

REQUEST FOR PROPOSAL
Eastern Regional Housing Authority and
Southeastern New Mexico Affordable Housing Corporation

The **Southeastern New Mexico Affordable Housing Corporation** ("Southeastern"), a New Mexico Non-Profit Corporation formed to act on behalf of the Regional Housing Authority for Region VI, New Mexico, (Region VI Housing Authority now being know as the Eastern Regional Housing Authority("Eastern"), as a result of certain changes made by the New Mexico Legislature in the Regional Housing Authority laws) and **Eastern** are soliciting competitive, sealed proposals for the sale of the **Casa Hermosa Apartment Complex** located in Hobbs, New Mexico.

I. BACKGROUND.

A. Description of Property to be Sold. The Casa Hermosa Apartment Complex (the "Apartment Complex") is located in Hobbs, New Mexico. It is on an approximately 5.53-acre site and has a total of 88 apartments consisting of 24 one-bedroom apartments, 24 two-bedroom apartments, and 40 three-bedroom apartments. The three-bedroom apartments have two bathrooms and the one- and two-bedroom apartments have one bathroom. The Complex includes a manager's office and ten storage units. The complex is approximately 30 years old. It was acquired by Southeastern from the Department of Housing and Urban Development ("HUD") in 1994 and has been operated since that time as an affordable housing complex. In 2008, the average occupancy rate for the Apartment Complex was Eighty-Three Percent (83%) and the occupancy rate at the end of June, 2009 was Seventy-Nine Percent (79%).

At present, there is a Housing Assistance Payments Contract in place between HUD and Southeastern which relates to the Apartment Complex (the "HAP Contract"). The HAP contract expires by its terms on October 31, 2009. Southeastern and Eastern anticipate requesting that HUD renew the HAP Contract and accordingly, any purchaser of the Apartment Complex will be required to comply with the HAP Contract's terms and conditions, including those required by HUD for the assumption of the HAP Contract.¹

In connection with its original acquisition of the Apartment Complex from HUD, Southeastern agreed to a number of restrictions on the use and operation of the Casa Hermosa Apartments. These restrictions are covenants that run with the land. A summary of the covenants is as follows:

¹ Among other things, it is anticipated that HUD will require that any purchaser make significant financial disclosure to HUD as a precondition to the assumption of the HAP Contract, as well as provide information relating to the purchaser's organizational structure and the type of plans which the proposed purchaser intends to implement in order to properly operate the Apartment Complex. It is further anticipated that, in order for HUD to approve the assignment of the HUD Contract, the following HUD Forms would have to be submitted to HUD for its review and approval: Form HUD - 2530P; Form HUD-2530; Form HUD-9832; Form HUD-9839A or Form HUD 9839-B; Form HUD-935.2A.

- i. **Non-discrimination Against Section 8 Certificate and Voucher Holders.** For a period of 20 years from November, 1994 the owner agrees not to discriminate against Section 8 certificate and voucher holders with respect to renting units in the Apartment Complex.
- ii. **Section 8 Unit Maintenance.** For a period of 15 years from November, 1994, the owner will maintain all dwelling units covered by the HAP Contract in accordance with the requirements of the HAP Contract and the Section 8 Housing Assistance Payment Program of HUD.
- iii. **Equity Participation.** If the owner of the Apartment Complex sells or otherwise transfers it, HUD will share in the proceeds of sale in excess of the purchase price of the Apartment Complex, including financing and legal fees. The amount of participation depends on the amount of time which elapses between the time of Southeastern's original acquisition and the time of any sale or disposition of the Apartment Complex, with HUD's participation declining with the passage of time.
- iv. **Conveyance to a Third Party.** The owner may not convey the Apartment Complex to a third party except through a HUD-approved solicitation process.
- v. **Other Governmental Assistance.** So long as a HAP Contract is in place relating to the Apartment Complex, the owner has agreed to disclose to HUD any additional governmental assistance which it has or expects to receive and which assistance is for the benefit of the Apartment Complex.
- vi. **Use Restriction.** For a period of 30 years from November, 1994, the owner has agreed to maintain the Apartment Complex as rental or cooperative housing and for no other use without HUD's consent.
- vii. **Occupancy by Low- and Moderate-Income Persons.** For a period of 15 years from November, 1994, the owner of the Apartment Complex must maintain 20 units in the apartment complex for low- and moderate-income persons whose incomes are at or below 80% of the median income for the area.
- viii. **Occupancy by Moderate-Income Persons.** For a period of thirty years from November, 1994, the owner must rent 68 units of the Apartment Complex at a rental that is affordable for moderate-income persons at or below 80% of the median income for the area.

A copy of the Deed from HUD to Southeastern, which sets forth the restrictions enumerated above, is attached hereto as **Exhibit A**.

