programs. Key achievements include:

- 15,800+ households assisted.
- Statewide programs have reached 29 of 33 counties
- 5,552 rental units under construction statewide.
- 422 single-family homes are under construction.
- 7,400 households provided Down Payment Assistance.
- 3,600 people served homelessness provider improvements, safety, and transitional housing.

Projected Allocation & Impact ($250M Request)

A $250 million appropriation will allow Housing New Mexico and partners to serve an estimated 15,000 New Mexicans across SFY 2028 and 2029:

- Down Payment Assistance: $115M total ($55M SFY28 / $60M 2029) serving 4,600 borrowers.
- Interest Rate Buydown Program: $15M total ($7.5M/yr) aiding 1,000 homebuyer borrowers.
- Rental Housing Development: $120M total ($60M/yr) producing 2,280 rental units across 24 developments.
- Single-Family New Construction: $30M total ($15M/yr) establishing credit lines to build 500 single-family homes.
- Infrastructure Development: $50M total ($25M/yr) developing 500 lots/units.
- Home Rehab & Weatherization: $13.2M total serving 440 housing units for seniors, veterans, and people with disabilities.
- Homelessness Services & Supportive Housing: $24.2M total providing 220 permanent supportive housing units and preventing homelessness for 2,200 households.

Funding Gap Analysis

Fiscal Year	Total Demand	Est. STB Earmark Offset	Net Funding Gap
SFY 2028	$179.5M	$57.7M	$121.8M
SFY 2029	$187.9M	$56.9M	$131.0M
Combined	$367.4M	$114.6M	$252.8M

The $250M appropriation bridges this projected two-year funding shortfall.

Priority 2: State Low Income Housing Tax Credit (LIHTC) Program

Key Features of Draft Legislation

- Structure: Establishes a 6-year credit period with $10 million available annually.

- Pairing Requirement: Credits must be used strictly in conjunction with Federal LIHTC credits.
- Governance: Follows Housing New Mexico's Qualified Allocation Plan (QAP) rules, priorities, and scoring.

Key Benefits & Strategic Rationale

- Maximizes Private Capital: Acts as an equity multiplier, attracting private investor equity to lower developer debt burdens amidst elevated construction costs and interest rates.
- Bridges Deep Affordability Gaps: Crucial for making projects serving extremely low-income households (<30% and 30%–50% AMI) financially feasible.
- Leverages Federal Allocation: Guarantees New Mexico maximizes its federal tax credit ceiling by offering necessary state-level gap financing.
- Delivering Consistent Results: Housing New Mexico administers the federal program and maintains the technical abilities and necessary resources to manage a state tax credit program with the goal of increasing unit production and affordability.

Recommendation: Staff recommends approval of the 2027 Legislative Agenda to ensure Housing New Mexico remains positioned to address the state's urgent housing needs.

The New Mexico Housing Trust Fund – $250 Million

New Mexico's Critical Housing Needs

Major housing problems in New Mexico include severe cost burden, hazardous living conditions, and overcrowding. Nearly one in three New Mexican families face at least one housing problem.

- Almost half --49%-- and 20% of homeowners face cost burden. Cost burden is severe when more than 30% of a household's monthly income goes to housing cost, including rent or mortgage, utilities, and insurance.
- Currently, there are 34,000 very low-income renters who cannot find rental units that they can afford.
- The 2025 Point-in-Time (PIT) Count identified 2,960 persons experiencing homelessness in Albuquerque and 1,723 in the Balance of State.
- Approximately 10,530 students in New Mexico public schools were identified as experiencing homelessness in the 2024–2025 academic year.
- To meet the needs of low- and moderate-income households from 2025 to 2045, the following number of affordable units are needed:
    - For households with incomes below 30% of AMI: 4,281 rental units and 3,364 ownership units.
    - For households with incomes between 30% and 50% of AMI: 2,941 rental units and 3,227 ownership units.
    - For households with incomes between 50% and 80% of AMI: 3,740 rental units and 5,307 ownership units.
    - For households with incomes between 80% and 100% of AMI: 1,887 rental units and 3,751 ownership units.[1]

What's Been Accomplished

Housing New Mexico | MFA, as the Trustee of the New Mexico Housing Trust Fund (NMHTF), has established programs and partnerships to deploy NMHTF funds to meet the continuum of housing needs by building rental and homeownership housing, supplying down payment assistance, rehabilitating aging housing stock, funding homelessness services and prevention, and investing in innovative affordable housing projects.

Since the 2024 fiscal year, **$268,500,000** from the New Mexico Housing Trust Fund has been allocated to programs affecting change across the housing continuum, resulting in **94 unique awards in 16 counties supporting 25 statewide and regional programs**. Beneficiaries include 24

[1] https://housingnm.org/uploads/documents/New_Mexico_Housing_Strategy_2026_Update.pdf

rural and 6 tribal awardees, with awards supporting multiple homelessness providers, home modification programs for seniors, housing development, community land trusts, and single-family housing for working families, to name just a few.

While our $268.5M investment has driven immense progress, the 2045 projections show that sustained funding is critical to closing the gap.

With a focus on supply-side solutions, creating affordable housing opportunities requires a predictable funding landscape with an eye on long term strategic goals. Investment in infrastructure, construction, down payment assistance and rental development funding are keys to opening the construction pipeline and spurring more development in our state.

By mitigating risk to developers, the state can and will successfully support housing supply. Continued investment in the New Mexico Housing Trust Fund signals that the state is here to support the goal that all New Mexicans have access to safe, affordable housing opportunities.

What could be accomplished

Based on the approximate cost of various programs and anticipated funding from severance tax bonds, a **$250 million appropriation to the New Mexico Housing Trust Fund would allow Housing New Mexico and its partners to serve an estimated 15,000 New Mexicans** across the state and across the continuum of housing need.

Key Production Highlights

- 15,800 households assisted, and counting
- Statewide programs have reached 29 of 33 counties
- 5,522 rental units under construction statewide
- 422 single family homes under construction
- 3,600 people impacted through homelessness provider facilities improvement programs, home modification and safety programs, and transitional and permanent housing programs
- 7,400 households have received Down Payment Assistance
- 15,000 additional households impacted over the next year

With sustained, strategic investment in affordable housing supply, down payment assistance, housing preservation, and housing programs that support New Mexico families, the state can transform the housing landscape over the long-term.

Program / Initiative	Unit Cost / Baseline	SFY 2028 Target	SFY 2028 Cost	FY 2029 Target	FY 2029 Cost
Down Payment Assistance	$25,000 / borrower	2,200 borrowers	$55,000,000	2,400 borrowers	$60,000,000
Interest Rate Buydown (New Construction)	$15,000 / borrower	500 borrowers	$7,500,000	500 borrowers	$7,500,000
Rental Housing Development	$5,000,000 / project	1,140 units (12 dev)	$60,000,000	1,140 units (12 dev)	$60,000,000
Single Family Housing Construction*	$3,000,000 / line	250 units (5 lines)	$15,000,000	250 units (5 lines)	$15,000,000
Infrastructure Development	$5,000,000 / project	250 lots (5 dev)	$25,000,000	250 lots (5 dev)	$25,000,000
Home Rehab & Weatherization	$30,000 / unit	200 units	$6,000,000	240 units	$7,200,000
Permanent Supportive Housing	$50,000 / unit	100 units	$5,000,000	120 units	$6,000,000
Homelessness Prevention	$6,000 / household	1,000 households	$6,000,000	1,200 households	$7,200,000
Total Annual NMHTF Demand		**5,640 targets**	**$179,500,000**	**6,100 targets**	**$187,900,000**

Fiscal Year	Total Demand	Est. STB Earmark	Net Funding Gap
SFY 2028	$179.50M	$57.70M	**$121.80M**
FY 2029	$187.90M	$56.90M	**$131.00M**

New Mexico Low Income Housing Tax Credit (LIHTC): To further boost supply, draft legislation establishes a 6-year credit period with **$10M available annually**. Paired strictly with Federal LIHTC, this program will multiply state dollars and accelerate multi-family unit delivery across all AMI tiers.

***Single Family Housing Construction is financed with low interest revolving lines of credit**

Why a State LIHTC Program is Essential for New Mexico

Housing New Mexico | MFA supports the creation of a state low-income housing tax credit with an initial investment of $60 million, deployed over 6 years with a $10 million annual allocation of tax credit.

Directly Targeting Deep Affordability Gaps:

With 34,000 very low-income renters currently unable to find units they can afford and 49% of all renters facing housing cost burdens, federal resources alone are stretched too thin to make deeply subsidized units financially feasible. A state tax credit could provide the localized equity boost required to build and preserve units specifically for families earning below 30% and 50% of the Area Median Income (AMI) - the tiers facing the most severe shortages.

Unlocking Maximum Private Investment:

Like its federal counterpart, a state-level tax credit operates as a powerful public-private partnership. Developers sell these tax credits to corporate and private investors to raise upfront equity. This influx of private capital reduces the debt burden on affordable housing developments, making projects feasible that would otherwise stall due to high construction costs and interest rates.

Maximizing Federal Resources:

Because the proposed $10 million annual state credit is designed to be used only in conjunction with federal tax credits, it acts as a force multiplier. It helps New Mexico fully capture and leverage available federal allocations, ensuring that state dollars directly unlock federal matching power rather than operating in a silo.

Leading Quality and Strategic Priorities:

Tying the state credits directly to Qualified Allocation Plan (QAP) requirements ensures that all funded developments align with New Mexico's broader housing goals. This guarantees that projects meet strict geographic, demographic, and structural priorities—directing units toward high-need rural communities, tribal areas, and vulnerable populations.

Delivering Consistent Results:

Housing New Mexico administers the federal program and maintains the technical abilities and necessary resources to manage a state tax credit program with the goal of increasing unit production and affordability.

Tab 8

Housing New Mexico | MFA
Marketing and Communications Monthly Report

September 2026

Press Releases

September 29, 2026
Housing New Mexico celebrates Somos Apartments Grand Opening in Albuquerque Tuesday
https://housingnm.org/about-us/news/housing-new-mexico-celebrates-somos-apartments-grand-opening-in-albuquerque-tuesday

Media Interviews

September 16, 2026
Santa Fe New Mexican
Housing New Mexico Chief Lending Officer Jeff Payne
Topic: NewHome Rate Advantage
https://www.santafenewmexican.com/news/business/newly-launched-housing-new-mexico-pilot-program-offers-homebuyers-interest-rate-buydown/article_fe210725-4e70-4268-8802-c51b742c7cb8.html

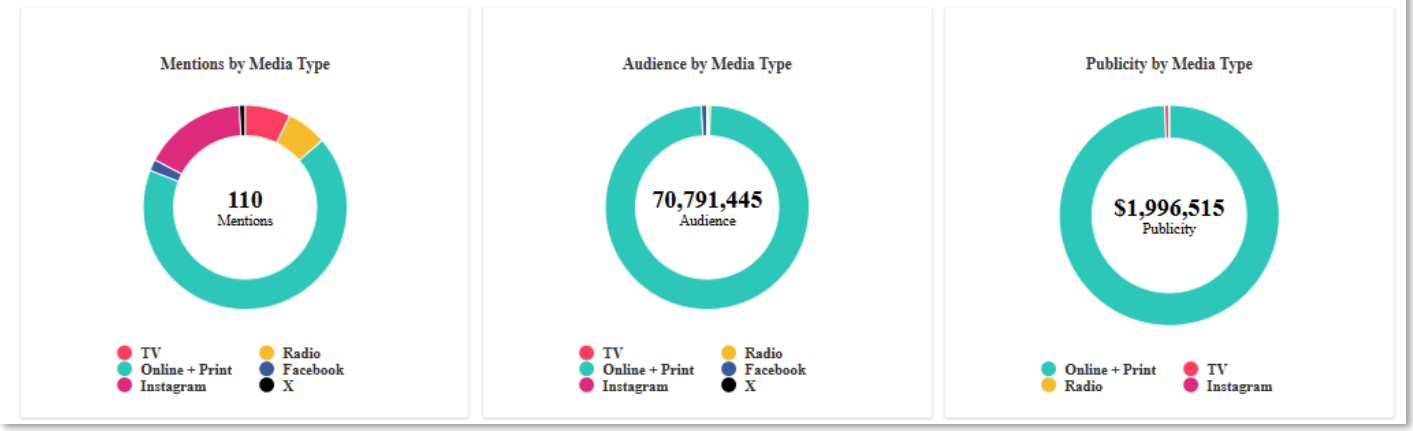
September 25, 2026
KRQE TV
Housing New Mexico Chief Lending Officer Jeff Payne
Topic: NewHome Rate Advantage
(Story not published as of September 30, 2026)

Media Mentions/News Coverage

HOUSING NEW MEXICO | MFA

9.1.26 to 9.30.26 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 & Sponsorships

Billboards
Chaves, Otero, San Juan Counties
September 1-30







The Municipal Reporter – A Publication of the New Mexico Municipal League
Summer 2026
https://nmml.org/DocumentCenter/View/2018/Municipal-Reporter---Summer-2026



Cumulus Media's KKOB News Radio 250 Flags Campaign Sponsorship
Recognizing and honoring 250 individuals who make New Mexico stronger every day
https://mediaconfidential.blogspot.com/2026/04/albuquerque-radio-bkkob-plans-250-flags.html



THANK YOU TO OUR SPONSORS

Mercedes-Benz of Albuquerque

ISLETA resort + casino

Glasheen, Valles & Inderman, LLP Injury Lawyers

Audi Albuquerque

Thunderbird Harley-Davidson® A Scott Fischer Experience℠

EnviroWorks LLC Serving New Mexico Since 1999

24HR Affordable Service Plumbing·Heating·A/C·Electric

Housing New Mexico | MFA

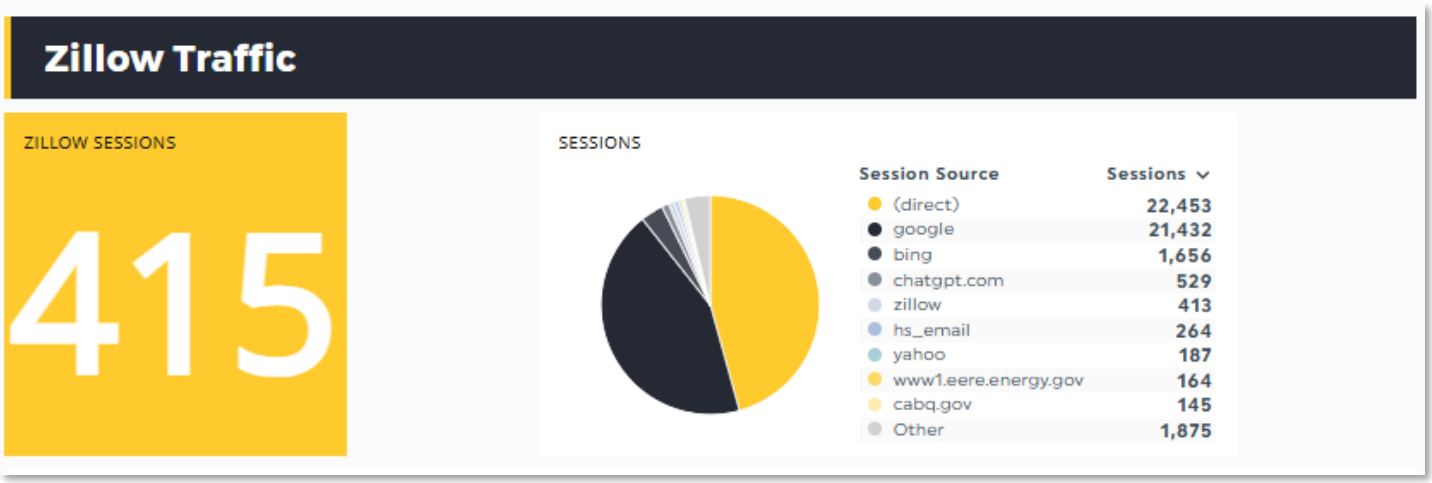
Waterstone® Mortgage

Gathering of Nations Pow Wow

Zillow



September Website Traffic from Zillow:



New Mexico Society of CPAs E-Newsletter



Advertisements & Sponsorships

Google Ads

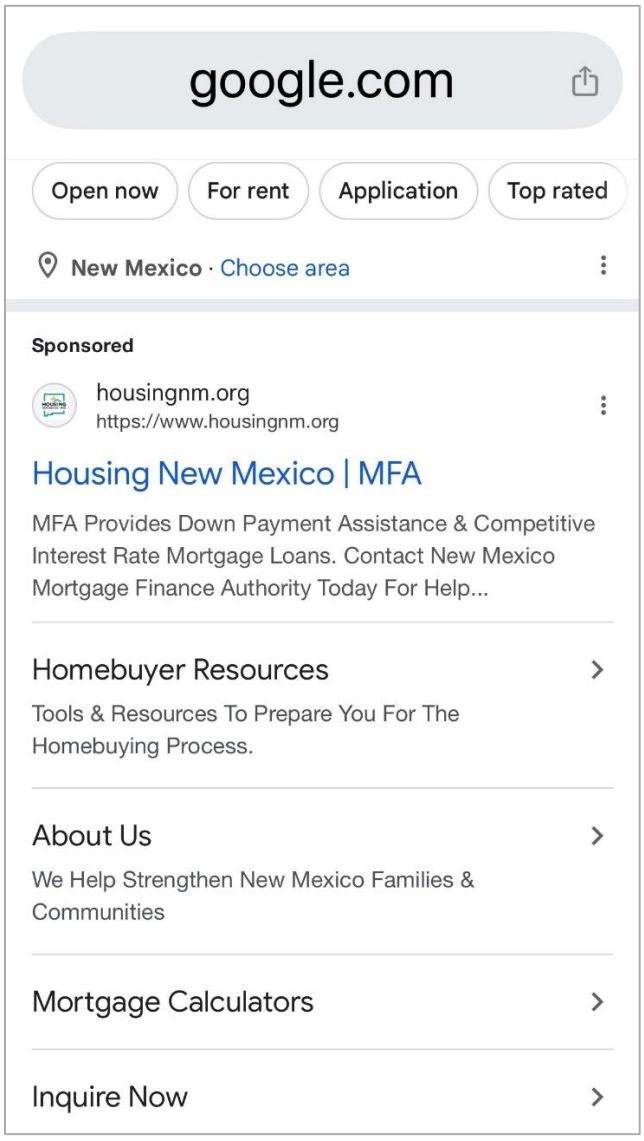
September Report:

Housing New Mexico's September down payment assistance and affordable housing Google ad campaign yielded 1,037 conversions.

