

# New Mexico Affordable Housing Tax Credit Program Downpayment Assistance Program Administrative Plan

## Administrative Plan

Each Downpayment Assistance (DPA) Program applicant must submit an Administrative Plan. The Administrative Plan details the applicant's procedures for implementing the proposed program, consistent with the applicant's corporate policies. The applicant must present a feasible plan for administering the program and provide sufficient detail on DPA/State Tax Credit Donation Program requirements clearly describing how the program will operate. If an application receives a credit reservation, the applicant ("recipient") may be asked to revise the Administrative Plan. Once approved, the Administrative Plan becomes part of the funding contract.

### The Administrative Plan must include:

1. general program structure, types of assistance offered, and targets;
2. outreach and selection process (including fair housing and equal opportunity compliance and conflict of interest policy);
3. activity-specific policies;
4. fiscal management; and,
5. post-occupancy monitoring.

Instructions for each of these elements are provided below. Each of these points must be addressed in sufficient detail to permit use of the administrative plan as a contract exhibit, if the proposal receives a credit reservation.

## 1. Program Design

### a. Program Design

- i. What program activities will be undertaken with DPA/State Tax Credit Donation Program?
- ii. What is the maximum subsidy amount for a program participant?
- iii. What type of assistance (loans, grants, deferred loans, etc.) will the program provide?
- iv. Describe the program's service area, and the area's geographic location and boundaries. Include the entire area in which assisted properties may be located.
- v. Indicate whether the program will have a specific focus on historic/cultural preservation, energy conservation or accommodations for special-needs tenants, or will assist buildings that have any known environmental review or design issues. Discuss any design modifications necessary to accommodate special-needs occupants.

### b. Participant Eligibility & Priorities

- i. Identify the maximum income level, **as a percentage of area median income**, for participants in the program. Describe any other income-based eligibility criteria that will be used in the program.
- ii. Identify any special-needs populations that will be assisted by the program.
- iii. Describe any other program participant eligibility requirements or preferences.

### c. Counseling and Supportive Services

- i. Describe the pre-award and post-award counseling that will be provided to program participants.
- ii. Describe the written educational materials that will be provided to clients prior to receiving assistance, and upon completion.
- iii. Describe the supportive services that will be provided for special-needs clients.

## 2. Participant & Property Selection

### a. Program Outreach/Marketing

## **New Mexico Affordable Housing Tax Credit Program Downpayment Assistance Program Administrative Plan**

- i. Describe the outreach and promotion activities that have been used or are planned to market the program.
- ii. If the program will target any of the special needs populations and includes a supportive service component, discuss how the special-needs households will be identified, and how services will be provided to those households.
- iii. Explain how the program will be administered in accordance with all State and Federal requirements concerning equal opportunity and fair housing, including provisions regarding age discrimination.

### **b. Application Review and Selection Process**

- i. Describe the procedures for intake and review of applications, including the certification process that will be followed to ensure compliance with income targeting and income eligibility requirements.
- ii. Describe any client questionnaires and/or informational materials that will be provided to applicants.
- iii. Describe the procedures for selecting applicants who will receive assistance (lottery, waiting list, etc.).
- iv. If there is an existing waitlist for the proposed program, provide the following details: the number of households on the list, and the approximate date that the list was established.

### **c. Property Eligibility Determination Criteria**

- i. Describe the criteria that will be used to determine property eligibility such as general location, sizes, structure type (such as mobile homes), safety, efficiency and quality standards, number of units (indicate if you are planning to assist properties with more than one unit), and price.

### **d. Conflict of Interest**

- i. Recipients, and their officers, employees, agents, consultants, and immediate family members who have access to information regarding the awarding of DPA/State Tax Credit Donation Program funds, or who may have influence on the policy or procedures by which DPA/State Tax Credit Donation Program funds are awarded, are prohibited from gaining financial interest or benefit from such knowledge or influence. Describe the procedures that will be used to prevent such conflicts of interest from occurring.

## **3. Activity-specific policies**

### **a. Home purchase assistance underwriting**

- i. Describe the process for determining the amount of subsidy that a participant will receive. If you will use a loan underwriting process to determine subsidy amounts, describe the process. Also describe the lending ratios and/or other criteria that will be used to determine how much a program participant can afford.
- ii. If you will be coordinating the program with private lenders, describe the process that will be followed. Describe any loan products that are available from local private lenders that will be coordinated with the program or made available to buyers. Include information on rates, terms, and qualifying ratios of other homebuyer programs that will be used.
- iii. Explain how you will discourage the use of sub-prime lenders, and how you will ensure that DPA/State Tax Credit Donation Program funds will not be used to assist those whose first mortgage is more than 200 basis points above the average rate for unsubsidized conventional 30-year mortgages in the program service area.
- iv. Explain how you will ensure that homebuyers obtain mortgages from lenders that will maintain real property tax and insurance escrow accounts. Discuss any additional steps you will take to keep homebuyer debt low, reduce the risk of default, and otherwise ensure the financial viability of program clients, for example, requiring homebuyers to maintain repair or replacement reserve accounts.
- v. Describe the structure of a typical homebuyer transaction, including: whether or not you will issue written loan/grant commitments to participants; what requirements the participant has to

## **New Mexico Affordable Housing Tax Credit Program Downpayment Assistance Program Administrative Plan**

fulfill to receive the loan commitment; anticipated purchase price(s); level of rehabilitation; first mortgage sources and amounts; and expected homebuyer contributions and subsidy amounts. If you expect that there will be than one typical transaction, provide the necessary information for each.

### **4. Fiscal Management**

**a.** Describe the process to be used for maintaining records that adequately identify the sources and uses of DPA/State Tax Credit Donation Program funds, leveraged funds, Program income, and repayments of invested DPA/State Tax Credit Donation Program funds.

**b.** Describe how DPA/State Tax Credit Donation Program funds will be disbursed to owners and/or contractors.

**c.** If funds will be provided by owners and other sources, describe the timing of pay-ins and coordination with payment of DPA/State Tax Credit Donation Program funds.

**e.** Describe the written procedures used for determining reasonableness, allocation, and allowability of costs.

### **5. Compliance Monitoring**

#### **a. Continued Affordability**

i. Detail how you will ensure that assisted housing continues to qualify as affordable housing throughout the period of affordability.

#### **b. Warranties**

i. If the program involves construction or rehabilitation, specify which warranties will be provided to owners on materials installed and on labor provided. Include details on the warranty period, documents to be provided to owners and what each warranty covers.