B. Condition of the Apartment Complex.

As hereinbefore noted, the Apartment Complex is over thirty (30) years old. While over the years, significant monies have been expended on the Apartment Complex, at present Southeastern and Eastern believe that the Apartment Complex is in need of immediate rehabilitation and renovation. The roof needs significant repair, as do many of the windows and the HVAC system. Any sale of the Apartment Complex will be on an "as-is" basis and without any warranty (except as to title), from Southeastern or Eastern as to the condition of the Apartment Complex, or its fitness for any particular purpose. In order to qualify for an assignment of the HAP Contract, any purchaser will be required to rehabilitate the Apartment Complex in accordance with all State and local laws, codes, ordinances and regulations and Section 8 Housing Quality Standards, pursuant to 24 CFR Part 886, sub-part C.

C. Obligations Outstanding.

At the time the Apartment Complex was purchased, its purchase price was funded by the issuance of revenue bonds. The bonds were refunded several times through the issuance of new bonds, the proceeds of which were used to retire earlier bonds and to pay for certain rehabilitation costs. The Apartment Complex is currently encumbered by a mortgage which secures payment of certain revenue bonds which were issued by Southeastern in 1997 (the "Bonds"). The Bonds may be redeemed without penalty beginning in December, 2009 for 100% of their face value. There is currently an outstanding principal balance due under the terms of the Bonds of \$1.565 Million. Any proposal submitted in response to this RFP must be in an amount sufficient to allow the redemption of the Bonds in full, and to pay the costs of such redemption, as well as to cover all closing costs and expenses of Southeastern and Eastern. No response to this RFP will be considered if the purchase price offered in such response is less than \$1,750,000.00, all of which must be paid to Southeastern in cash at closing. The proceeds of sale paid at closing will be used, in part, to redeem the Bonds in full.

II. MATTERS PRELIMINARY TO SUBMISSION DEADLINE.

A. Inspection of the Property. Persons interested in a visual inspection of the Apartment Complex may do so by prior appointment during the week of October 5th, 2009. In order to make such appointment, interested persons should contact Chris Herbert or Irene Andozola at the Eastern Regional Housing Authority, 1-575-622-0881, who will set up an inspection appointment. Interested parties will be entitled to visually inspect the Apartment Complex but shall not be entitled to conduct any tests or other analyses on any portion of the Apartment Complex during such visual inspection. Such visual inspections shall occur at a time and in a manner which is likely to be least disruptive to the tenants at the Apartment Complex, and will not include a right to inspect each apartment. Representatives of Eastern and Southeastern will choose the apartments which will be available for inspection by interested persons.

B. Pre-Proposal Conference. A pre-proposal conference is scheduled on Monday, October 12, 2009 at 1:00 p.m. at the offices of the Eastern Regional Housing Authority, at 106 East Reed Street, Roswell, New Mexico. Each potential offeror may send a maximum of two (2) representatives to such conference. Specific questions concerning this Request for Proposal or the Apartment Complex shall be submitted to Southeastern in writing at Post Office Drawer 2057, Roswell, New Mexico 88202-2057 (attention: Chris Herbert) or by contacting Mr. Herbert at rha.herbert@dfn.com. Such questions must be received by Mr. Herbert no later than 5:00 p.m. Mountain Daylight Time on Friday, October 9th, 2009. Additional questions may be posed at the Pre-Proposal Conference and answers thereto may be deferred to a later date. Written copies of all questions and the official responses thereto will be supplied to potential offerors who submit a written request to Southeastern, which request must be received by Eastern no later than 5:00 p.m. Mountain Daylight Time, on Monday, October 12, 2009.

III. REQUIREMENTS FOR PROPOSALS. Any response to this Request for Proposal must contain the following information, and will be evaluated based on the information presented by each offeror:

A. Offeror's Experience. The offeror must provide information regarding its experience in owning and operating apartment complexes of the type which is the subject matter of this RFP for the benefit of low- and moderate-income level persons, and evidence of its ability to properly administer Section 8 programs. The offeror should describe its organizational structure and should provide pertinent information about its organization which describes how such organization will be responsible for fulfilling the requirements of this Request for Proposal, including company size, number of employees, company experience and technical certificates relative to its abilities to rehabilitate and operate the Apartment Complex. The response should include a description of staff qualifications and experience in operating multi-family housing projects which provide housing for low- and moderate-income persons and dealing with HUD programs relative to such housing, and should include resumes for each staff member who will be responsible for operating and managing the Apartment Complex, outlining education, experience, licenses and/or certification of such individuals. It should set forth the policies which offeror would implement to assure the proper management of the Apartment Complex, and how the offeror plans to assure the financial viability of the Apartment Complex.