September conversions:

- Phone calls directly from ads: 364
- Phone calls from the website after clicking an ad: 340
- Contact form submissions: 333

Conversions = The number of leads Housing New Mexico received after a user clicked on an ad

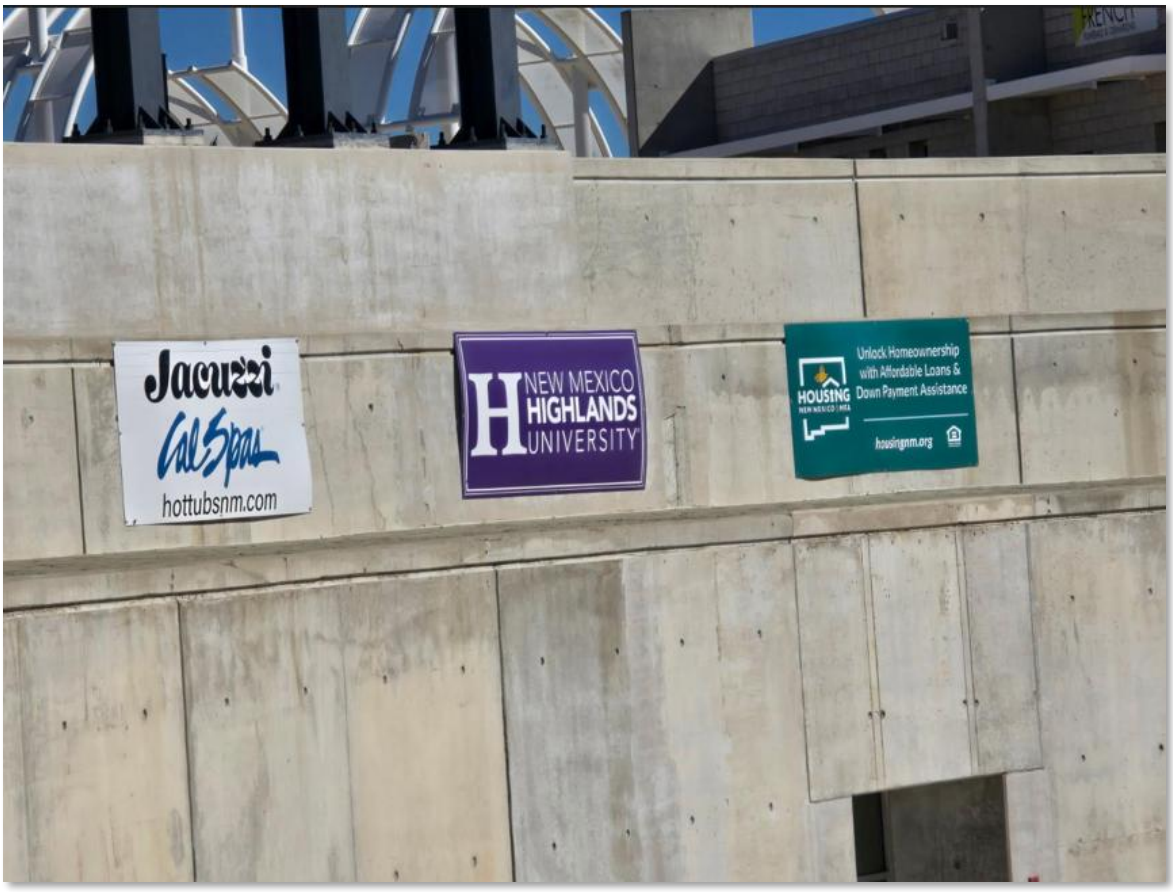




Advertisements & Sponsorships

Albuquerque Public Schools Nusenda Community Stadium
Through September 2027





Advertisements & Sponsorships

National Hispanic Cultural Center Foundation Maravilla Gala



Larry I. Garcia, Pearlene Garcia, Kenric Garcia, Kristy Garcia; LPG Enterprises, McDonald's

Ann + Tony Trujillo

Lillian G. Apodaca; Micaela A. Apodaca + Santiago A. Apodaca

Philip + Alison Romero

In Memory of Katherine "Kitty" Leyba + Toribio "Toby" Padilla

Steven + Linda + Lissa Wedeen

Francisco A. + Sharon M. Figueroa

Avenancio + Elenor Lucero: Sparkle Maintenance, Inc.

Kevin + Leonor Daniels, Garcia Mortuary, Alameda Mortuary

Nusenda Federal Credit Union

Bank of Albuquerque

Maria Dolores Chavez-Griego + Fred B. Griego

Jaramillo-Kozumcheck; Mark, Stephanie, Victoria; Kelly, Michael

Familias; Cordova + Dalton; Katherine Cordova, Andrew Dalton, Carolyn M. Cordova, John Cordova

New Mexico Mutual

The Grand Canyon 8

David F. Montoya Family

Albuquerque Tents; The Ortiz Family; David Sr., David Jr., Dominic + Adam

Geomy Pohl Concrete Co.; Geomy + Priscilla; Lonnie Pohl

Diana Taylor MacArthur; In Loving Memory of Matianna Vigil Taylor

Robert + Elizabeth Cardenas + Family; Robert, Theresa, Tom, Edward, David

Sandia National Laboratories,

Lockheed Martin

David, Gloria, Tomas + Christopher Sandoval; El Patio De Albuquerque

Golden Pride; Frontier Restaurant; Rainosek Family

The Sanchez Family; Peter, Claudia, Maximillian, Ana Sofia + Beliza

J. Marc Florez, Don + Dianne Chalmers

Convention Services of the Southwest, Inc.; Eleanor + Marcel Lucero; Vicki Clough

Crossroads Enterprises, LLC.; Heritage Audio Visual; CR Music + Entertainment, Crossroads; NM Event + Wedding Planner Magazine; The Baca + Gutierrez Families

Margarita Martinez Cabeza de Baca; Carmen Alvarez Martinez; Maria Elena Alvarez Garduno; Magdalena Margarita Sharpe; Carmen Elizabeth Sharpe





2026-2027 New Mexico Counties Business Partnership
Weekly in September: New Mexico Counties News Brief

NEW MEXICO COUNTIES
33 STRONG

Enchantment Business Partner

C2S

Zia Business Partner

ENERGY TRANSFER

Roadrunner Business Partner

Invenergy | Mooring USA | NMDOT - Aviation Division

Yucca Business Partner

MFA - Housing New Mexico

Revenue Sharing Partners

Nationwide®

ClearGov
Plan, build, and present your budget with confidence.

NACo | EDGE

VFIS

Outreach and Events

September 2-3: Governor's Conference on Economic Development (Albuquerque)

September 12: National Hispanic Cultural Center Maravilla Gala (Albuquerque)

September 15: Regional Development Corporation's Regional Business Opportunities Summit (Española)

September 16: Central New Mexico Suncat Resource Fair (Albuquerque)

September 17: Zuni Housing Authority Annual Housing Summit (Zuni)



September 17: Renewable Energy Industries Association of New Mexico Solar Eats: Meet & Greet with Legislators (Albuquerque)

Outreach and Events

September 26: New Mexico Commission on the Status of Women - Women's Economic Summit (Albuquerque)

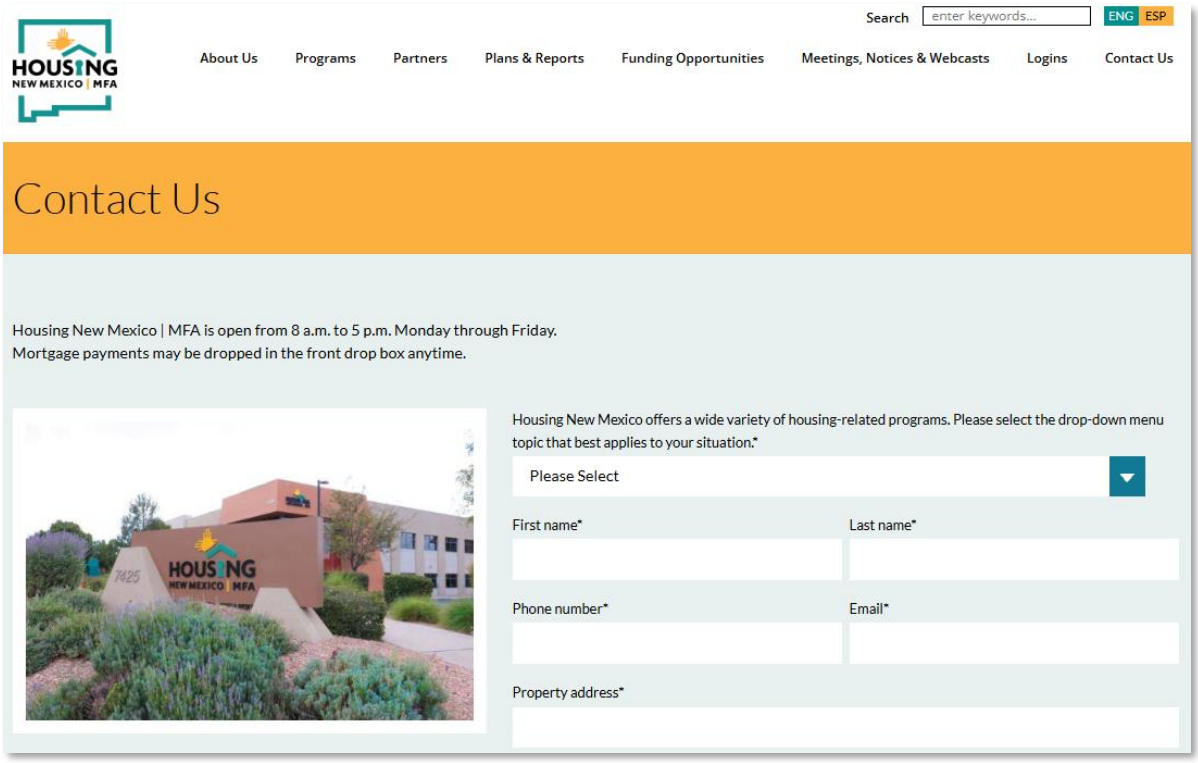


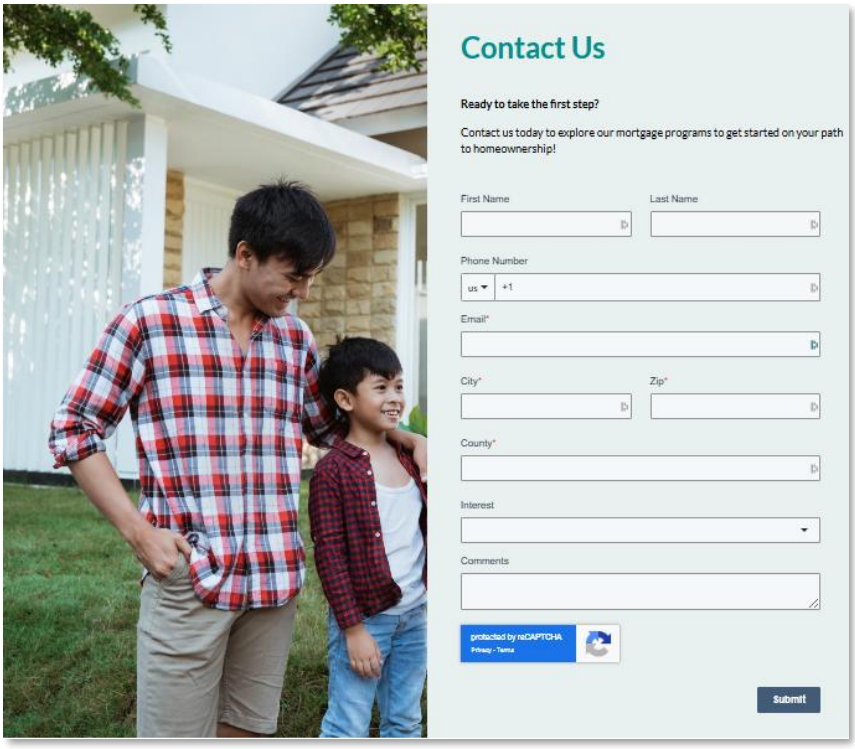
September 29-30: Raton Regional Economic Development Summit (Raton)



Constituent Inquiries

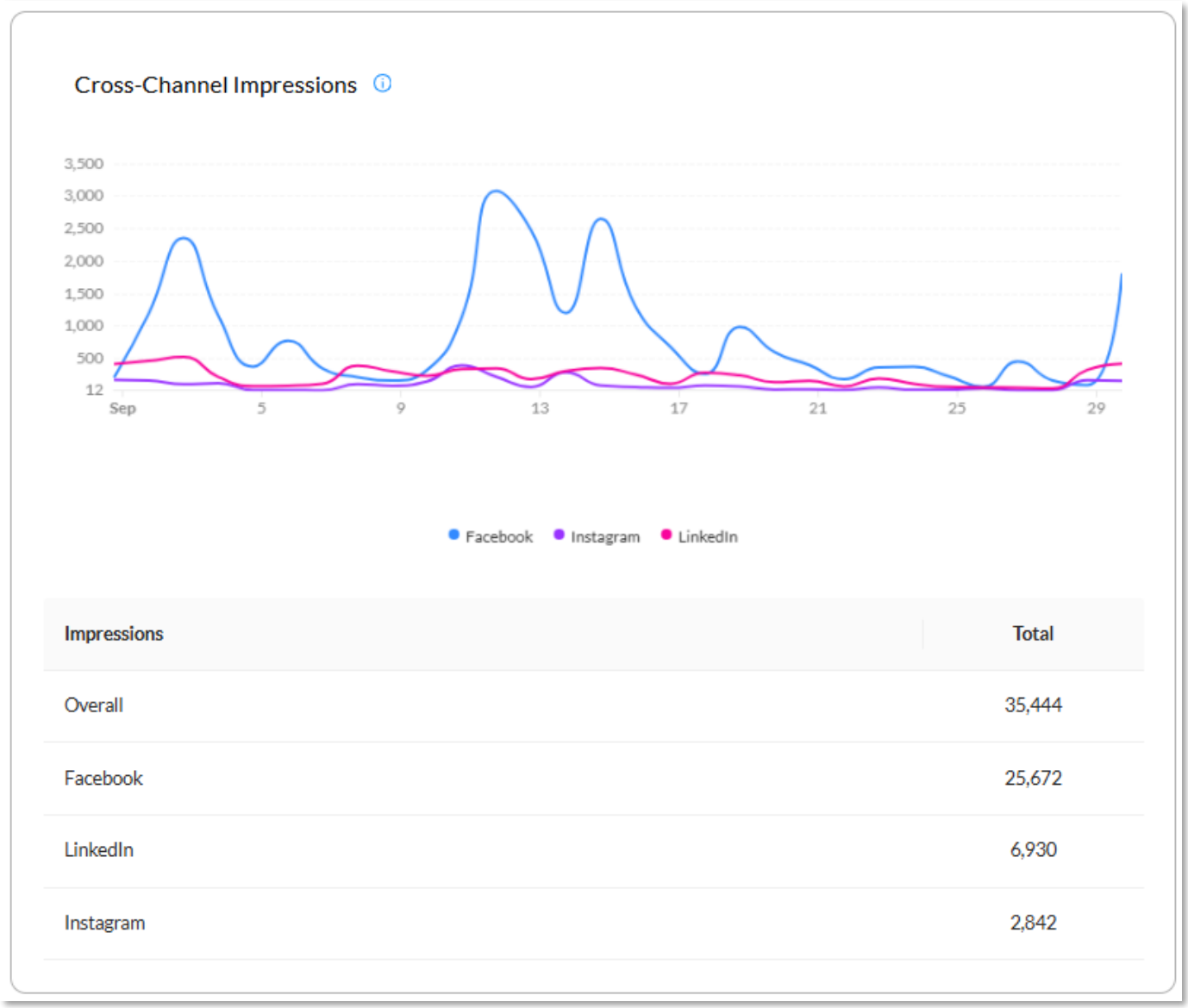
161





Social Media

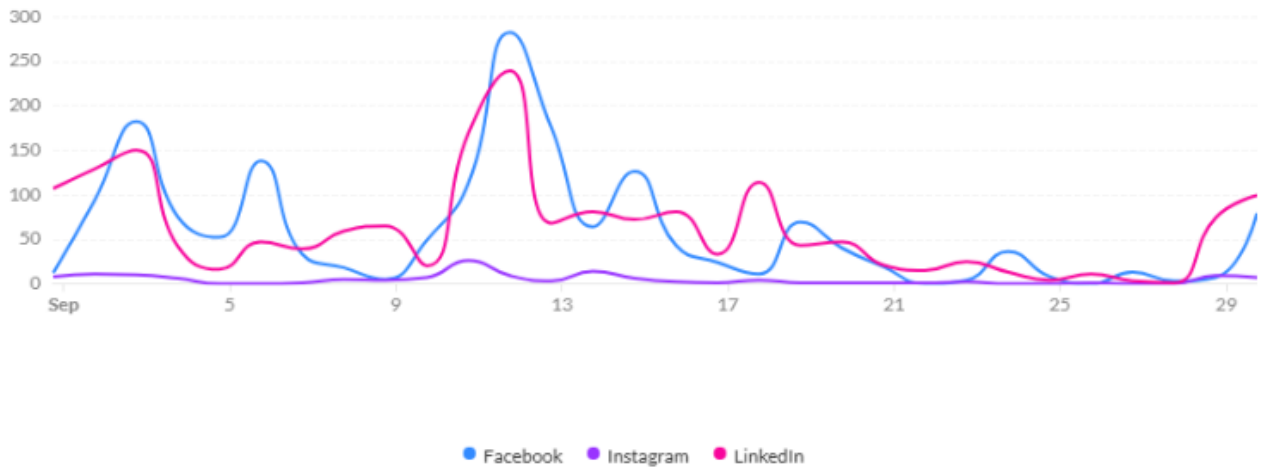
LinkedIn and Vimeo: Housing New Mexico
Facebook: @HousingNewMexico
Instagram: @HousingNewMexico



Impressions	Total
Overall	35,444
Facebook	25,672
LinkedIn	6,930
Instagram	2,842

Impressions = The number of times Housing New Mexico social media page content was displayed.

