

**New Mexico Neighborhood Stabilization Program  
Foreclosure Project Management Program  
Notice of Funding Availability and  
Funding Application Guidelines**

**Introduction and Background**

The New Mexico Mortgage Finance Authority (“MFA”) is a governmental instrumentality separate and apart from the state, created by the New Mexico Mortgage Finance Authority Act for the purpose of financing affordable housing for low and moderate income New Mexico residents.

The purpose of the Neighborhood Stabilization Program (NSP) is to assist communities that have been or are likely to be affected by foreclosed and abandoned properties, while providing affordable rental and homeownership opportunities to households at or below 120% of Area Median Income (AMI) in areas of greatest need. The program is authorized under Title III of the Housing and Economic Recovery Act of 2008.

The Federal Register notice detailing the purpose and uses of these funds is posted at [www.housingnm.org/nsp](http://www.housingnm.org/nsp) and should be reviewed by applicants responding to this Notice of Funding Availability (NOFA).

**Areas of Greatest Need:**

MFA qualified the counties, including the City of Rio Rancho, based on foreclosure rates, vacancy rates and the number of subprime mortgages. These qualifying counties with greatest need will take priority.

The following Counties are designated for the activities and are subject to change at the discretion of MFA. Initially, all funding under this NOFA must be spent in the counties designated below.

<b>County</b>
Sandoval County - Rio Rancho
Valencia County
Bernalillo County (w/o Albuquerque)
Chaves County
Lea County
Luna County
Eddy County
Curry County
Dona Ana County (w/o Las Cruces)
San Juan County

### **Program Summary**

Successful respondents under this NOFA will provide project management to individuals who wish to purchase a property that has been foreclosed. Respondents are encouraged to use this with MFA's Foreclosure Mortgage loan product, MFA's Foreclosure Downpayment Assistance program in conjunction with MFA's Mortgage Rehab Program (if applicable, based on HERS Rating). The successful applicant will provide management and coordination of technical assistance to potential homebuyers for a variety of activities, including:

- Preparing the potential homebuyer for the purchase of a home by assuring that they receive 8 hours of homebuyer counseling from a HUD approved counseling agency,
- Providing assistance in the negotiation of the purchase of a previously foreclosed home,
- Coordinating the development of a scope of work for the rehabilitation of a previously foreclosed home and,
- Provide compliance review and coordination of all applicable guidelines of the Neighborhood Stabilization Program.

The source of funding for the Foreclosure Project Management Program is provided through the Neighborhood Stabilization Program, which will be made available to qualified individuals and/or organizations to perform eligible activities as outlined in the Foreclosure Project Management Program Procedure Manual, the Foreclosure Project Management Program Notice of Funds Availability (NOFA), and the Foreclosure Project Management Program Policy as approved by the MFA Board of Directors.

In addition, properties that are funded, in any capacity, with Foreclosure Mortgage loans, Foreclosure DPA mortgage funds or MFA Rehabilitation Forgivable Loan Program must meet all guidelines and requirements of the Neighborhood Stabilization Program (NSP) as well as applicable guidelines for the Community Development Block Grant (CDBG) Program and HOME Program Rehabilitation Standards.

### **Contact Person**

Applicants are encouraged to direct questions regarding the Foreclosure Management Program Notice of Funding Availability ("NOFA"), Funding Application Guidelines and availability of funds to:

Laurie Linden  
New Mexico Mortgage Finance Authority  
344 4th Street SW  
Albuquerque, NM 87102  
Phone: (505) 767-2260 or toll-free statewide (800) 444-6880  
Fax: (505) 242-2766  
E-mail: llinden@housingnm.org

### **Application Submission**

Applications will be reviewed on a continuous basis, as long as funds are available. Complete applications must be received at the MFA office to be considered. Applications will NOT be accepted electronically or via facsimile. All applications shall be submitted in sealed envelopes

marked "Foreclosure Project Management Program" in readily visible print. Applicants must deliver one (1) original complete copy of the application to the contact person.

**Eligible Applicants**

Eligible applicants include individuals, non-profit organizations, for-profit organizations, governmental housing agencies, regional housing authorities, governmental entities, governmental instrumentalities, tribal governments, tribal housing agencies, realtors, limited liability companies, partnerships, or other entities that can assume contractual liability and legal responsibility by executing one or more written agreements entered into with MFA.

To be eligible to receive Foreclosure Program Management Program Funds, all applicants shall:

- Not have been suspended, debarred or otherwise restricted by any department or agency of the Federal Government or any State government from doing business with such department or agency because of misconduct or alleged misconduct;
- Not have defaulted on any obligation covered by a surety or performance bond;
- Have a New Mexico State Tax Identification Number;
- Have Commercial General Liability Insurance;
- Have familiarity of State and Federal Housing Program regulations; and
- Must possess a valid New Mexico Real Estate Brokers license, or must hire a licensed Real Estate Broker as an employee or as a contract employee.