B. References. The offeror shall provide a minimum of three (3) references, including names of persons who may be contacted, and the position of each person so named. Contact information shall include addresses and telephone numbers for each reference listed. Such references must be able to provide information regarding the offeror's qualifications and abilities in operating and managing apartment complexes for low- and moderate-income persons.

C. Financials. The offeror shall provide, with its response to this Request for Proposal, proof of financial stability in the form of financial statements, credit ratings, or other information establishing that the offeror is financially capable of meeting the requirements of this Request for Proposal. Included in such proof must be a completed HUD Form 92417 (Financial and Credit Statement) for each principal or partner of the offeror.

D. Terms of Sale. The responses to this request for Proposal shall set forth the terms upon which the offeror is proposing to purchase the Apartment Complex. Such terms shall include the purchase price, the amounts of earnest money which the offeror is willing to place into escrow, any contingencies which the offeror will require be met prior to closing, a closing date for the sale, how offeror proposes that costs of sale be allocated between the parties and paid, and any other terms and/or conditions which the offeror deems relevant or material to its acquisition of the Apartment Complex.

E. Proposal Format. All responses to this Request for Proposal are to be prepared on standard 8 ½" by 11" paper. Pages are to be placed in a binder with tabs separating the sections of the RFP.

The proposal must correspond to the Request for Proposal Requirements in the foregoing Article by restating the number and text of the requirement in sequence and writing the response immediately after each requirement statement.

The proposal shall be based on the material contained in this Request for Proposal. The Request for Proposal includes official responses to proposal conference questions, addenda and other material published by Southeastern or Eastern pursuant to this Request for Proposal. The offeror is to disregard any previous draft materials or oral representations it may have received.

IV. METHOD OF EVALUATION AND AWARD. An evaluation team composed of members of Eastern's Board of Directors will evaluate the proposals based on the criteria listed below, for the purpose of ranking them in relative positions based on how fully each proposal meets the requirements of this Request for Proposal.

Evaluation Criterion	Points
A. Offeror 's Experience and Organization	300
B. References	100
C. Financials	200
D. Purchase Price and Terms of Contract	400
Total	1,000

V. BEST AND FINAL OFFER. Southeastern and Eastern may, at their option, either accept an offeror's initial proposal by award of a contract or enter into discussions with offerors when proposals are deemed to be reasonably susceptible of being considered for award. After discussions are concluded, an offeror may be allowed to submit a "Best and Final Offer" for consideration. Eastern and Southeastern reserve the right to reject any and all proposals which are submitted, in their sole and absolute discretion.

VI. NEGOTIATION. Eastern and Southeastern, in their sole discretion, may elect to enter into negotiations with the apparent successful responsive and responsible offeror.

VII. DEADLINE FOR PROPOSALS. The Proposals' due date is Monday, October 26, 2009 at 5:00 P.M. Mountain Standard Time, and any proposals must be received by Eastern by that date and time. Proposals may be submitted to Eastern at Post Office Box 2057, Roswell, New Mexico 88202-2057, or to its physical address at 106 East Reed Street, Roswell, New Mexico 88203. Proposals received after the date and time hereinbefore set forth will be disregarded as being non-responsive. Proposals will be opened on Tuesday, October 27th, 2009, beginning at 10:00 A.M. Mountain Standard Time. The evaluation period will be from October 27th, 2009 to November 2, 2009, and the anticipated contract award date will be November 6th, 2009.

Southeastern New Mexico Affordable Housing Corporation, a New Mexico Non-Profit Corporation

BY: _____

NAME: _____

TITLE: _____

And

**Eastern Regional Housing Authority, an
instrumentality of the State of New Mexico**

BY _____

NAME _____

TITLE _____

The Grantor shall be entitled to (a) institute legal action to enforce performance and observance of these covenants, (b) enjoin any acts which are violative of these covenants, and (c) exercise any other legal or equitable right or remedy with respect to these covenants.

In addition, the covenants, if any, set forth in this Deed relating to Section 8 assistance shall be enforceable by any tenant or applicant eligible for assistance under the Section 8 program.

**II.
RESTRICTIONS ON DISCRIMINATION AGAINST
SECTION 8 CERTIFICATE AND VOUCHER HOLDERS**

Nondiscrimination Against Section 8 Certificate Holders and Voucher Holders

In order to comply with Section 204 of the Housing and Community Development Amendments of 1978, 12 USC § 1701z-12, as amended, the Grantee, for itself, its successors and assigns, agrees not to unreasonably refuse to lease a dwelling unit offered for rent, offer or sell cooperative stock, or otherwise discriminate in the terms of tenancy or cooperative purchase and sale because any tenant or purchaser is the holder of a Certificate of Family Participation or a Voucher under Section 8 of the United States Housing Act of 1937 (42 USC § 1437f), or any successor legislation (hereinafter referred to as "Section 8"). This provision is limited in its application, for tenants or applicants with Section 8 Certificates or their equivalent (other than Vouchers), to those units which rent for an amount not greater than the Section 8 fair market rent for a comparable unit in the area as determined by the Grantor.