Cross-Channel Engagements



Engagement	Total
Overall	3,801
Facebook	1,774
LinkedIn	1,887
Instagram	140

Engagements = Depending on platform, engagements include likes, comments, shares, clicking on links, saves, story replies, post clicks.

Top Post Performance

Housing New Mexico

Housing New Mexico
Sep 1, 2026 4:00 PM
Last month, Housing New Mexico had the



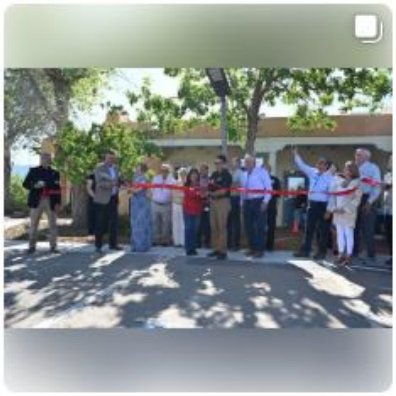
283	125	21
Clicks	Reactions	Comments
12	2877	4846
Shares	Reach	Views

Housing New Mexico
Sep 11, 2026 3:00 PM
Housing New Mexico representatives



378	47	0
Clicks	Reactions	Comments
5	4205	5986
Shares	Reach	Views

Housing New Mexico
Sep 10, 2026 4:00 PM
Housing New Mexico representatives



234	48	0
Clicks	Reactions	Comments
6	1775	2827
Shares	Reach	Views

Housing New Mexico

Housing New Mexico
Sep 11, 2026 3:00 PM
Housing New Mexico representatives



29	1	0
Likes	Support	Celebrate
3	0	0
Love	Funny	Insightful
0	1	560
Comments	Reposts	Clicks

Housing New Mexico
Sep 10, 2026 4:00 PM
Housing New Mexico representatives



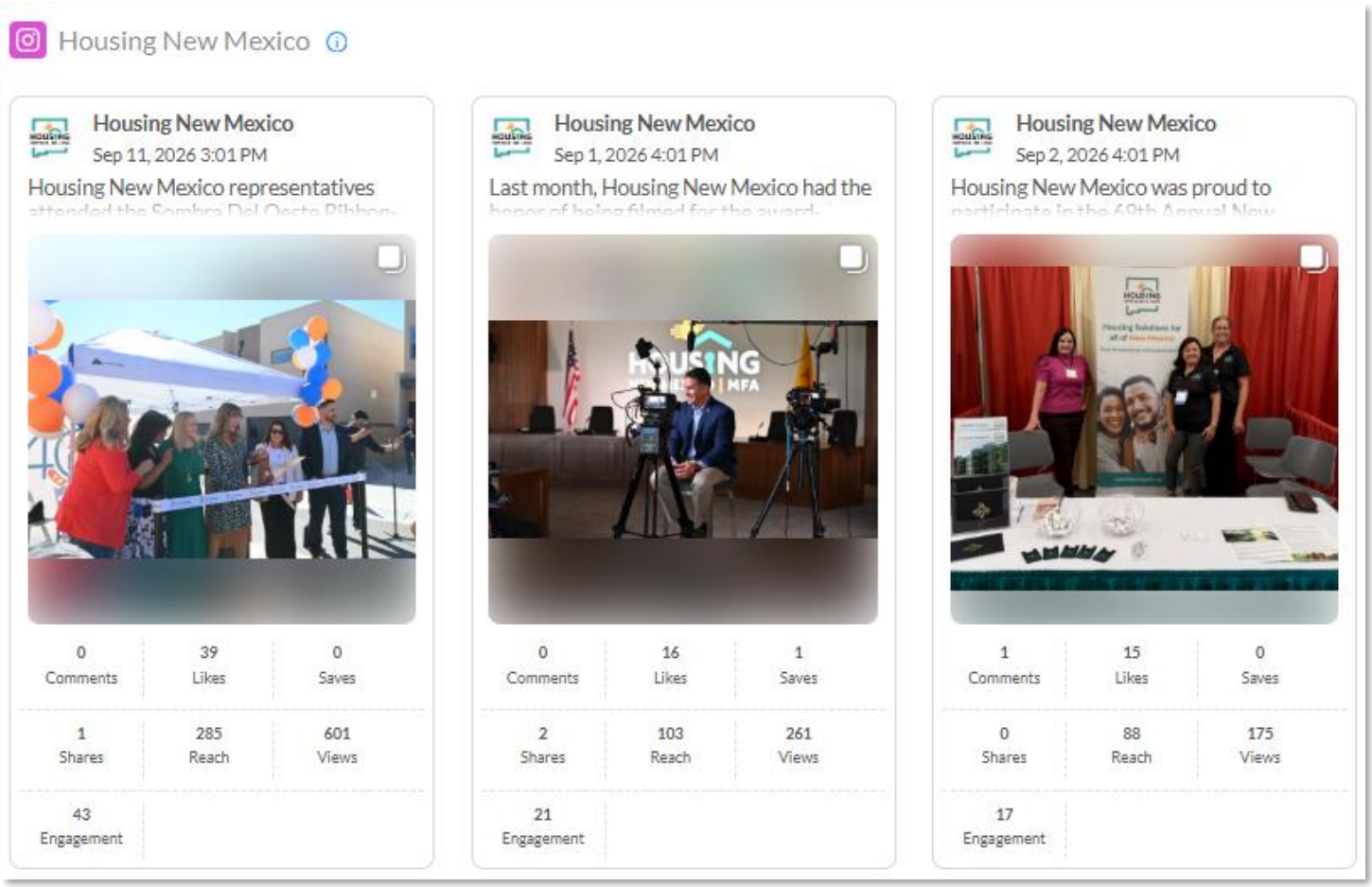
14	1	0
Likes	Support	Celebrate
1	0	0
Love	Funny	Insightful
1	1	246
Comments	Reposts	Clicks

Housing New Mexico
Sep 1, 2026 4:00 PM
Last month, Housing New Mexico had the



19	1	1
Likes	Support	Celebrate
0	0	0
Love	Funny	Insightful
0	1	198
Comments	Reposts	Clicks

Top Post Performance



September Vimeo (Video Platform) Analytics



September Website Traffic Overview

https://housingnm.org/

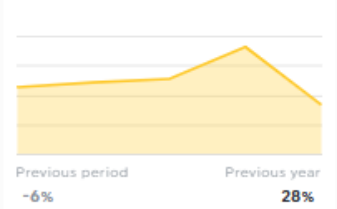
Top-Viewed Page "/" = Home Page

Second Top-Viewed Page "/?..." = Views Attributed to Google Ad Campaigns

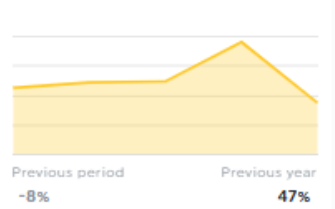
HOUSING NEW MEXICO | MFA

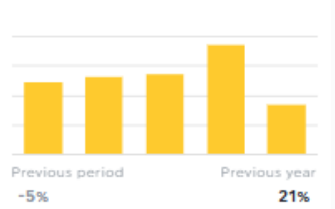
Housing New Mexico Monthly Dashboard

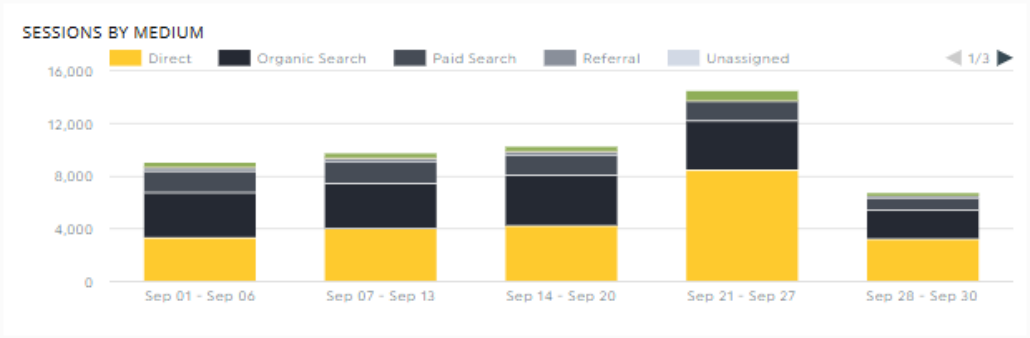
Website Traffic Overview | Google Analytics 4

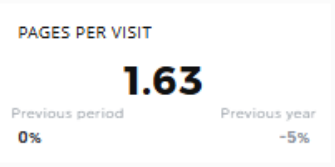


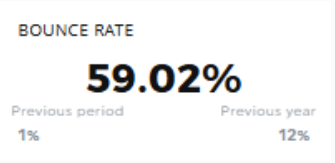










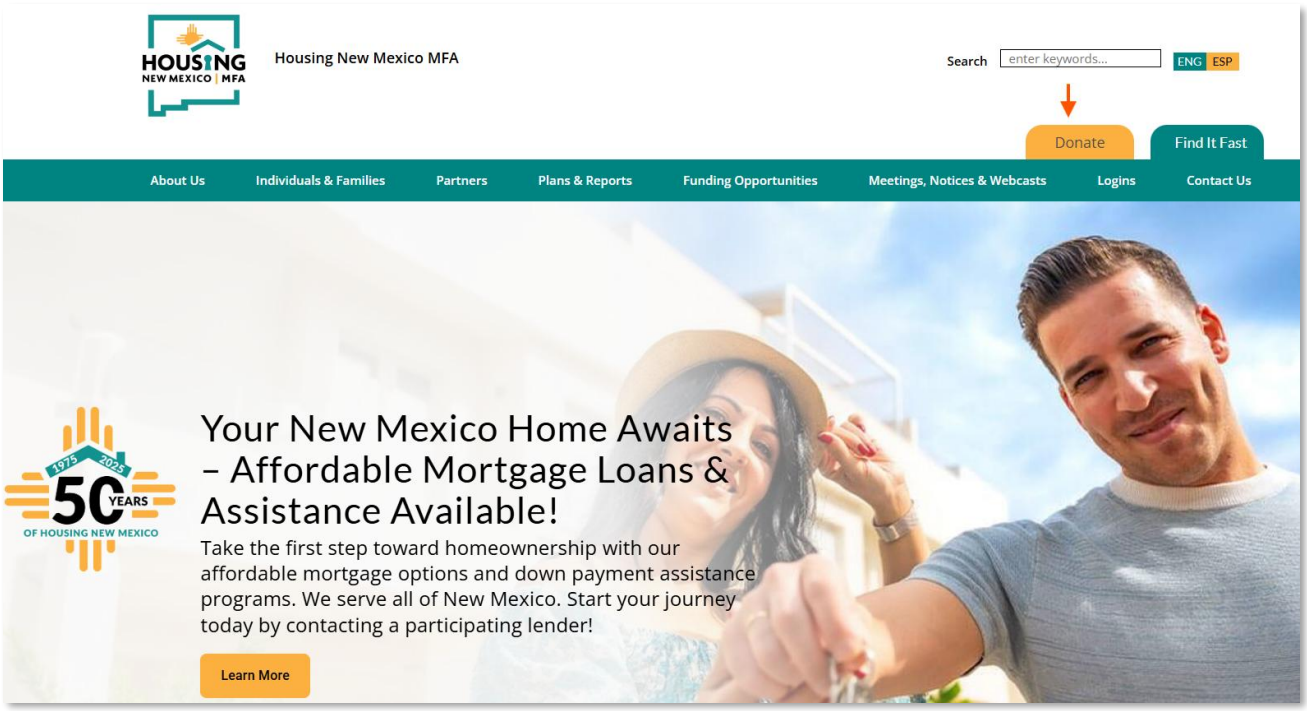


TOP VIEWED PAGES

Page path	Views		Total users	
/	15,207	+166	9,171	+146
/about-us/financials	3,384	+2,198	3,280	+2,244
/individuals-and-families/homebuyers/mortgage-programs	3,101	-50	2,055	-5
/lenders-realtors/current-rates	2,490	+476	664	=
/individuals-and-families/find-housing/rentals/affordable	1,961	-365	1,335	-171
/mortgage-loans/make-payment	1,886	+310	1,234	+168
/individuals-and-families/homebuyers	1,718	-260	1,193	-112
/lenders-realtors	1,689	-24	488	-23
/about-us/news/housing-new-mexico-launches-pilot-program-offering-mortgage-interest-rate-buydown-newhome-rate-advantage-program-offers-permanent-1-interest-rate-buydown	1,639	+1,528	1,257	+1,182

State Tax Credit Program
New Mexico Affordable Housing Charitable Trust
Marketing and Communications Efforts

Several improvements have been made to the [Housing New Mexico website] to increase visibility of the State Tax Credit Program. A "Donate" button as been added to the home page:



On the "Partners" drop-down menu, a "Donors" link has been added:



On the "Developers" page, the program section has been improved to clarify options:



Existing marketing and communications materials:

New Mexico Society of CPAs E-Newsletter Digital Ad (monthly for one year)



Fact sheet:



New Mexico
State Tax Credit Program

HOUSING NEW MEXICO | MFA

What is the State Tax Credit Program

State tax credits are available to individuals and businesses that make donations to help build affordable housing in New Mexico. The tax credit is equal to 50% of the value of the donation.

Who Can Donate to the Program?

Individuals and businesses may donate to this program for the construction of affordable housing in New Mexico.

What to Donate, and How to Donate?

Donations made directly to developers with Housing New Mexico-approved projects may include land, buildings, monetary funds or services.

Donations made to the New Mexico Affordable Housing Charitable Trust, a 501(c)3 organization administered by Housing New Mexico, may include cash, stocks or bonds, with a minimum amount of $200 and maximum amount of $2 million. Housing New Mexico cannot accept land, building or service donations into the charitable trust.

Housing New Mexico or the developer will contact the donor and provide a voucher for the applicable tax credits.

Proof of donation and the voucher are processed by Housing New Mexico and returned to the donor.

What Is Not Allowable?

Tax credits may not be applied to local gross receipts taxes imposed by a municipality, county, or to the government gross receipts tax.

Program Highlights

- Tax credits may be applied to state income tax, gross receipts tax and compensating tax burdens.
- Tax credits can be redeemed entirely or fractionally in the first year of the donation or carried forward for up to five years.
- All or part of a donor's tax credits may be transferred to an eligible individual or business by completing a Tax Credit Transfer form. Such transactions require notification to Housing New Mexico and the New Mexico Taxation and Revenue Department within 10 days of the transfer.

For Further Information Contact:

Maribel Trujillo
Program Coordinator
Phone: 505-308-4219
E-mail: *mtrujillo@housingnm.org*

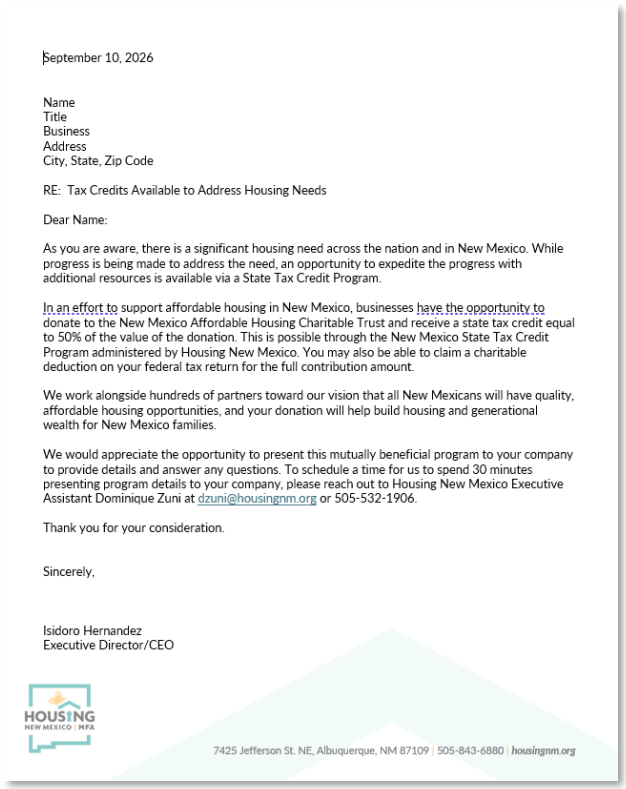
EQUAL HOUSING OPPORTUNITY

Housing New Mexico | New Mexico Mortgage Finance Authority (MFA)
7425 Jefferson St. NE, Albuquerque, NM 87109
505-843-6880 | 800-444-6880 | *housingnm.org*

Rev. 07/13/26

The recent State Tax Credit Program communications and outreach campaign planning has included:

- Letter to potential businesses/donors



September 10, 2026

Name
Title
Business
Address
City, State, Zip Code

RE: Tax Credits Available to Address Housing Needs

Dear Name:

As you are aware, there is a significant housing need across the nation and in New Mexico. While progress is being made to address the need, an opportunity to expedite the progress with additional resources is available via a State Tax Credit Program.