**If a for-profit organization or limited liability corporation, an applicant shall:**

- Be organized under state, local, or tribal laws and provide proof of such organization and that the applicant is in good standing, as applicable; and
- Have a functioning accounting system that is operated in accordance with generally accepted accounting principles or has designated an entity that will maintain such an accounting system consistent with generally accepted accounting principles.

**If a non-profit organization, an applicant shall:**

- Provide proof of its 501(c)(3) tax status;
- Provide proof that it complies with the Charitable Solicitations Act NMSA 1978, §57-22-1, et. seq. and with the filing requirements by the New Mexico Attorney General's Office under that Act;
- Have (a) no material financial audit findings as determined by MFA and (b) no significant findings on its most recent MFA monitoring or outstanding or unresolved issues with

MFA; if applicable;

- Have among its purposes significant activities related to providing housing or services to Persons of Low or Moderate Income; and
- Have no part of its net earnings inuring to the benefit of any member, founder, contributor or individual.

### **Eligible Activities**

Subject to applicable law, the NSP funds may be used only as authorized in Title III of the Housing and Economic Recovery Act of 2008.

Eligible activities under this NOFA are limited to the Management fees for the facilitation of the purchase and rehabilitation of single family homes that have been foreclosed upon, to qualified homebuyers whose income is less than 120% of the area median income as defined by the Department of Housing and Urban Development for the county where the house is located. Gross Receipts Tax (GRT) are the responsibility of the successful applicant.

### **Beneficiary Income Limits and Other Requirements**

Beneficiary households residing in units financed with NSP monies must have incomes at or below 120% of area median income adjusted for family size as determined by HUD. The home must be owned and occupied by the household as a principal residence. Title to the property must be held as fee simple, a 99-year leasehold or other ownership right acceptable to MFA. Homes located on Tribal Land may have a 50-year lease. MFA encourages applicants to provide services to the lowest income beneficiaries possible.

### **NSP Housing Requirements**

#### **Periods of Affordability**

NSP-assisted units must meet the affordability requirements for not less than the applicable period specified in the following table, beginning after project completion. The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. Restrictions must be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by MFA, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure.

#### **Minimum Period of Affordability in Years**

Each home is required to remain affordable for the minimum periods of affordability. Resale or recapture provisions will be placed against the property in the form of a use restriction.

<b>Grant Amount Per Unit</b>	<b>Minimum Period of Affordability in Years</b>
Under \$25,000	5
\$25,000 to \$50,000	10

**NSP Housing Standards**

All housing receiving NSP financing must meet the following housing standards after completion of homeowner rehabilitation and throughout the affordability period. All housing must comply with applicable federal fair housing laws.

**Rehabilitation**

Rehabilitation under the NSP Program requires compliance with the following:

- MFA HOME Rehabilitation Standards and new water conservations items. The MFA Home Rehabilitation Standards are available at [www.housingnm.org/nsp](http://www.housingnm.org/nsp);
- Local written rehabilitation standards;
- State and local code requirements.

As part of the NSP requirements, NSP grantees are required to certify and ensure that their activities comply with the same lead regulatory requirements that apply to Community Block Grant Development programs. Lead Disclosure Rule (24 CFR part 35, subpart A), and the Lead Safe Housing Rule's provisions for rehabilitation (subpart J) requires the disclosure of known information on lead-based paint and lead-based paint hazards before the sale or lease of most housing built before 1978. For more information regarding compliance with the Lead rules, visit MFA's web page at [www.housingnm.org/nsp](http://www.housingnm.org/nsp). All homes will receive a Housing Energy Rating System (HERS) assessment. (See "What is the HERS rating" at [www.housingnm.org/nsp](http://www.housingnm.org/nsp).) Homes must achieve a 25% reduction on the final HERS Index from the initial rating, and are not required to increase efficiency beyond the target HERS Index of 85. The process will include an initial assessment, energy improvement specifications, and then a final audit to confirm the house meets the threshold.

Davis-Bacon Wage Rates will apply to all contracts awarded to one contractor on 8 or more housing units.

**Manufactured Housing**

All new manufacturing housing must meet the construction and safety standards of 24 CFR 3280. Manufactured Homes must be defined as Real Property and must meet the property standards at §92.251(a)(4), which states that the construction of all manufactured housing must meet the Manufactured Home Construction and Safety Standards. They must be mounted on a permanent foundation.