In an effort to support affordable housing in New Mexico, businesses have the opportunity to donate to the New Mexico Affordable Housing Charitable Trust and receive a state tax credit equal to 50% of the value of the donation. This is possible through the New Mexico State Tax Credit Program administered by Housing New Mexico. You may also be able to claim a charitable deduction on your federal tax return for the full contribution amount.

We work alongside hundreds of partners toward our vision that all New Mexicans will have quality, affordable housing opportunities, and your donation will help build housing and generational wealth for New Mexico families.

We would appreciate the opportunity to present this mutually beneficial program to your company to provide details and answer any questions. To schedule a time for us to spend 30 minutes presenting program details to your company, please reach out to Housing New Mexico Executive Assistant Dominique Zuni at dzuni@housingnm.org or 505-532-1906.

Thank you for your consideration.

Sincerely,

Isidoro Hernandez
Executive Director/CEO

HOUSING NEW MEXICO | MFA

7425 Jefferson St. NE, Albuquerque, NM 87109 | 505-843-6880 | *housingnm.org*

- PowerPoint for Housing New Mexico executives to present to potential businesses/donors



- Post Card-Sized Flyer to leave behind with potential donors



Much of the effort toward this campaign is staff time dedicated to planning, designing, writing, reviewing, editing and meeting. Staff time spent on the above equates approximately to:

- Website: 2 hours
- PowerPoint: 6 hours
- Post card-sized flyer: 3 hours
- Fact sheet: 2 hours
- Letter to businesses: 1 hour
- Planning, approvals, edits, meetings: 10 hours

Website development company (Xynergy) time spent on website improvement equates approximately to:

- 2 hours

Fiscal Year 2026 Expenses:

New Mexico Society of CPAs E-Newsletter Digital Ad (12 months)	$1,294.50
Fact Sheets (200)	$90.00
Printing of Post Card-Sized Flyer (100)	$62.00

In fiscal year 2027, the department expects to invest approximately $6,000 to advertise this program, which is 7.27% of the total advertising budget of $82,503. It is anticipated the department will spend approximate 25 staff hours on this program.

New Mexico Housing Trust Fund Severance Tax Bond Earmark Allocations and Special Appropriations

Performance Metrics by Funding Source
Prepared for Housing New Mexico Board of Directors
October-26

Funding Source	Total Allocation	Total Encumbered		Total Awarded		Total Funding Encumbered and Available to Award	Total Expended		Awardee	Award Amount	Activity
NMHTF Severance Tax Bond Earmark SFY 2024	$ 37,530,000.00	$ 37,530,000.00	100%	$ 37,530,000.00	100%	*$ -*	$ 32,530,777.35	87%			
NMHTF Severance Tax Bond Earmark SFY 2025	$ 34,620,000.00	$ 34,620,000.00	100%	$ 34,620,000.00	100%	*$ -*	$ 32,377,917.64	94%			
NMHTF State General Fund Sp. Approp. SFY 2025	$ 50,000,000.00	$ 50,000,000.00	100%	$ 48,322,703.00	97%	*$ 1,677,297.00*	$ 32,539,586.01	65%			
NMHTF Severance Tax Bond Earmark SFY 2026	$ 44,763,415.00	$ 44,763,415.00	100%	$ 40,960,810.00	92%	*$ 3,802,605.00*	$ 19,336,118.88	43%			
NMHTF Severance Tax Bond Earmark SFY 2027	$ 51,628,000.00	$ 51,628,000.00	100%	$ 22,917,300.00	44%	*$ 28,710,700.00*	$ -	0%			
State General Fund Approp. SFY 2027*	$ 50,000,000.00	$ 50,000,000.00	100%	$ 31,500,000.00	63%	*$ 18,500,000.00*	$ -	0%			
Total	$ 268,541,415.00	$ 268,541,415.00	100%	$ 215,850,813.00	80%	*$ 52,690,602.00*	$ 116,784,399.88	43%			

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 October 14, 2026.

State Fiscal Year (SFY) runs from July - June. Meaning, for example SFY27 is equivalent to July 1, 2026 through June 30, 2027.
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. Includes awards presented for approval.
Expended is defined as Housing New Mexico has released funding through draws or reimbursements.
*Appropriated to Housing New Mexico directly, rather than to the NMHTF, funds are being administered consistently with the NMHTF Rules. However, awards recommended from this funding source are not presented to the NMHTF Advisory Committee.

New Mexico Housing Trust Fund Severance Tax Bond Earmark Allocations and Special Appropriations

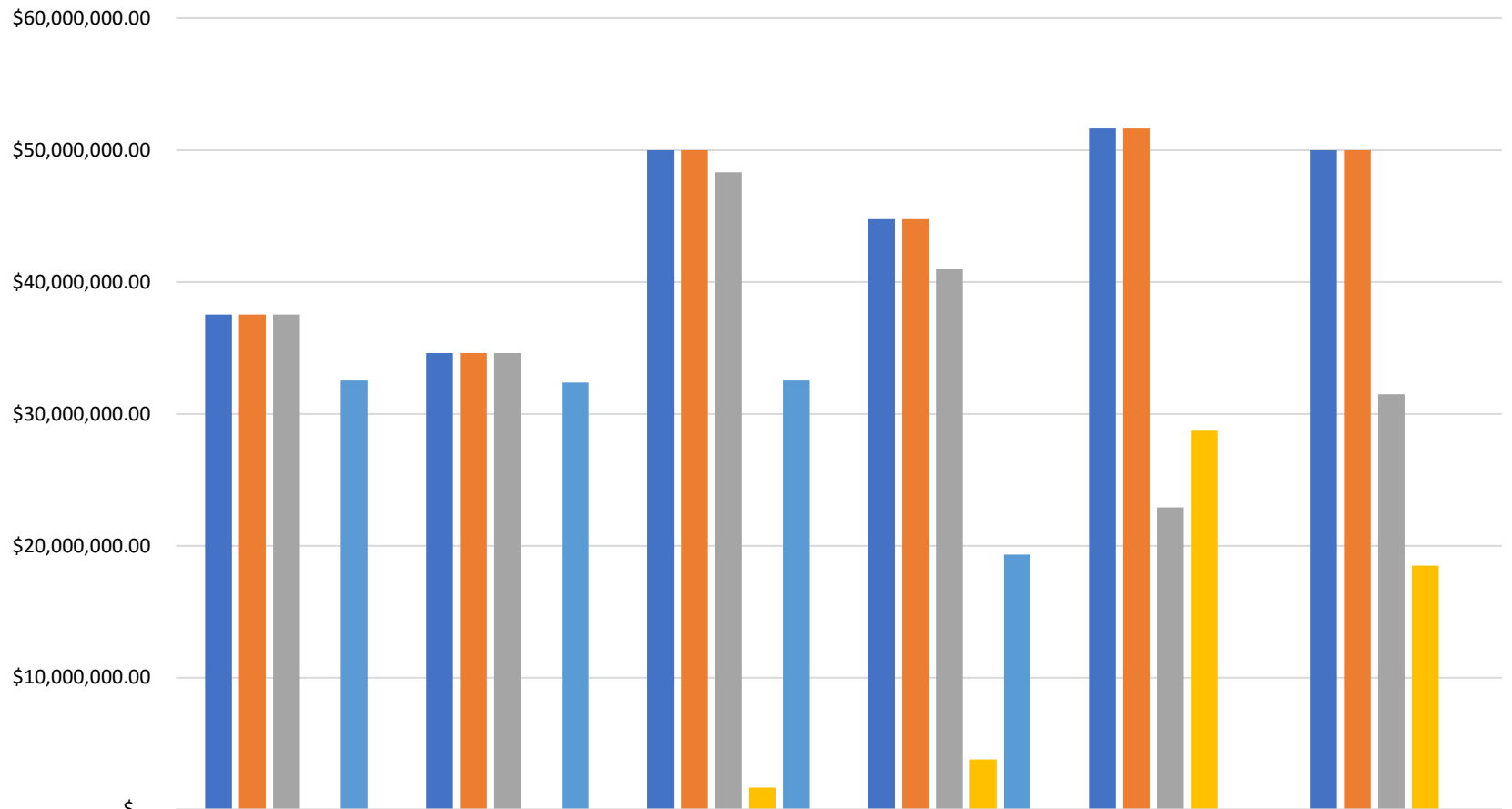
Performance Metrics by Certified Use

Prepared for Housing New Mexico Board of Directors

October-26

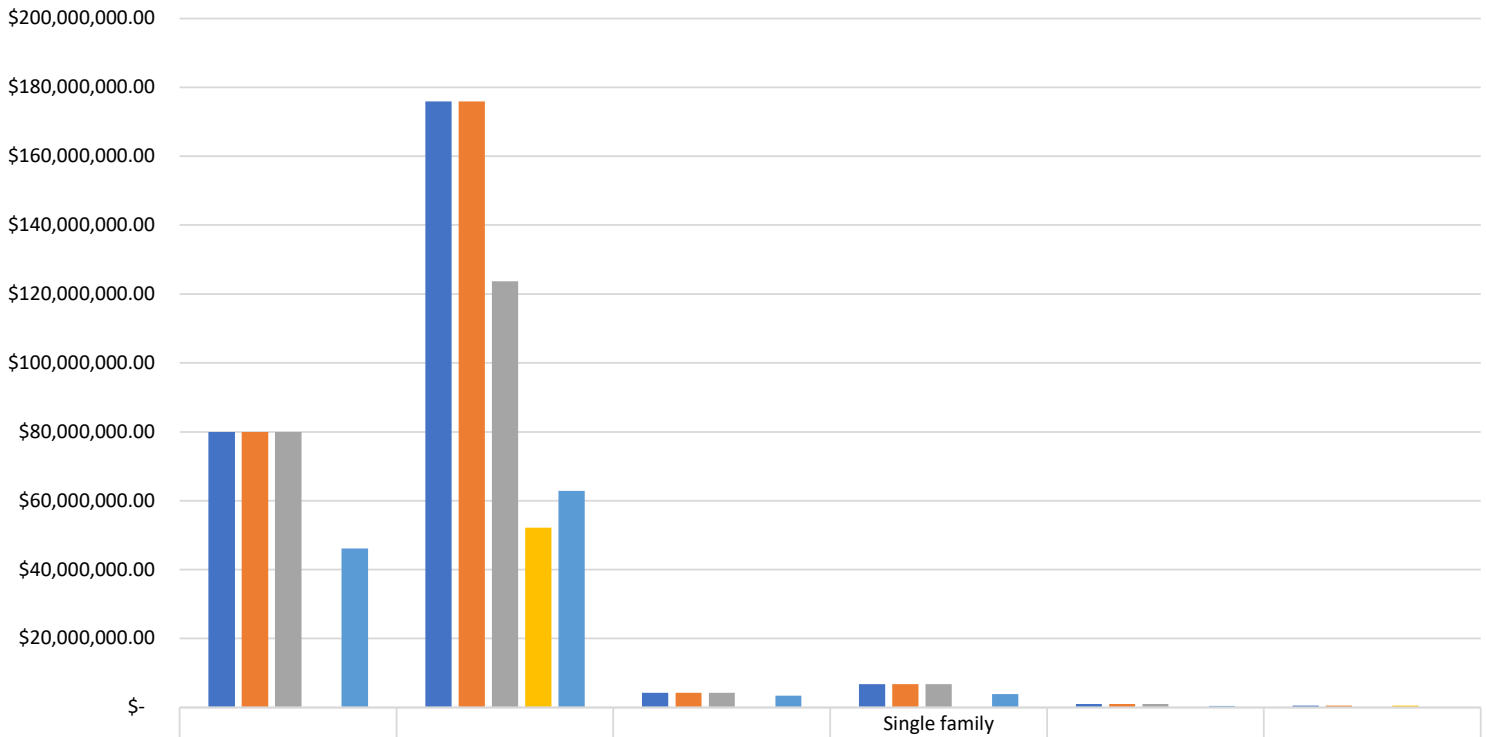
	Funding Allocated & Encumbered	Funding Awarded	Encumbered and Available to Award	Funding Expended
Total	$ 268,541,415.00	$ 215,850,813.00	$ 52,690,602.00	$ 116,784,399.88
		80%	20%	43%
Down payment assistance	$ 79,958,415.00	$ 79,958,415.00	$ -	$ 46,209,151.20
		100%	0%	58%
NMHTF SFY24 STB	$ 11,625,000.00	$ 11,625,000.00	$ -	$ 11,615,252.07
NMHTF SFY25 STB	$ 20,000,000.00	$ 20,000,000.00	$ -	$ 19,996,006.22
NMHTF SFY25 SGF Sp. Approp.	$ 9,570,000.00	$ 9,570,000.00	$ -	$ 6,840,857.72
NMHTF SFY26 STB	$ 7,763,415.00	$ 7,763,415.00	$ -	$ 7,757,035.19
SFY27 SGF SP. Approp.*	$ 31,000,000.00	$ 31,000,000.00	$ -	$ -
Rental and single family development	$ 175,930,000.00	$ 123,739,398.00	$ 52,190,602.00	$ 62,826,348.74
		70%	30%	36%
NMHTF SFY24 STB	$ 22,130,000.00	$ 22,130,000.00	$ -	$ 17,156,786.88
NMHTF SFY25 STB	$ 14,620,000.00	$ 14,620,000.00	$ -	$ 12,381,911.42
NMHTF SFY25 SGF Approp.	$ 34,380,000.00	$ 32,702,703.00	$ 1,677,297.00	$ 23,129,562.09
NMHTF SFY26 STB	$ 35,500,000.00	$ 31,697,395.00	$ 3,802,605.00	$ 10,158,088.35
NMHTF SFY27 STB	$ 51,300,000.00	$ 22,589,300.00	$ 28,710,700.00	$ -
SFY27 SGF SP. Approp.*	$ 18,000,000.00	$ -	$ 18,000,000.00	$ -
Single family acquisition and rehabilitation	$ 4,328,000.00	$ 4,328,000.00	$ -	$ 3,404,733.74
		100%	0%	
NMHTF SFY24 STB	$ 2,000,000.00	$ 2,000,000.00	$ -	$ 1,983,738.40
NMHTF SFY26 STB	$ 1,500,000.00	$ 1,500,000.00	$ -	$ 1,420,995.34
NMHTF SFY27 STB	$ 328,000.00	$ 328,000.00	$ -	$ -
SFY27 SGF SP. Approp.*	$ 500,000.00	$ 500,000.00	$ -	$ -
Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	$ 6,825,000.00	$ 6,825,000.00	$ -	$ 3,884,791.16
		100%		
NMHTF SFY24 STB	$ 1,775,000.00	$ 1,775,000.00	$ -	$ 1,775,000.00
NMHTF SFY25 SGF Approp.	$ 5,050,000.00	$ 5,050,000.00	$ -	$ 2,109,791.16
Homelessness and Homelessness Prevention	$ 1,000,000.00	$ 1,000,000.00	$ -	$ 459,375.04
		100%	0%	46%
NMHTF SFY25 SGF Sp. Approp.	$ 1,000,000.00	$ 1,000,000.00	$ -	$ 459,375.04
Affordable Housing Act	$ 500,000.00	$ -	$ 500,000.00	$ -
		0%	100%	0%
SFY27 SGF SP. Approp.*	$ 500,000.00	$ -	$ 500,000.00	$ -

New Mexico Housing Trust Fund Severance Tax Bond Earmark Allocations and Special Appropriations - Performance Metrics by Funding Source



	STB Earmark - SFY 2024	STB Earmark - SFY 2025	SGF Sp Approp. - SFY 2025	STB Earmark - SFY 2026	STB Earmark - SFY 2027	SGF Sp. Approp. SFY 2027*
Total Allocation	$37,530,000.00	$34,620,000.00	$50,000,000.00	$44,763,415.00	$51,628,000.00	$50,000,000.00
Total Encumbered	$37,530,000.00	$34,620,000.00	$50,000,000.00	$44,763,415.00	$51,628,000.00	$50,000,000.00
Total Awarded	$37,530,000.00	$34,620,000.00	$48,322,703.00	$40,960,810.00	$22,917,300.00	$31,500,000.00
Total Funding Encumbered and Available to Award	$-	$-	$1,677,297.00	$3,802,605.00	$28,710,700.00	$18,500,000.00
Total Expended	$32,530,777.35	$32,377,917.64	$32,539,586.01	$19,336,118.88	$-	$-

New Mexico Housing Trust Fund Severance Tax Bond Earmark Allocations and Special Appropriations - Performance Metrics by Certified Use



	Down payment assistance	Rental and single family development	Single family acquisition and rehabilitation	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Homelessness and Homelessness Prevention	Affordable Housing Act
Total Allocation	$79,958,415.00	$175,930,000.00	$4,328,000.00	$6,825,000.00	$1,000,000.00	$500,000.00
Total Encumbered	$79,958,415.00	$175,930,000.00	$4,328,000.00	$6,825,000.00	$1,000,000.00	$500,000.00
Total Awarded	$79,958,415.00	$123,739,398.00	$4,328,000.00	$6,825,000.00	$1,000,000.00	$-
Total Funding Encumbered and Available to Award	$-	$52,190,602.00	$-	$-	$-	$500,000.00
Total Expended	$46,209,151.20	$62,826,348.74	$3,404,733.74	$3,884,791.16	$459,375.04	$-

New Mexico Housing Trust Fund Severance Tax Bond Earmark Allocations and Special Appropriations
Award Detail
Prepared for Housing New Mexico Board of Directors

Date of Approval	Awardee	Award	Award Amount	Expenditures	Certified Use	Activity	Funding Source	Anticipated Impact	City	County/Regional/Statewide
Jun-23	Chelsea Investment Corp.	Three Sisters	$ 3,500,000.000	3,500,000.00	Rental and single family development	Rental Development	SFY24 STB Earmark	70	Las Cruces	Doña Ana County
Aug-23	Southwest Regional Housing and Community Development		$ 134,655.190	134,655.19	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	SFY24 STB Earmark	3	Southwestern NM	Regional
Aug-23	Southwest Regional Housing and Community Development		$ 98,999.860	98,999.86	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	SFY24 STB Earmark	1	Southwestern NM	Regional
Sep-23	Housing New Mexico - DPA	HomeForwardDPA	$ 999,641.710	999,641.71	Down payment assistance	HomeForwardDPA	SFY24 STB Earmark	67	Statewide	Statewide
Sep-23	La Serena Apartments, LLC	La Serena Apartments	$ 1,000,000.000	1,000,000.00	Rental and single family development	Rental Development	SFY24 STB Earmark	100	Albuquerque	Bernalillo County
Oct-23	Pedrena Apartments LLC	Pedrena Apartments	$ 1,000,000.000	1,000,000.00	Rental and single family development	Rental Development	SFY24 STB Earmark	80	Las Cruces	Doña Ana County
Nov-23	Housing New Mexico - DPA	FirstDown Plus	$ 10,625,358.290	10,615,610.36	Down payment assistance	FirstDown Plus	SFY24 STB Earmark	708	Statewide	Statewide
Nov-23	Central New Mexico Housing Corporation		$ 475,000.000	475,000.00	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	SFY24 STB Earmark	34	Central NM	Regional
Nov-23	NCNO Limited Partnership, LLLP	Encino Senior Gardens	$ 2,000,000.000	2,000,000.00	Rental and single family development	Rental Development	SFY24 STB Earmark	165	Albuquerque	Bernalillo County
Nov-23	Southwest Regional Housing and Community Development		$ 300,000.000	300,000.00	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	SFY24 STB Earmark	21	Southwestern NM	Regional
Jan-24	Restoring Our Communities	Restoring Our Communities	$ 2,000,000.000	1,983,738.40	Single family acquisition and rehabilitation	Restoring Our Communities	SFY24 STB Earmark	12	Albuquerque/ North Central NM	Regional
Jan-24	Sawmill CLT		$ 262,498.000	262,498.00	Rental and single family development	Housing Innovation	SFY24 STB Earmark	105	Albuquerque	Regional
Feb-24	Homewise	Sombra del Oeste	$ 500,000.000		Rental and single family development	Single Family Development	SFY24 STB Earmark	10	Albuquerque	Bernalillo County
Apr-24	EC Ruidoso LP	Elk Meadows Apartments	$ 2,000,000.000	2,000,000.00	Rental and single family development	Rental Development	SFY24 STB Earmark	72	Ruidoso	Lincoln County
Apr-24	Peachetree Canyon Limited Partnership (to be formed)	Peachtree Canyon I	$ 3,000,000.000	1,578,584.10	Rental and single family development	Rental Development	SFY24 STB Earmark	144	Las Cruces	Doña Ana County
Apr-24	HagermanForward Inc.		$ 500,000.000	23,758.36	Rental and single family development	Housing Innovation	SFY24 STB Earmark	18	Chavez County	Chaves County
Apr-24	Homewise	Miraflores	$ 500,000.000	475,000.00	Rental and single family development	Single Family Development	SFY24 STB Earmark	7	Santa Fe	Santa Fe County
Apr-24	Post Las Brisas, LLC	Las Brisas Apartments	$ 1,000,000.000	1,000,000.00	Rental and single family development	Preservation	SFY24 STB Earmark	120	Albuquerque	Bernalillo County
Apr-24	San Felipe Pueblo		$ 450,000.000	450,000.00	Rental and single family development	Housing Innovation	SFY24 STB Earmark	24	San Felipe Pueblo	Sandoval County
May-24	Housing New Mexico - DPA	FirstDown Plus	$ 14,496,998.160	14,496,998.16	Down payment assistance	FirstDown Plus	SFY25 STB Earmark	1450	Statewide	Statewide
May-24	Housing New Mexico - DPA	HomeForwardDPA	$ 5,503,001.840	5,499,008.06	Down payment assistance	HomeForwardDPA	SFY25 STB Earmark	688	Statewide	Statewide
May-24	North Central New Mexico Economic Development District		$ 1,000,000.000	697,012.28	Rental and single family development	Housing Innovation	SFY24 STB Earmark	7	North Central NM	Regional
May-24	Ohkay Owingeh		$ 500,000.000		Rental and single family development	Housing Innovation	SFY24 STB Earmark	10	Ohkay Owingeh	Rio Arriba County
Jun-24	Artisan's Guild Contracting, LLC	El Toro Community	$ 3,000,000.000	3,000,000.00	Rental and single family development	Single Family Development	SFY 2025 SGF Sp. Approp.	29	Roswelll	Chaves County
Jul-24	Home Improvement Program		$ 600,000.000	62,773.19	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	SFY 2025 SGF Sp. Approp.	26	Guadalupe, Quay, Harding, Union, Rio Arriba, San Juan, McKinley, and Los Alamos Counties	Regional
Jul-24	Central New Mexico Housing Corporation		$ 250,000.000	249,988.17	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	SFY 2025 SGF Sp. Approp.	18	Central NM	Regional
Jul-24	Central New Mexico Housing Corporation		$ 425,000.000	174,220.71	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization - Energy$mart Solar Program	SFY 2025 SGF Sp. Approp.	30	Central NM	Regional
Jul-24	Chelsea Investment Corp.	Mariposa Apartments	$ 2,000,000.000	2,000,000.00	Rental and single family development	Rental Development	SFY25 STB Earmark	51	Taos	Taos County
Jul-24	Redfeather Development		$ 450,000.000	449,998.77	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	SFY 2025 SGF Sp. Approp.	32	Navajo Nation	Regional
Jul-24	Redfeather Development		$ 675,000.000	141,729.92	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization - Energy$mart Solar Program	SFY 2025 SGF Sp. Approp.	48	Navajo Nation	Regional
Jul-24	Southwest Regional Housing and Community Development		$ 250,000.000	175,000.00	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	SFY 2025 SGF Sp. Approp.	18	Southwestern NM	Regional
Jul-24	Southwest Regional Housing and Community Development		$ 1,400,000.000	819,365.39	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization - Energy$mart Solar Program	SFY 2025 SGF Sp. Approp.	170	Southwestern NM	Regional
Aug-24	Rio Rancho Leased Housing Authority I, LLP	Sandoval Flats	$ 1,380,000.000	1,380,000.00	Rental and single family development	Rental Development	SFY 2025 SGF Sp. Approp.	216	Rio Rancho	Sandoval County
Aug-24	Rio Rancho Leased Housing Authority I, LLP	Sandoval Flats	$ 1,620,000.000	1,620,000.00	Rental and single family development	Rental Development	SFY25 STB Earmark	0	Rio Rancho	Sandoval County
Aug-24	Village of Ruidoso		$ 712,498.000	712,498.00	Rental and single family development	Housing Innovation	SFY 2025 SGF Sp. Approp.	17	Ruidoso	Lincoln County
Aug-24	Village of Ruidoso		$ 287,502.000	287,502.00	Rental and single family development	Housing Innovation	SFY24 STB Earmark	10	Ruidoso	Lincoln County
Aug-24	City of Las Cruces		$ 1,500,000.000	1,500,000.00	Rental and single family development	Housing Innovation	SFY24 STB Earmark	50	Las Cruces	Doña Ana County

New Mexico Housing Trust Fund Severance Tax Bond Earmark Allocations and Special Appropriations
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Date of Approval	Awardee	Award	Award Amount	Expenditures	Certified Use	Activity	Funding Source	Anticipated Impact	City	County/Regional/Statewide
Aug-24	Country Club SF, LLC (to be formed)	Country Club Apartments	$ 3,000,000.000	2,250,000.00	Rental and single family development	Rental Development	SFY25 STB Earmark	62	Santa Fe	Santa Fe County
Aug-24	Ocate SF, LLC (to be formed)	Ocate Apartments	$ 3,000,000.000	1,853,802.00	Rental and single family development	Rental Development	SFY25 STB Earmark	60	Santa Fe	Santa Fe County
Aug-24	Somos Apartments Limited Partnership	Somos Apartments	$ 4,000,000.000	4,000,000.00	Rental and single family development	Rental Development	SFY25 STB Earmark	70	Albuquerque	Bernalillo County
Sep-24	Forget Me Not Park		$ 375,000.000	355,269.65	Rental and single family development	Housing Innovation	SFY 2025 SGF Sp. Approp.	15	Socorro/ Truth or Consequences Area	Socorro County
Sep-24	Lincoln Avenue Communities	Cresta Ranch	$ 4,000,000.000	4,000,000.00	Rental and single family development	Rental Development	SFY 2025 SGF Sp. Approp.	240	Outside Santa Fe City Limits	Santa Fe County
Oct-24	Tierra del Sol Housing Corporation	Vado New Horizons	$ 1,000,000.000	-	Rental and single family development	Single Family Development	SFY 2025 SGF Sp. Approp.	56	Vado	Doña Ana County
Nov-24	DBG Properties	Tierra Linda Apartments	$ 217,913.000	217,913.00	Rental and single family development	Rental Development	SFY 2025 SGF Sp. Approp.	240	Albuquerque	Bernalillo County
Nov-24	New Mexico Ramp Project		$ 500,000.000	500,000.00	Rental and single family development	Housing Innovation	SFY24 STB Earmark	180	Statewide	Regional
Nov-24	Town of Silver City		$ 500,000.000		Rental and single family development	Housing Innovation	SFY24 STB Earmark	8	Silver City	Grant County
Dec-24	Saranam		$ 732,939.000	459,375.04	Homelessness and Homelessness Prevention	Homelessness and Homelessness Prevention	SFY 2025 SGF Sp. Approp.	13	Albuquerque	Bernalillo County
Jan-25	San Felipe Pueblo		$ 229,425.970	229,425.97	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	SFY24 STB Earmark	3	San Felipe Pueblo	Sandoval County
Feb-25	Dominium Development and Acquisition LLC	Turquoise Trail Apartments	$ 2,000,000.000	2,000,000.00	Rental and single family development	Rental Development	SFY 2025 SGF Sp. Approp.	312	Santa Fe	Santa Fe County
Feb-25	Santa Fe Community Housing Trust	Arroyo Oeste Phase II	$ 1,000,000.000	15,676.28	Rental and single family development	Single Family Development	SFY24 STB Earmark	8	Santa Fe	Santa Fe County
Feb-25	Synergy Community Development Corp	Sunset 1600 Apartments	$ 3,000,000.000	2,200,492.18	Rental and single family development	Rental Development	SFY 2025 SGF Sp. Approp.	60	Roswell	Chaves County
Feb-25	Y.M.H. Inc dba Youngs Homes	South 40 Subdivision	$ 2,000,000.000	1,001,593.73	Rental and single family development	Single Family Development	SFY 2025 SGF Sp. Approp.	47	Hobbs	Lea County
Mar-25	Dona Ana County and Human Services Department		$ 714,971.660	373,213.23	Rental and single family development	Housing Innovation	SFY25 STB Earmark	8	Las Cruces	Doña Ana County
Apr-25	DreamTree Project		$ 500,000.000	500,000.00	Rental and single family development	Housing Innovation	SFY24 STB Earmark	250	Taos	Taos County
Apr-25	Chelsea Investment Corp.	West Mesa Ridge A	$ 3,000,000.000	2,500,000.00	Rental and single family development	Rental Development	SFY 2025 SGF Sp. Approp.	128	Albuquerque	Bernalillo County
May-25	Enriched Communities LLC & NM Housing	Elk Meadows Apartments	$ 489,300.00	489,300.00	Rental and single family development	Rental Development	SFY26 STB Earmark		Ruidoso	Lincoln County
May-25	TWG Development LLC & Santa Fe County	Nueva Acequia (9% LIHTC)	$ 2,000,000.00		Rental and single family development	Rental Development	SFY26 STB Earmark	53	Santa Fe	Santa Fe County
May-25	New Mexico Housing	Peachtree Canyon II	$ 3,000,000.00	1,742,781.74	Rental and single family development	Rental Development	SFY26 STB Earmark		Las Cruces	Doña Ana County
May-25	Clearbrook Investments, Inc.	Villa Encantada	$ 2,900,000.000	2,815,645.84	Rental and single family development	Single Family Development	SFY 2025 SGF Sp. Approp.	83	Moriarty	Torrance County
May-25	Spire Development Inc.	Plaza Luna Lofts	$ 3,000,000.00	2,999,778.40	Rental and single family development	Rental Development	SFY26 STB Earmark	57	Los Lunas	Valencia County
May-25	Spire Development Inc.	San Mateo Manor	$ 3,000,000.00	3,000,000.00	Rental and single family development	Rental Development	SFY26 STB Earmark	50	Albuquerque	Bernalillo County
May-25	Tierra del Sol Housing Corporation	Villa de Tularosa	$ 2,500,000.00		Rental and single family development	Rental Development	SFY26 STB Earmark	22	Tularosa	Otero County
Jun-25	Home Improvement Program		$ 536,918.980	536,918.98	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	SFY24 STB Earmark	27	Guadalupe, Quay, Harding, Union, Rio Arriba, San Juan, McKinley, and Los Alamos Counties	Regional
Jul-25	Esperanza Shelter		$ 64,938.000		Rental and single family development	Housing Innovation	SFY24 STB Earmark	3	Santa Fe	Santa Fe County
Jul-25	Greater Albuquerque Habitat for Humanity		$ 500,000.000	301,693.86	Rental and single family development	Housing Innovation	SFY24 STB Earmark	20	Albuquerque	Bernalillo County
Aug-25	Housing New Mexico - DPA	FirstDown Plus	$ 8,370,000.000	6,293,776.48	Down payment assistance	FirstDown Plus	SFY 2025 SGF Sp. Approp.	837	Statewide	Statewide
Aug-25	Housing New Mexico - DPA	FirstDown Plus	$ 6,763,415.00	6,759,276.92	Down payment assistance	FirstDown Plus	SFY26 STB Earmark	676	Statewide	Statewide
Aug-25	Housing New Mexico - DPA	HomeForwardDPA	$ 1,200,000.000	547,081.24	Down payment assistance	HomeForwardDPA	SFY 2025 SGF Sp. Approp.	141	Statewide	Statewide
Aug-25	Housing New Mexico - DPA	HomeForwardDPA	$ 1,000,000.00	997,758.27	Down payment assistance	HomeForwardDPA	SFY26 STB Earmark	125	Statewide	Statewide
Aug-25	Restoring Our Communities	Restoring Our Communities	$ 1,500,000.00	1,420,995.34	Single family acquisition and rehabilitation	Restoring Our Communities	SFY26 STB Earmark	5	Statewide	Statewide
Aug-25	New Creation Albuquerque Church		$ 65,062.000	65,062.00	Rental and single family development	Housing Innovation	SFY24 STB Earmark	7	Albuquerque	Bernalillo County
Aug-25	New Creation Albuquerque Church		$ 213,467.000	213,334.84	Rental and single family development	Housing Innovation	SFY25 STB Earmark	8	Albuquerque	Bernalillo County
Aug-25	ECOHAB		$ 384,063.000	324,491.06	Rental and single family development	Housing Innovation	SFY 2025 SGF Sp. Approp.	4	El Prado	Taos County
Sep-25	Greater Albuquerque Habitat for Humanity		$ 178,439.000	176,369.56	Rental and single family development	Housing Innovation	SFY 2025 SGF Sp. Approp.	14	Albuquerque	Bernalillo County
Sep-25	Greater Albuquerque Habitat for Humanity		$ 71,561.340	71,561.35	Rental and single family development	Housing Innovation	SFY25 STB Earmark	14	Albuquerque	Bernalillo County
Sep-25	ECOHAB		$ 65,937.00		Rental and single family development	Housing Innovation	SFY26 STB Earmark	0	El Prado	Taos County
Sep-25	Dominium Development and Acquisition LLC	Desert Willow	$ 2,000,000.00		Rental and single family development	Rental Development	SFY26 STB Earmark	244	Albuquerque	Bernalillo County
Sep-25	New Mexico Ramp Project		$ 500,000.000	311,304.72	Rental and single family development	Housing Innovation	SFY 2025 SGF Sp. Approp.	180	Statewide	Statewide
Sep-25	The Life Link		$ 350,000.000		Rental and single family development	Housing Innovation	SFY 2025 SGF Sp. Approp.	15	Santa Fe	Santa Fe County
Oct-25	La Casa Inc.		$ 500,000.000	376,659.34	Rental and single family development	Housing Innovation	SFY 2025 SGF Sp. Approp.	4	Santa Fe	Santa Fe County
Jan-26	JH Homes Inc.	Oaks Subdivision 7	$ 2,163,000.000	1,697,760.01	Rental and single family development	Single Family Development	SFY 2025 SGF Sp. Approp.	48	Roswell	Chaves County
Jan-26	Blueline Development	Cornerstone Apartments	$ 2,782,087.000	50,000.00	Rental and single family development	Rental Development	SFY 2025 SGF Sp. Approp.	30	Lordsburg	Hidalgo County
Jan-26	City of Las Cruces		$ 500,000.00	9,390.10	Rental and single family development	Housing Innovation	SFY26 STB Earmark	500	Las Cruces	Doña Ana County