### **Owner-Occupied Housing**

The acquisition cost plus rehabilitation costs for each individual unit after completion may not exceed the Purchase Price Limit under MFA's MortgageSaver Program, which is \$237,031 statewide.

### **Funding Limits and Restrictions**

Certain limits and restrictions apply to NSP financing and to activities that the NSP may fund. NSP funds are also contingent upon sufficient appropriations and authorization being made by the State of New Mexico and are further subject to applicable law. If sufficient appropriations and authorizations are not made or subject to applicable law, any loan, grant, or other agreement between the MFA and any successful, eligible applicant shall terminate upon written notice being given by the MFA to the applicant. The MFA's decision as to whether sufficient appropriations are available or whether Neighborhood Stabilization Program Assistance may be awarded subject to applicable law shall be accepted by any applicant and shall be final.

### **Management Fees**

The management fee for the successful applicant will be capped at \$5,000 per successful purchase. Direct costs such as appraisal fees, retention funds, and HERS ratings, etc. are not the responsibility of the applicant, and will be paid directly by the lender holding the escrow funds.

### **Evaluation of Applications, Award Notice, and Negotiation**

Subject to the Neighborhood Stabilization Program, applications will be evaluated by MFA staff and Committees, as applicable, using the criteria listed below. As a condition of any award of NSP funds, all applicants shall be required to comply with all applicable federal, state and local laws, rules and ordinances.

MFA shall enter into agreements with the applicants whose applications are deemed most advantageous to achieving the goals of the NSP. Applications will be evaluated using the criteria listed below.

### **Minimum Application Requirements**

To be considered for funding, an applicant must first demonstrate that it meets each of the following threshold criteria:

- The application is complete and legible, including all schedules and attachments, and is submitted by the application deadline.
- The application complies with all applicable requirements established in these Guidelines and NOFA.
- The applicant provides sufficient evidence of its ability to undertake and complete the proposal in for management of financing, acquiring, rehabilitating, and/or managing an affordable housing project.

Applications that do not meet all of the threshold requirements will not receive further consideration for funding. The application will be returned to the applicant for resubmission; a list of those items that were not met will be included with the returned application.

**Statement of Work under Foreclosure Project Management Program NOFA:**

1. Identify buyers who are looking to buy a home and prequalify them to ensure they meet the less than 120 percent of AMI income requirements.
2. Identify properties that are foreclosed and available for purchase in a target area. Any activities relating to the purchase, sale or disposition of a residential property within the Foreclosure Project Management Program must be performed by a licensed Real Estate Broker.
  - Properties will be modest in design and cost
  - In good repair or repairable in a cost effective manner, given market conditions
3. Obtain Agreements from owners to sell at a 15% or greater discount from Appraised Value.
4. Appraisal will be completed on an As-is Basis and an As-Improved basis
5. Obtain Appraisal of property from a NM licensed, Certified Residential Appraiser
  - An addendum will list all curable depreciation with estimated costs to cure;
  - Appraisal will be completed on an As-is Basis and an As-Improved Basis. A link to the HUD Appraisal Guidelines under NSP is at [www.housingnm.org/nsp](http://www.housingnm.org/nsp). These requirements include a 5 year sales history of the subject. MFA will be providing a Scope of Work and related statements.
6. Arrange for a HERS testing of the property.
7. Obtain a scope of work and cost estimate from a qualified Contractor to rehab the house to reduce the HERS index score by 25% over the initial rating, to local standards, and to meet the Lead Based Paint Requirements. Cost reasonableness must be established by obtaining three (3) bids.
8. Coordinate with MFA on Environmental Review requirements.
9. Arrange for mandatory 8 hours of homebuyer counseling from a HUD approved housing counseling agency.
10. Coordinate rehabilitation schedule with prospective owner.
11. Draw up purchase offer that has a Land Use Restriction Agreement (LURA) in form and substance agreeable to MFA which will be attached to the purchase agreement.
12. When applicable, arrange loan closing with participating lender using MFA Foreclosure Loan

Product and if applicable foreclosure Down Payment Assistance and Rehabilitation grant.

13. Provide oversight of rehab process including final HERS rating test and final inspection.

**Timely Use of Funds and Redistribution**

All NSP funds must be initially obligated within 18 months of execution of the NSP agreement with HUD or HUD will recapture the unused funds from the state. In accordance with NSP, “funds are obligated for an activity when orders are placed, contracts are awarded, services are received, and similar transactions have occurred that require payment by the state, unit of general local government, or sub-recipient during the same or a future period. Note that funds are not obligated for an activity when sub-awards (e.g., grants to sub-recipients or to units of local government) are made.”