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Jan-26	Rebuilding Together Sandoval County		$ 350,000.00	30,783.01	Rental and single family development	Housing Innovation	SFY26 STB Earmark	30	Rio Rancho	Sandoval County
Feb-26	DreamTree Project		$ 500,000.00	500,000.00	Rental and single family development	Housing Innovation	SFY26 STB Earmark	250	Taos	Taos County
Feb-26	HopeWorks		$ 500,000.00		Rental and single family development	Housing Innovation	SFY26 STB Earmark	1000	Albuquerque	Bernalillo County
Mar-26	Central New Mexico, LP	Central Apartments	$ 1,000,511.000	4,399.00	Rental and single family development	Preservation	SFY 2025 SGF Sp. Approp.	20	Santa Clara	Grant County
Mar-26	Rosedale Limited Partnership	Valley View Apartments	$ 1,259,192.000	5,166.00	Rental and single family development	Preservation	SFY 2025 SGF Sp. Approp.	32	Silver City	Grant County
Apr-26	Stillbrooke Homes, Inc.	Villa Encantada II	$ 3,000,000.00	1,257,249.42	Rental and single family development	Single Family Development	SFY26 STB Earmark	83	Moriarty	Torrance County
May-26	Housing New Mexico - DPA	FirstDown Plus	$ 23,400,000.000		Down payment assistance	FirstDown Plus	SFY 2027 SGF Sp. Approp.	2,340	Statewide	Statewide
May-26	Housing New Mexico - DPA	HomeForwardDPA	$ 2,600,000.000		Down payment assistance	HomeForwardDPA	SFY 2027 SGF Sp. Approp.	325	Statewide	Statewide
May-26	Single Family New Construction Interest Rate BuyDown		$ 5,000,000.000		Down payment assistance	Single Family New Construction Interest Rate BuyDown	SFY 2027 SGF Sp. Approp.	350	Statewide	Statewide
May-26	Crosstown		$ 267,061.000		Homelessness and Homelessness Prevention	Homelessness and Homelessness Prevention	SFY 2025 SGF Sp. Approp.	8	Las Cruces	Doña Ana County
May-26	Crosstown		$ 232,939.00		Rental and single family development	Housing Innovation	SFY26 STB Earmark	20	Las Cruces	Doña Ana County
May-26	Restoring Our Communities	Restoring Our Communities	$ 328,000.000		Single family acquisition and rehabilitation	Restoring Our Communities	SFY27 STB Earmark	1	Statewide	Statewide
May-26	Spire Development Inc.	Niko Commons	$ 410,700.00		Rental and single family development	Rental Development	SFY26 STB Earmark	37	Bernalillo	Sandoval County
May-26	Spire Development Inc.	Niko Commons	$ 2,589,300.000		Rental and single family development	Rental Development	SFY27 STB Earmark	0	Bernalillo	Sandoval County
May-26	Elderly Housing Development & Operations Corporation	Edward Romero Terrarce II Apartments	$ 3,000,000.000		Rental and single family development	Rental Development	SFY27 STB Earmark	39	Albuquerque	Bernalillo County
May-26	Habitat for Humanity		$ 500,000.00	35,887.03	Rental and single family development	Housing Innovation	SFY26 STB Earmark	17	Albuquerque, Rio Rancho	Regional
May-26	JL Gray and HERO	Desert Sun III	$ 3,000,000.000		Rental and single family development	Rental Development	SFY27 STB Earmark	52	Deming	Luna County
May-26	Redwood Communities	Montana Meadows/Wildewood	$ 3,000,000.000		Rental and single family development	Rental Development	SFY27 STB Earmark	140	Las Cruces, Roswell	Regional
May-26	W-HOMES, LLC and GHK Properties, LLC	Este Es Otono	$ 2,000,000.00		Rental and single family development	Rental Development	SFY26 STB Earmark	35	Taos	Taos County
Jun-26	JH Homes Inc.	Oaks Subdivision 7	$ 3,000,000.00	$ 7,857.05	Rental and single family development	Single Family Development	SFY26 STB Earmark	48	Roswell	Chaves County
Jun-26	Central New Mexico Housing Corporation	Weatherization	$ 620,000.000		Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	SFY 2025 SGF Sp. Approp.	38	Regional	Regional
Jun-26	Southwest Regional Housing and Community Development	Weatherization	$ 270,000.000	36,715.01	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	SFY 2025 SGF Sp. Approp.	16	Regional	Regional
Jun-26	Redfeather Development	Weatherization	$ 110,000.000	-	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	SFY 2025 SGF Sp. Approp.	7	Regional	Regional
Jul-26	Restoring Our Communities	Restoring Our Communities	$ 500,000.000		Single family acquisition and rehabilitation	Restoring Our Communities	SFY 2027 SGF Sp. Approp.	2	Statewide	Statewide
Jul-26	Chelsea Investment Corp.	West Mesa Ridge B	$ 3,000,000.000		Rental and single family development	Rental Development	SFY27 STB Earmark	144	Albuquerque	Bernalillo County
Jul-26	Heading Home		$ 301,975.00		Rental and single family development	Housing Innovation	SFY26 STB Earmark	800	Albuquerque	Bernalillo County
Jul-26	North Central New Mexico Economic Development District		$ 500,000.00		Rental and single family development	Housing Innovation	SFY26 STB Earmark	3	Statewide	Statewide
Aug-26	TWG Development LLC & Santa Fe County	Nueva Acequia (4% LIHTC)	$ 4,000,000.000		Rental and single family development	Rental Development	SFY27 STB Earmark	106	Santa Fe	Santa Fe County
Aug-26	KT Homes	Metro Square	$ 3,000,000.00	85,061.60	Rental and single family development	Single Family Development	SFY26 STB Earmark	64	Las Cruces	Doña Ana County
Sep-26	Golden Forward		$ 500,000.000		Rental and single family development	Housing Innovation	SFY26 STB Earmark	5	Albuquerque	Bernalillo County
Sep-26	Adelante Development Center		$ 346,544.000		Rental and single family development	Housing Innovation	SFY26 STB Earmark	250	Albuquerque	Bernalillo County
Sep-26	Family Housing Dev Corp & Palindrome Prop.	Uptown Connect	$ 4,000,000.000		Rental and single family development	Rental Development	SFY27 STB Earmark	176	Albuquerque	Bernalillo County

New Mexico Mortgage Finance Authority

Combined Financial Statements

and Schedules

August 31, 2026

Housing New Mexico | MFA

Financial Review

For the eleven-month period ended August 31, 2026

	Comparative Fiscal Year-to-Date Figures (Dollars $ in millions):	11 months 8/31/2026	11 months 8/31/2025	Change Year / Year	Forecast 8/31/2026	Actual to Forecast
	BOND ISSUANCE					
1	Single Family Bonds Issued (new money):	$ 419.7	$ 430.0	-2.4%	$ 389.6	7.7%
	PRODUCTION					
2	Single-family Mortgages Settled (Bond Financing):	$ 409.9	$ 392.2	4.5%	$ 389.1	5.3%
3	Single-family Mortgages Settled & Sold (TBA execution):	$ 135.2	$ 119.8	12.9%	$ 93.8	44.1%
4	Total Single-family Mortgage Production	$ 545.1	$ 512.0	6.5%	$ 483.0	12.9%
5	Single-family MBS Payoffs (unscheduled):	$ 83.8	$ 73.2	14.6%	$ 62.4	34.3%
	STATEMENT OF NET POSITION					
6	Average Earning Assets:	$ 2,898.8	$ 2,484.1	16.7%	$ 2,925.4	-0.9%
7	General Fund Cash and Investments:	$ 104.5	$ 106.3	-1.7%	$ 87.2	19.7%
8	SIC FMV Adjustment (General Fund):	$ 2.3	$ 0.8	N/A	N/A	N/A
9	Total Bonds Outstanding:	$ 2,716.2	$ 2,319.4	17.1%	$ 2,578.1	5.4%
	STATEMENT OF REVENUES, EXPENSES, AND NET POSITION					
10	General Fund Expenses (excluding capitalized assets):	$ 29.7	$ 28.8	3.3%	$ 24.4	22.1%
11	General Fund Revenues:	$ 41.3	$ 41.4	-0.5%	$ 27.2	51.41%
12	Combined Net Revenues (all funds):	$ 50.1	$ 45.1	11.0%	N/A	N/A
13	SIC FMV Adjustment (combined net revenues):	$ 2.1	$ 0.7	N/A	N/A	N/A
14	Combined Net Position:	$ 471.3	$ 423.1	11.4%	$ 462.8	1.8%
15	Combined Return on Average Earning Assets:	1.88%	1.98%	-4.9%	N/A	N/A
16	SIC FMV Adjustment (return on average earning assets):	0.08%	0.03%	N/A	N/A	N/A
17	TBA-execution Cash Profit (as a % of loans sold):	1.27%	1.38%	-7.6%	0.50%	N/A
18	Combined Interest Margin:	0.80%	0.87%	-8.5%	0.82%	-3.3%
	MOODY'S BENCHMARKS					
19	Net Asset to Debt Ratio (5-year average):	21.31%	22.79%	-6.5%	21.57%	-1.2%
20	Net Revenues as a % of Total Revenues (5-year average):	17.15%	16.20%	5.8%	16.01%	7.1%
	SERVICING					
21	Subserviced Portfolio Balance (IHFA first mortgages)	$ 3,316.6	$ 2,911.0	13.9%	$ 2,761.2	20.1%
22	Servicing Yield (subserviced portfolio)	0.350%	0.364%	-3.8%	0.387%	-9.5%
23	Combined Average Delinquency Rate (Housing New Mexico-serviced loans)	9.80%	9.76%	0.4%	N/A	N/A
24	DPA Loan Delinquency Rate	11.21%	10.18%	10.1%	N/A	N/A
25	Default Rate (Housing New Mexico-serviced loans)	0.83%	0.83%	0.0%	N/A	N/A
26	Subserviced Portfolio Delinquency Rate (IHFA first mortgages)	12.74%	12.46%	2.3%	N/A	N/A
27	Net Mortgage Servicing Rights Valuation (end of fiscal year Q3)	$ 13.0	$ 12.1	7.9%	N/A	N/A

Legend: Positive Trend | Caution | Negative Trend | Known Trend/Immaterial

Housing New Mexico | MFA

Financial Review

For the eleven-month period ended August 31, 2026

CURRENT YEAR FINANCIAL TRENDS & VARIANCES:

BOND ISSUANCE

In November 2025, Housing New Mexico issued a Convertible Option Bond ($192.97mm), preserving tax-exempt authority used later in February's 2026 Series AB issuance ($120mm) and May's 2026 Series CD Issuance ($150mm). Although new-money transactions have followed an atypical schedule, Housing New Mexico has maintained consistent bond-funded production in single-family mortgages, with pooling approximately 4.65 higher than the prior year. Of the $150 million Series CD bonds issued in May 2026, roughly $139.65 is expected to fund new mortgages. Series 2026EF closed on August 20th with $128 million tax-exempt and $32 million taxable.

PRODUCTION

The overall production for single-family mortgages is up 6.6% year-over-year. Unscheduled payoffs are slightly higher, though this increase is more likely a function of the materially higher loan balances than of increased prepayment speeds.

STATEMENT OF NET POSITION

Housing New Mexico's funds invested with the State Investment Council outpaced last year's growth. However, performance remains subject to macroeconomic conditions that are outside Housing New Mexico's direct control.

STATEMENT OF REVENUES, EXPENSES, AND NET POSITION

General fund revenues remain in line year-over-year and expenses stayed level. As a result, excess revenues over expenses continue to outperform budget through the first 11 months of the fiscal year. Combined net revenues also increased a solid 11% year-over-year.

MOODY'S BENCHMARKS

Both the Net Asset to Debt Ratio and the Net Revenue as a % of Total Revenue ratio are measured using five-year average, which may not fully reflect the standalone year-over-year changes these measures may otherwise exhibit.

Based on Moody's Issuer Credit Rating Scorecard, Housing New Mexico's 21.31% Net Asset to Debt Ratio (five-year average) indicates a strong and growing level of resources available to maintain HFA's creditworthiness under stressful circumstances, as a ratio above 20% is considered favorable. Staff continue to monitor this metric closely and evaluate strategies to mitigate its impact.

Housing New Mexico's Net Revenue as a % of Total Revenue (five-year average) is currently 17.15%, indicating strong profitability and favorable trends, with a ratio above 10% considered favorable.

Moody's Investors Service completed an updated credit opinion on Housing New Mexico's Issuer Credit Rating in December 2024 and assigned an Aa3 rating with a stable outlook. Moody's cited Housing New Mexico's high Net Asset to Debt Ratio, solid profitability, and conservative, low-risk profile, including the absence of exposure to variable-rate debt.

SERVICING

The Mortgage Bankers Association (MBA) reported in its quarterly survey that as of March 2026, the national delinquency rate for FHA fixed-rate loans was 11.96% compared with 8.33% in New Mexico. The Federal Housing Administration (HUD) reported in its June 2026 Single Family Loan Performance Trends that the national delinquency rate for FHA-insured purchase loans was 15.20%, up from 14.96% in May 2026.
Data from both sources typically lag approximately two to three months following each quarter or month-end.
These figures are provided for market comparison and may not always align with trends observed within Housing New Mexico's portfolio.

Housing New Mexico's single-family mortgage portfolio has a higher than MBA's New Mexico benchmark but remains below HUD's national benchmark. The subserviced portfolio, currently serviced by Idaho Housing and Finance Association, has a delinquency rate of 12.74%, approximately 2.3% higher than the prior year. The internal servicing delinquency rate is currently 9.80%, representing an increase of less than 1% from the previous year. Housing New Mexico Continues to monitor portfolio delinquencies and identify opportunities to reduce delinquency while referring borrowers to available loss mitigation programs.

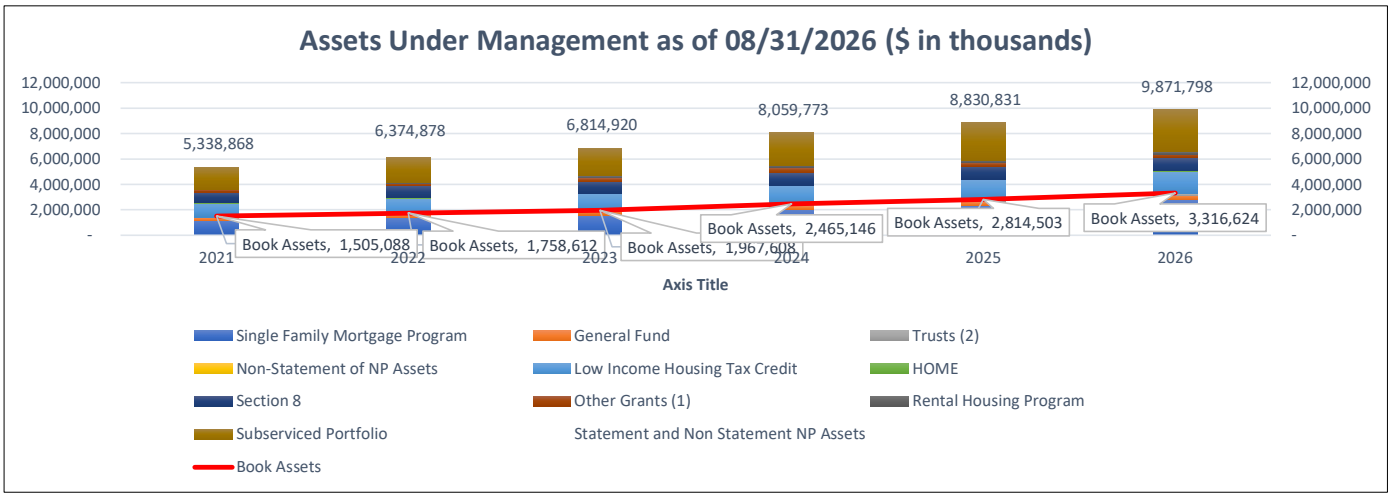
Housing New Mexico's DPA delinquency rate remains in line with the prior year, and staff continue to monitor and support delinquent borrowers to help prevent further delinquency or default and promote sustainable homeownership. Housing New Mexico's annualized default rate is 0.83%, which is in line with the same period last year. Broader macroeconomic factors, including persistent inflationary pressures, elevated interest rates, and a weakening labor market, can contribute to default trends. Defaults may also contribute to increases in Housing New Mexico's unscheduled payoff activity.

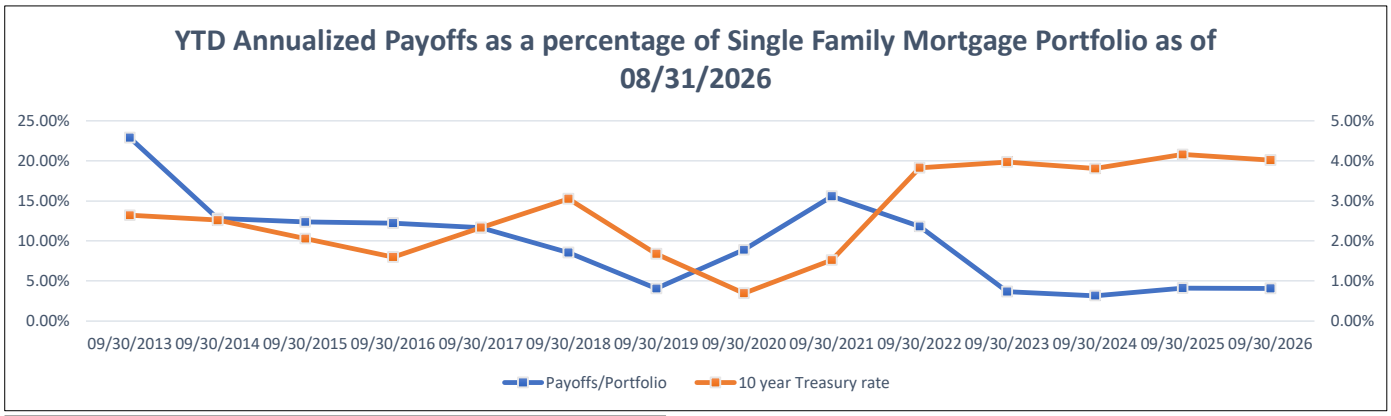
The fair market value (FMV) of mortgage servicing rights (MSRs) as of August 2026 is $39.18 million. After subtracting out the $26.14 million cost, Housing New Mexico has a net value of $13.04 million in purchased mortgage servicing right, an increase of approximately $1.2 million from the prior quarter. GASB requires Housing New Mexico to record the value of servicing rights at the 'lower of cost or market'. Nevertheless, the FMV remains elevated relative to recent years, reflecting continued uncertainty in the interest rate environment, and sustained expectations for lower-than-average prepayment speeds across the market, which may differ from Housing New Mexico's observed payoff experience. MSR valuations are updated quarterly.

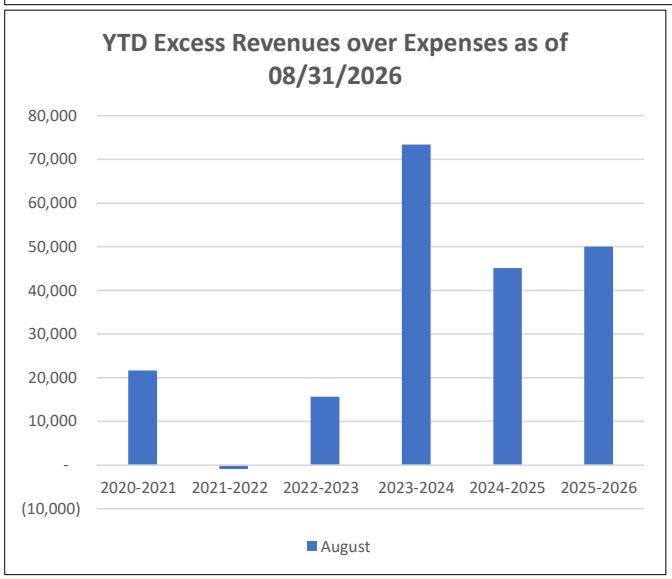
ADDITIONAL NOTES

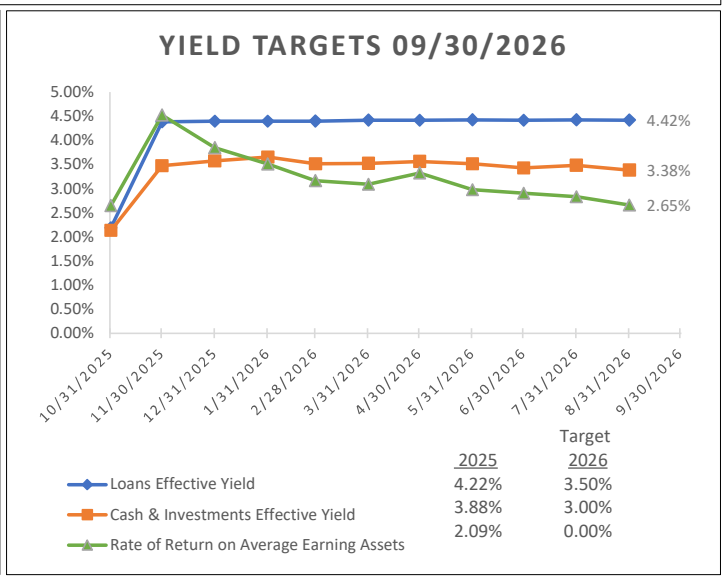
Bond Payoffs, GF expenses, and servicing delinquency & default rates use an inverse scale to measure year-over-year change. The colors in the comparison columns are based on a 10% materiality threshold, with a cautionary range between 10% and 25%. An exception applies to data points that fluctuate in direct proportion to other measures; these figures are coded as known trends. Forecasted values for fiscal year 2026 are based off historical data as of September 30, 2024 (Fiscal Year-end 2024).

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

HOUSING NEW MEXICO | MFA
COMBINED STATEMENT OF NET POSITION
AUGUST 2026
(THOUSANDS OF DOLLARS)

	YTD 08/31/2026	YTD 08/31/25
ASSETS:		
CURRENT ASSETS:		
CASH & CASH EQUIVALENTS	77,712	$96,303
RESTRICTED CASH HELD IN ESCROW	9,980	10,188
SHORT-TERM INVESTMENTS	-	-
ACCRUED INTEREST RECEIVABLE	13,614	10,023
OTHER CURRENT ASSETS	9,843	8,699
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	-
INTER-FUND RECEIVABLE (PAYABLE)	(0)	0
TOTAL CURRENT ASSETS	111,150	125,214
CASH - RESTRICTED	255,644	268,654
LONG-TERM & RESTRICTED INVESTMENTS	70,810	64,566
INVESTMENTS IN RESERVE FUNDS	110,496	-
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	2,436,678	2,123,679
MORTGAGE LOANS RECEIVABLE	298,496	255,460
ALLOWANCE FOR LOAN LOSSES	(17,360)	(14,739)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	13,636	14,258
OTHER REAL ESTATE OWNED, NET	9,756	5,460
OTHER NON-CURRENT ASSETS	2	5
INTANGIBLE ASSETS	27,125	24,858
TOTAL ASSETS	3,316,434	2,867,414
DEFERRED OUTFLOWS OF RESOURCES		
REFUNDINGS OF DEBT	190	239
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	3,316,624	2,867,652
LIABILITIES AND NET POSITION:		
LIABILITIES:		
CURRENT LIABILITIES:		
ACCRUED INTEREST PAYABLE	$45,983	$37,131
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	13,683	15,776
ESCROW DEPOSITS & RESERVES	9,663	10,007
TOTAL CURRENT LIABILITIES	69,329	62,914
BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	2,716,183	2,319,369
MORTGAGE & NOTES PAYABLE	59,504	61,777
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	197	267
TOTAL LIABILITIES	2,845,212	2,444,327
DEFERRED INFLOWS	151	190
TOTAL LIAB/DEFERRED INFLOWS	2,845,363	2,444,517
NET POSITION:		
NET INVESTED IN CAPITAL ASSETS	13,636	14,258
UNAPPROPRIATED NET POSITION (NOTE 1)	205,762	170,126
APPROPRIATED NET POSITION (NOTE 1)	251,863	238,751
TOTAL NET POSITION	471,261	423,135
TOTAL LIABILITIES & NET POSITION	3,316,624	2,867,652

HOUSING NEW MEXICO | MFA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE ELEVENTH MONTH ENDED AUGUST 2026
(THOUSANDS OF DOLLARS)

	YTD 08/31/2026	YTD 08/31/25
OPERATING REVENUES:		
INTEREST ON LOANS	$104,579	$87,487
INTEREST ON INVESTMENTS & SECURITIES	13,555	12,064
LOAN & COMMITMENT FEES	4,089	4,141
ADMINISTRATIVE FEE INCOME (EXP)	7,751	7,277
RTC, RISK SHARING & GUARANTY INCOME	198	507
HOUSING PROGRAM INCOME	4,195	3,184
LOAN SERVICING INCOME	11,212	10,157
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	145,580	124,817
NON-OPERATING REVENUES:		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	2,182	2,622
OTHER NON-OPERATING INCOME	83	1
GRANT AWARD INCOME	119,802	97,970
SUBTOTAL NON-OPERATING REVENUES	122,066	100,593
TOTAL REVENUES	267,646	225,411
OPERATING EXPENSES:		
ADMINISTRATIVE EXPENSES	24,871	23,985
INTEREST EXPENSE	96,998	79,759
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(6,563)	(4,026)
PROVISION FOR LOAN LOSSES	880	(202)
MORTGAGE LOAN & BOND INSURANCE	82	-
TRUSTEE FEES	279	227
AMORT. OF SERV. RIGHTS & DEPRECIATION	2,809	2,709
BOND COST OF ISSUANCE	3,876	3,749
SUBTOTAL OPERATING EXPENSES	123,233	106,202
NON-OPERATING EXPENSES:		
CAPACITY BUILDING COSTS	184	207
GRANT AWARD EXPENSE	94,156	73,903
OTHER NON-OPERATING EXPENSE	-	-
SUBTOTAL NON-OPERATING EXPENSES	94,341	74,110
TOTAL EXPENSES	217,574	180,311
NET REVENUES	50,072	45,100
OTHER FINANCING SOURCES (USES)	-	-
NET REVENUES AND OTHER FINANCING SOURCES(USES)	50,072	45,100
NET POSITION AT BEGINNING OF YEAR	421,189	378,035
NET POSITION AT 08/31/2026	471,261	423,135

NOTES TO FINANCIAL STATEMENTS
(For Informational Purposes Only)
(in Thousands of Dollars)

(Note 1) Housing New Mexico Net Position as of August 31, 2026

UNAPPROPRIATED NET POSITION:

$	49,590	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
$	155,584	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
$	588	is held for New Mexico Affordable Housing Charitable Trust.
$	**205,762**	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:

$	129,986	for use in the Housing Opportunity Fund ($114,356 in loans and grants plus $15,631 unfunded, of which $8,452 is committed).
$	58,956	for future use in Single Family & Multi-Family housing programs.
$	878	for loss exposure on Risk Sharing loans.
$	13,636	invested in capital assets, net of related debt.
$	26,475	invested in mortgage servicing rights.
$	7,417	for the future General Fund Budget year ending 09/30/26 ($40,876 total budget less $33,458 expended budget through 8/31/26.)
$	237,348	Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

$	28,150	for use in the federal and state housing programs administered by Housing New Mexico.
$	28,150	Subtotal - Housing Program
$	**265,498**	Total Appropriated Net Position
$	**471,260**	Total Combined Net Position at August 31, 2026

Total combined Net Position, or reserves, at August 31, 2026 was $471.3 million, of which $205.8 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $265.5 million of available reserves, with $104.5 million primarily liquid in the General Fund and in the federal and state Housing programs and $161 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.

Housing New Mexico's general plan for bond program reserves as they may become available to Housing New Mexico over the next 30 years is to use the reserves for future programs, loss exposure coverage, servicing requirements and operations.

GENERAL FUND
Fiscal Year 2025-2026 Budget
For the eleven months ended 08/31/26

	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	834,980	9,753,539	10,079,297	10,995,597	325,758	1,242,058	88.70%
Interest on Investments & Securities	236,949	2,756,480	2,746,838	2,996,551	(9,641)	240,071	91.99%
Loan & Commitment Fees	26,005	41,924	288,736	314,985	246,812	273,061	13.31%
Administrative Fee Income (Exp)	1,328,842	12,533,603	11,284,194	12,310,030	(1,249,409)	(223,573)	101.82%
Risk Sharing/Guaranty/RTC fees	84,143	122,862	356,453	388,858	233,591	265,996	31.60%
Housing Program Income	123,562	2,392,101	1,697,469	1,851,784	(694,632)	(540,317)	129.18%
Loan Servicing Income	961,409	11,212,019	11,008,398	12,009,161	(203,622)	797,142	93.36%
Other Operating Income	-	-	-	-	-	-	
Operating Revenues	3,595,891	38,812,529	37,461,386	40,866,966	(1,351,143)	2,054,437	94.97%
Gain (Loss) Asset Sale/Debt Ex	(159,093)	2,356,214	-	-	(2,356,214)	(2,356,214)	
Other Non-operating Income	79	82,704	138	150	(82,567)	(82,554)	55136.00%
Non-Operating Revenues	(159,014)	2,438,918	138	150	(2,438,781)	(2,438,768)	1625945.41%
Revenue	3,436,878	41,251,447	37,461,523	40,867,116	(3,789,924)	(384,331)	100.94%
Expenses							
Salaries	592,358	7,025,384	7,750,809	8,396,709	725,425	1,371,326	83.67%
Overtime	1,297	22,963	23,989	25,988	1,026	3,025	88.36%
Incentives	3,969	538,145	661,916	717,104	123,771	178,959	75.04%
Payroll taxes, Employee Benefits	215,816	3,106,706	4,132,084	4,475,900	1,025,377	1,369,194	69.41%
Compensation	813,441	10,693,198	12,568,797	13,615,701	1,875,599	2,922,503	78.54%
Business Meals Expense	558	2,352	12,274	13,390	9,922	11,038	17.57%
Public Information	35,312	317,805	409,438	446,660	91,633	128,855	71.15%
In-State Travel	3,189	52,537	148,873	162,407	96,336	109,870	32.35%
Out-of-State Travel	5,902	112,063	236,644	258,157	124,581	146,094	43.41%
Travel & Public Information	44,961	484,757	807,230	880,614	322,472	395,857	55.05%
Utilities/Property Taxes	19,956	187,912	198,981	217,070	11,069	29,158	86.57%
Leasehold Expense	-	-			-	-	
Insurance, Property & Liability	41,580	241,695	243,333	265,454	1,638	23,759	91.05%
Repairs, Maintenance & Leases	158,074	1,524,390	1,423,264	1,552,652	(101,126)	28,262	98.18%
Supplies	3,627	46,937	28,554	31,150	(18,382)	(15,787)	150.68%
Postage/Express mail	9,066	82,846	63,672	69,460	(19,174)	(13,386)	119.27%
Telephone	7,671	44,021	26,459	28,864	(17,562)	(15,157)	152.51%
Janitorial	4,005	44,052	46,292	50,500	2,240	6,448	87.23%
Office Expenses	234,401	2,068,765	1,901,756	2,074,642	(167,009)	5,878	99.72%
Dues & Periodicals	4,602	52,920	76,478	83,430	23,558	30,510	63.43%
Education & Training	5,247	65,666	164,584	179,546	98,918	113,880	36.57%
Contractual Services	105,522	1,005,601	1,431,916	1,562,090	426,315	556,489	64.38%
Professional Services-Program	3,045	66,298	75,533	82,400	9,236	16,102	80.46%
Direct Servicing Expenses	1,110,968	9,204,331	8,441,489	9,208,897	(762,842)	4,566	99.95%

GENERAL FUND
Fiscal Year 2025-2026 Budget
For the eleven months ended 08/31/26

	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	26,218	318,263	313,382	341,871	(4,881)	23,608	93.09%
Rebate Analysis Fees			-	-	-	-	
Miscellaneous	-	-			-	-	
Other Operating Expense	1,255,602	10,713,077	10,503,381	11,458,234	(209,696)	745,156	93.50%
Interest Expense	267,665	2,610,123	3,062,456	3,340,861	452,333	730,738	78.13%
Non-Cash Expenses	412,921	2,881,808	4,043,524	4,411,117	1,161,716	1,529,309	65.33%
Expensed Assets	-	100,929	212,298	231,598	111,369	130,669	43.58%
Operating Expenses	3,028,993	29,552,658	33,099,441	36,012,767	3,546,784	6,460,110	82.06%
Program Training & Tech Asst	219	151,257	108,150	117,982	(43,107)	(33,275)	128.20%
Program Development	151	33,061	124,995	136,358	91,934	103,297	24.25%
Capacity Building Costs	370	184,318	233,145	254,340	48,827	70,022	72.47%
Other Non Operating Expenses	-	-			-	-	
Non-Operating Expenses	370	184,318	233,145	254,340	48,827	70,022	72.47%
Expenses	3,029,362	29,736,975	33,332,586	36,267,107	3,595,611	6,530,132	81.99%
Excess Revenue over Expenses	407,515	11,514,472	4,128,937	4,600,009	(7,385,535)	(6,914,463)	250.31%

GENERAL FUND CAPITAL BUDGET
Fiscal Year 2025-2026 Budget
For the eleven months ended 08/31/26

	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	416,040	3,613,776	3,758,333	4,100,000	144,557	486,224	88.14%
2950 COMPUTER HARDWARE	-	66,884	242,800	264,873	175,916	197,989	25.25%
2960 SOFTWARE LICENSES	-	-	77,917	85,000	77,917	85,000	0.00%
2920 FURNITURE & EQUIPMENT-10 YR	-	5,382	49,683	54,200	44,301	48,818	9.93%
2930 FURNITURE & EQUIP, 5 YR.	-	-	-	-	-	-	
2860 BUILDING	-	35,079	95,883	104,600	60,804	69,521	33.54%
2840 LAND	-	-			-	-	
2937 AUTOMOBILE	-	-	-	-	-	-	
Capital Budget	416,040	3,721,122	4,224,617	4,608,673	503,495	887,551	80.74%

NEW MEXICO HOUSING TRUST FUND
Fiscal Year 2025-2026 Budget
For the eleven months ended 08/31/26

	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	221,176	1,947,556	1,301,850	1,420,200	(645,706)	(527,356)	137.13%
Interest on Investments & Securities	136,739	1,612,944	1,176,633	1,283,600	(436,311)	(329,344)	125.66%
Administrative Fee Income (Exp)	-	36,487	48,583	53,000	12,096	16,513	68.84%
Risk Sharing/Guaranty/RTC fees	6,795	75,340	36,667	40,000	(38,673)	(35,340)	188.35%
Housing Program Income	-	1,803,109			(1,803,109)	(1,803,109)	
Gain (Loss) Asset Sale/Debt Ex	(144,604)	(177,380)			177,380	177,380	
Grant Award Income	2,348,679	37,216,878	40,500,808	44,182,700	3,283,930	6,965,822	84.23%
Revenue	2,568,785	42,514,934	43,064,542	46,979,500	549,607	4,464,566	90.50%
Expenses							
Salaries	47,395	479,567	530,770	575,001	51,203	95,434	83.40%
Overtime			1,643	1,780	1,643	1,780	
Incentives			45,071	48,827	45,071	48,827	
Payroll taxes, Employee Benefits	14,833	176,013	260,642	282,296	84,629	106,283	62.35%
Compensation	62,228	655,580	838,127	907,904	182,546	252,324	72.21%
Business Meals Expense	8	111			(111)	(111)	
Public Information	-	-	229	250	229	250	0.00%
In-State Travel	804	2,605	21,275	23,209	18,669	20,604	11.23%
Out-of-State Travel	-	1,363	4,644	5,066	3,281	3,703	26.91%
Travel & Public Information	812	4,079	26,148	28,525	22,069	24,446	14.30%
Repairs, Maintenance & Leases	-	-			-	-	
Office Expenses	9,454	99,219	128,763	140,469	29,544	41,250	70.63%
Education & Training	-	500	715	780	215	280	64.10%
Contractual Services	1,076	15,652	56,833	62,000	41,181	46,348	25.25%
Program Expense-Other	(243)	-	-	-	-	-	
Other Operating Expense	834	16,152	57,548	62,780	41,396	46,628	25.73%
Non-Cash Expenses	47,539	806,545	-	-	(806,545)	(806,545)	
Operating Expenses	120,867	1,581,575	1,050,586	1,139,678	(530,990)	(441,897)	138.77%
Program Training & Tech Asst			-	-	-	-	
Capacity Building Costs			-	-	-	-	
Grant Award Expense	820,495	11,563,706	8,624,642	9,408,700	(2,939,065)	(2,155,006)	122.90%
Expenses	941,362	13,145,282	9,675,228	10,548,378	(3,470,054)	(2,596,904)	124.62%
Excess Revenue over Expenses	1,627,423	29,369,653	33,389,314	36,431,122	4,019,661	7,061,469	80.62%

MEMO

TO: Housing New Mexico | MFA Board of Directors
Through: Policy Committee – October 7, 2026

FROM: Jerri Tso, Finance Manager
Catherine Kelly, Finance Analyst

DATE: October 21, 2026

SUBJECT: Single Family Mortgage Program Bonds, 2026 Series E/F, Pricing & Closing Summary

Summary:
The 2026 Series E/F transaction is a new money bond issue which priced on July 9, 2026 and closed on August 20, 2026. Below is a summary of the bond sale:

Structure: This deal closed $160 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 $128 million tax-exempt with $32 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, Bancroft Capital, and Jefferies. This underwriting syndicate submitted $3.23 million in orders and was allotted $3.0 million of bonds.