After award, Monthly Status reports will be submitted to the MFA on or before the 9<sup>th</sup> of the following month. The reports will cover activity of the preceding month, including identification of properties, purchase agreements, appraisals, environmental reviews, Homebuyer Counseling sessions, rehabilitation write-ups, repair contracts up for bid and awarded, purchase agreements with new purchasers.

**4 months after award, the MFA will evaluate the progress of the recipients and may increase, reduce or revoke the Professional Service Agreement, and/or expand the list of Counties and places eligible for NSP activities. Continued evaluation will take place on a bi-monthly basis.**

**Evaluation Criteria**

Projects will be evaluated based on the applicant’s experience administering and delivering the specific activities for which the NSP funds would be used. If significant responsibilities will be assigned to another entity via subcontract, the experience of that entity will be considered as well.

**Application Format and Instructions to Applicants**

Proposals must include and address the following, pursuant to the NSP Application Package:

1. Completed and executed NSP Application, including all requested and applicable documentation.
2. Resumes or biographical profiles and related information on applicant’s management qualifications evidencing ability to manage proposed project and knowledge of state and federal housing regulations.
3. Narrative stating how the applicant will market the program to identify prospective homeowners and how the applicant will manage the process.
4. Applicants will submit the geographic locations applicant will work in.
5. Applicants will identify the portions of the NSP work that they will perform in house and will list employees and qualifications for the listed activities. Applicants will list

partners/sub contractors who will complete the work which the applicant is not qualified to perform listing Employees and qualifications.

6. Applicant Certification.
7. Litigation: Please describe any material, current or pending litigation, administrative proceedings or investigations that could impact the reputation or financial viability of applicant.
8. The MFA requires that applicants be Equal Opportunity Employers (if applicable). Please state that applicant complies fully with all applicable government regulations regarding nondiscriminatory employment practices.
9. Disclosure: If applicable please provide a statement disclosing:
  - a. any political contribution or gift valued in excess of \$2,500.00 (singularly or in the aggregate) made by applicant or on applicant's behalf to any elected official of the State of New Mexico in the last three years; and
  - b. any current or proposed business transaction between applicant and any MFA member, officer, employee or their employer or other potential conflict which may give rise to a claim of conflict of interest. Applicant shall warrant that it has no interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under any loan agreement that may be awarded as a result of this NOFA.

#### **Incurred Expenses**

MFA shall not be responsible for any expenses incurred by an applicant in applying for NSP funding. All costs incurred by an applicant in the preparation, transmittal or presentation of any application or material submitted in response to this NOFA will be borne solely by the applicant.

#### **Award Notice**

MFA shall provide written notice of the award to all applicants within fifteen (15) days of the date of the award. The award shall be contingent upon successful negotiations of a final Professional Services agreement and related agreements between MFA and the applicant whose application has been selected by MFA for NSP financing.

#### **Professional Service Agreement**

A successful applicant will enter into a Professional Services Agreement and related agreements with MFA for the services to be performed.

#### **Application Confidentiality**

Prior to the application submittal, MFA encourages inquiries and contacts with its Contact Person from potential applicants regarding the NOFA or federal regulations. The MFA shall not disclose any information regarding a proposed application provided during such inquiries and contacts to any third party.

After the awards have been made and notice given to all applicants, all applications shall be available and open to the public for review.

### **Irregularities in Applications**

MFA may waive technical irregularities in the form of proposal of any applicant selected for award which do not alter the price, quality or quantity of the services offered.

### **Responsibility of Applicants**

If an applicant who otherwise would have been awarded a Professional Services Agreement is found not to be a responsible applicant, a determination that the applicant is not a responsible applicant, setting forth the basis of the finding, will be prepared and the applicant will be disqualified from receiving the award.

A responsible applicant means an applicant who submits an application that conforms in all material respects to the requirements of this NOFA and the NSP application and who has furnished, when required, information and data to prove that the applicant's financial resources, production or service facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the services described in this NOFA.

The unreasonable failure of an applicant to promptly supply information in connection with an inquiry with respect to responsibility is grounds for a determination that the applicant is not a responsible applicant.

### **Protest**

Any applicant who is aggrieved in connection with this NOFA or the award of a grant agreement pursuant to the NSP application process may protest to MFA. The protest must be written and addressed to the Contact Person. The protest must be delivered to MFA within fifteen (15) calendar days after the notice of award.

Upon the timely filing of a protest, the Contact Person shall give notice of the protest to any and all applicants who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The applicants receiving notice may file responses to the protest within seven (7) calendar days of notice of protest.

The MFA staff and committee as applicable shall review the protest and responses to the protest and shall make a recommendation to MFA's Policy Committee regarding the disposition of the protest.