Tax-Exempt Issue Performance:

- $268.9 million institutional orders
- $ 20.32million retail orders
  - $2.31 million of which from NM-based retail investors

Taxable Issue Performance:

- $89.8 million institutional orders
- $0.05 million retail orders

Total orders for the bond issue were $379.07 million for both retail and institutional investors (not including stock member orders), which is an increase of 31.7% in total orders compared to the 2026 Series C/D issuance. The increase in orders coincides with the increase in overall issuance size from the last bond issue ($150 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 $160 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*	5.868%	6.118%

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	5.526%	6.823%	5.776%
Bond Yield	4.405%	5.601%	4.644%
Spread	**1.121%**	**1.222%**	**1.132%**

Additionally, the net present value benefit of the entirety of the transaction is estimated at $4.89 million. This net economic value is expected to utilize approximately $1.5 million of zero participating loans.

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 2026 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 2026 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	
		2025C/D	**2025E/F**	**2026A/B**	**2026C/D**	**2026E/F**
		New Money Blended	New Money Blended	New Money Blended	New Money Blended	New Money Blended
Type of Structure		Traditional	Traditional	Traditional	Traditional	Traditional
1	Tax Exempt Bonds	$100,000,000	$60,000,000	$96,000,000	$115,650,000	$128,000,000
	Taxable Bonds	$40,000,000	$40,000,000	$24,000,000	$24,000,000	$32,000,000
	Tax-Exempt Refunding Bonds	n/a	n/a	n/a	$10,350,000	n/a
	Taxable Refunding Bonds	n/a	n/a	n/a	$0	$0
	Total Amount of Bonds Issued	$140,000,000	$100,000,000	$120,000,000	$150,000,000	$160,000,000
2	Bond Issue(s) Refunded	n/a	n/a	n/a	2013 C 2014 A	n/a
3	Economic Benefit/ Net of PV Subsidies*	$4.4 million/ $3.7 million	$3.2 million/ $1.7 million	$3.8 million/ $3.3 million	$5.2 million/ $4.2 million	$4.89 million/ $4.39 million
4	Original/Current Bond Ratings: Moody's	Aa1	Aa1	Aa1	Aa1	Aa1
5	Pricing Date(s)	4/26/2025	7/31/2025	1/23/2026	4/27/2026	7/9/2026
6	Bond Closing Date	5/29/2025	8/27/2025	2/25/2026	5/28/2026	8/20/2026
7	Serial Bond Maturities AMT Non-AMT Taxable	 None 9/1/26-9/1/37 3/1/27-9/1/36	 None 9/1/26-9/1/37 9/1/26-9/1/33	 None 3/1/27-9/1/38 3/1/27-9/1/38	 None 9/1/27-9/1/38 9/1/27-9/1/33	 None 9/1/27-9/1/38 9/1/27-9/1/38
8	Term Bond Maturities Non-AMT Taxable	 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 9/1/37,9/1/40 9/1/45,9/1/50 9/1/55	 9/1/41,9/1/46 9/1/51,9/1/56 9/1/41,9/1/46 9/1/51,9/1/56	 9/1/34,9/1/46 9/1/41,9/1/46 9/1/51,9/1/56 9/1/38,9/1/41 9/1/46,9/1/51 9/1/56	 3/1/29/-9/1/41 3/1/42-9/1/46 3/1/24-9/1/51 3/1/52-9/1/56 3/1/39-9/1/41 3/1/42-9/1/46 3/1/47-9/1/51 3/1/52-9/1/56
9	Premium PAC Maturity Non-AMT Taxable	 3/1/2056 3/1/2056	 3/1/2056 3/1/2056	 3/1/2057 3/1/2057	 3/1/2057 3/1/2057	 3/1/2057 3/1/2057
10	Split Between FIRST HOME Government and Conventional Loans Government Conventional	 70% 30%	 80% 20%	 80% 20%	 84% 16%	 70% 30%
11	Weighted Average Loan Rates+ FIRST HOME - Government FIRST HOME - FNMA <80% FIRST HOME - FNMA >80% FIRST HOME - FHLMC <80% FIRST HOME - FHLMC >80%	 6.220% 6.595% 6.595% 6.595% 6.595%	 6.220% 6.478% 6.478% 6.478% 6.478%	 5.722% 5.965% 5.965% 5.989% 5.989%	 5.680% 5.948% 5.948% 5.948% 5.948%	 5.868% 6.118% 6.118% 6.118% 6.118%
12	10-Year Treasury Rate at Pricing	4.30%	4.37%	4.65%	4.26%	4.54%
13	Authority Contribution at Closing Cost of Issuance (COI) COI as a % of Bonds Issued Negative Arbitrage Deposit	$3,743,331 $1,190,000 0.84% $3,200,000	$3,538,660 $920,000 0.92% $3,000,000	$77,030 $1,070,000 0.89% $0	$93,570 $1,255,000 0.84% $0	$954,665 $1,320,000 0.83% $0
14	Administrative Fee (to MFA)	0.200%	0.200%	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.

$160,000,000
New Mexico Mortgage Finance Authority
Single Family Mortgage Program Class I Bonds
$128,000,000 2026 Series E (Tax-Exempt) (Non-AMT)
$32,000,000 2026 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 20% 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 (2026 Series AB). 2026 Series EF will use approximately $1,500,000 of HNM's estimated $21.5 million zero participation loans pipeline. A future bond issue will reallocate the remaining zero participation loans from 2026 Series EF.

Approach and Strategy. HNM issued a portion of the financing as taxable bonds, thus reducing the amount of new volume cap needed in the transaction. Since early 2024, HNM has used taxable bonds to finance the purchase of new loans in order to preserve its tax-exempt volume cap.

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 $21.5 million of zero participations (prior to issuing 2026EF) to achieve full spread and preserve more zero participations for future production, and
3. Include taxable bonds (20% 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 2026EF bonds:

- Included bond proceeds sufficient to finance $160.0 million of new pipeline production and provide sufficient proceeds to use and store zero participations,
- Both 2026E and 2026F were structured with serial bonds, term bonds, and Planned Amortization Class (PAC) bonds,
- Sold the 2026E and 2026F PAC bonds with a total premium of $3.6 million which provides additional funds to purchase $160.0 million of MBS and costs of issuance,
- Were priced 5 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, and
- Required no negative arbitrage deposit and will use the General Capitalized Interest account to provide necessary funds to cover non-origination stress test in rating agency cash flow runs.

Results. Both the 2026E and 2026F 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 2026EF issuance was 4.64% assuming 100% FHA prepayments (compared to 4.49% for the 2026CD bonds sold three months prior in April, which was 16% taxable).

2. **Use of Zero Participations.** In order to maintain full yield spread, 2026EF is forecasted to use $1,500,000 in zeros on a nominal basis resulting in a total of $20.0 million in zeros for future bond issues (assuming participation with a future issue in 6 months).

3. **Net Economic Benefits.** The transaction's projected net present value was $4.89 million at 150% PSA prepayment speed, or approximately 3.1% of the bonds issued. Including the impact of zeros used, the net present value was $4.39 million.

Bond Results. Following are key highlights:

1. **Timing.** The bonds were priced on Thursday, July 9th, 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 heavy during the week of 2026EF's pricing. In addition to HNM's sale, Maine, West Virginia, and Rhode Island priced single family tax-exempt bonds during the week of July 6th.

   On the pricing date of July 9th, the 10-year Treasury ended the day at a yield of 4.54%, while the 10-year MMD rate was 3.03%. 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 9th, 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 $20.32 million of retail orders for the 2026E bonds ($2.31 million of New Mexico retail). There were only $0.05 million of retail orders for the taxable 2026F bonds, as taxable demand largely comes from institutions.

2. **2026E Institutional Interest.** In all, institutions put in orders for the 2026E bonds totaling $268.9 million (compared to $171.9 million for 2026C). Several of the serial bonds had unsold balances and were underwritten by RBC with no change in yield. The 2046, 2051 and 2056 term bonds were oversubscribed by 4.1x, 2.2x, and 4.5x respectively, resulting in 5 basis point yield reductions. Investor interest in the $39.2 million of PAC bonds was light, with RBC underwriting the PAC with a 10 basis point increase in yield.

3. **2026F Institutional Interest.** In all, institutions put in orders for the 2026F bonds totaling $89.8 million compared to only $32 million of bonds offered. Several serial bonds received yield reductions of 2-3 basis points. The 2041, 2046, 2051, and 2056 term bonds were oversubscribed by 4.0x, 3.4x, 3.0x, and 4.8x, and were lowered by 4 bps, 3 bps, 3 bps, and 5 bps, respectively. The PAC bond also received strong demand at 1.4x subscription.

4. **Selling Group.** To enhance the order flow, particularly with retail investors, six selling group members were included in the underwriting syndicate for 2026E. Selling group members included D.A. Davidson, Hilltop Securities, Bancroft Capital, Jefferies, Fidelity Capital Markets, 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	$ 3,030	$ 2,800
Bancroft Capital	100	100
D.A. Davidson	-	-
FHN Financial D.A. Davidson	100	100
Hilltop Securities	-	-
Jefferies	-	-
TOTAL	***$ 3,230***	***$ 3,000***

**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. **2026E Comparable Transactions (Tax-Exempt).** The 2026E bonds priced at market on a spread to MMD basis as the West Virginia and Rhode Island issues. Importantly, the 3 longest term bonds priced 1-6 bps lower in yield than comparable issues. HNM's PAC bond (5.1 year average life, 75-500% PSA band) priced at a spread of +98, 11 bps higher than Maine's PAC bond (5 year A/L, 75-600% PSA band) sold on the previous day.

6. **2026F Comparable Transactions (Taxable).** The 2026F taxable bonds priced inside of Rhode Island's taxable issue, at slightly lower nominal yields given the higher US Treasury rates earlier in the week when Rhode Island priced its bonds. HNM's PAC bond spread of +75 to the 5-year UST was 3 bps wide of the +72 that Rhode Island achieved. Overall, HNM's 2026F 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 9, 2026
	Closing Date:	Thursday, August 20, 2026

Market Dynamics. Since early 2026, rates markets have been dominated by the conflict between the U.S. and Iran, which escalated in the late-February/early-March window and has since become the defining macro driver. Threats to Strait of Hormuz transit and the resulting spike in energy prices reignited inflation concerns and pushed bond yields sharply higher, reversing the disinflationary narrative that had prevailed at the start of the year. The 10-year UST now sits 59 bps above the 2026 low of 3.97%, at 4.56% as of July 10th.

The Fed has held the funds target at 3.50%–3.75% all year, but the debate has turned hawkish under Chair Warsh and markets have fully reversed the two cuts once priced for 2026, now expecting a quarter-point hike by year-end with roughly even odds of a September move.

Municipal market technicals have generally remained supportive despite volatility. Municipal yields declined early in the year before retracing some gains alongside Treasuries, while investor demand has remained resilient due to strong reinvestment flows and continued fund inflows.

Interest Rates. On Thursday, July 9th, the 10-year US Treasury yield was 4.54%, and the 10-year MMD was 3.03%, with a very favorable MMD/Treasury ratio of 67%. Treasury and municipal markets remain functional despite uncertainty related to energy and trade policy.

Municipals.

Additional factors affecting the municipal bond market include:

- Supply. First-half 2026 issuance totaled nearly $300 billion, up more than 5% year-over-year, with June alone accounting for approximately $61 billion across over a thousand transactions. Larger deal sizes were driven by inflation-related increases in construction and project costs, and by issuers choosing to finance now rather than delay projects further.

- Demand. Steady municipal bond fund inflows and strong reinvestment demand kept pace with record issuance, allowing the market to absorb elevated supply without disruption. This demand extended beyond high-grade credits, with even lower-rated and historically riskier borrowers benefiting from tighter spreads.

- 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 2026EF, the 10-year MMD/Treasury ratio was 67%, compared to ratios in the 66-80% range throughout 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
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%
2026 AB	1/22/26	2.67%	4.26%	64%	4.29%	4.84%	89%
2026 CD	4/27/26	2.91%	4.35%	67%	4.27%	4.94%	86%
2026 EF	**7/9/26**	**3.03%**	**4.54%**	**67%**	**4.27%**	**5.05%**	**85%**
Change from 2026CD to 2026EF		***+ 12 bps***	***+ 19 bps***	***+ 0%***	***- 0 bps***	***+ 11 bps***	***- 1%***

UNDERWRITING

Underwriter. RBC Capital Markets served as senior managing underwriter and Raymond James as co-manager. As described above, there was also a six-firm selling group.

Underwriting Fees. The underwriter discount of $6.57 per $1,000 bonds is reasonable compared to other similarly sized issues in the market.

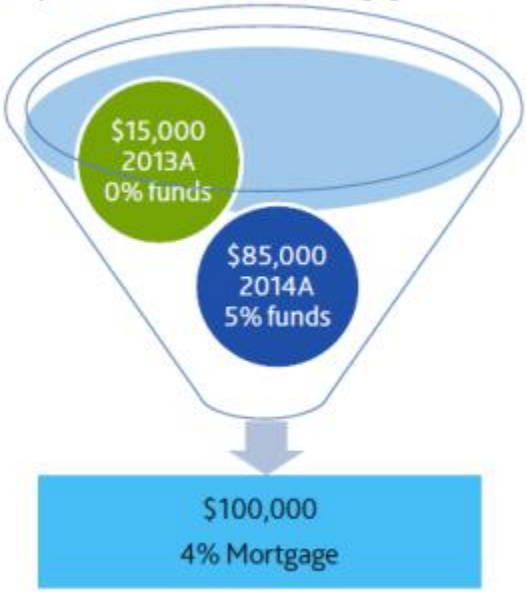
Performance. RBC Capital Markets as book-running senior manager and Raymond James as co-manager worked well together and achieved sufficient order flow as described above and evidenced by ~$392 million in total orders (excluding stock member orders).

The six-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



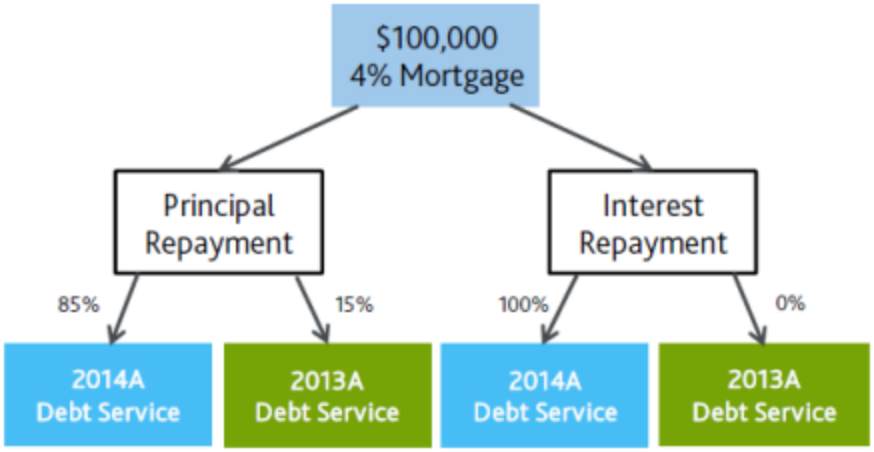
Source: Moody's Investors Service

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