This covenant shall bind the Grantee, its successors, assigns and purchasers for value, for a period of twenty (20) years from the date of this Deed. In the event of a breach or a threatened breach of this covenant, the Grantor, his successors in office and/or one or more third-party beneficiaries, shall be entitled to institute legal action to enforce performance and observance of such covenant and to enjoin any acts which are violative of such covenant. For the purpose of this covenant, a third-party beneficiary shall be any person who holds a Certificate of Family Participation or a Voucher under Section 8 or any equivalent document under successor legislation.

**III.
PROJECT-BASED SECTION 8 RESTRICTION**

Section 8 Unit Maintenance (Project-Based Subsidy)

In order to assure compliance with 12 USC § 1701z-11, the Secretary of Housing and Urban Development will provide housing assistance under Section 8 of the United States Housing Act of 1937 (42 USC § 1437f) for the Property. During the term of the Housing Assistance Payments ("HAP") Contract, the Grantee shall maintain all dwelling units covered by a HAP Contract after the date of this Deed in accordance with the requirement of the HAP Contract and the Section 8 Housing Assistance Payments Program - Special Allocations (24 CFR Part 886, Subpart C).

Eligible Families (as defined in 24 CFR Part 886, Subpart C) who reside in units on the Property covered by the AHAP Contract or HAP Contract shall not pay more in rent and utilities than they would if their units were assisted under 24 CFR Part 886, Subpart C. This provision shall remain in effect during the first fifteen (15) years of the Restricted Period and shall remain effective if assistance under 24 CFR Part 886, Subpart C never commences or commences and terminates prior to the completion of the term of the assistance contract. This provision shall not require the Grantee to evict or otherwise remove from occupancy any tenant who is not an Eligible Family and resides on the Property as of the date of this Deed. This provision shall be enforceable by the Grantor, Eligible Families or any other tenant on the Property.

This covenant shall continue in effect for a period of fifteen (15) years from the date of this Deed.

IV. EQUITY PARTICIPATION

- (1) If the Grantee, its successors, assigns or purchasers for value, sells, assigns, transfers or conveys the Property (collectively a "Sale"), the Sale proceeds, less any expenses incurred by the Grantee as approved by Grantor consisting of (1) reasonable transaction costs, (2) purchase price paid by the Grantee for the Property, (3) amounts previously paid by the Grantee to the Grantor under Paragraph (2) of this Rider since the previous sale of the Property, or (4) other costs paid by Grantee as approved by Grantor *i.e.*, costs of renovation and rehabilitation other than routine maintenance and repairs, shall be assigned to the Grantor in the following amount:
 - (a) For any sale which occurs between the date of the Deed and fifteen (15) years from the date of the Deed, one hundred percent (100%);
 - (b) For any sale which occurs between sixteen and twenty (16-20) years from the date of the Deed, seventy-five percent (75%);
 - (c) For any sale which occurs between twenty-one and thirty (21-30) years from the date of the Deed, fifty percent (50%); and
 - (d) For any sale which occurs over thirty (30) years from the date of the Deed, twenty-five percent (25%).

- (2) If the Grantee, its successors, assigns or purchasers for value, refinances without approval in writing from Grantor, including without limitation the placement of any indebtedness secured by the Property ("Refinancing"), the proceeds from the refinancing, less any expense incurred by the Grantee consisting of (1) reasonable transaction costs, (2) any mortgage debt paid of in connection with the refinancing, (3) costs pay by Grantee as approved by Grantor *i.e.* costs of renovation and rehabilitation, other than routine maintenance and repairs, (4) amounts previously paid by Grantee to Grantor under this Paragraph (2), shall be assigned to the Grantor in the manner provided in section one (1), above.

- (3) The Grantee shall keep or cause to be kept, accurate records of account of any Sale or Refinancing and of the Cost of Renovation and Rehabilitation. The Grantor during Grantee's normal working hours, shall have the right to enter and have free access to inspect all books and records of the Grantee. Upon the written request of the Grantor, the Grantee shall retain an independent certified public accountant who shall prepare an accounting of any Sale, Refinancing, or Cost of Renovation or Rehabilitation.
- (4) Grantor acknowledges that Grantee is financing the acquisition and renovation of the Real Property through Grantee's issuance of certain multi-family housing revenue bond acquisition notes and bonds which are known as the Multi-Family Housing Revenue Bonds (Casa Hermosa Project Series 1994A) in the aggregate principal amount of \$1.255 million ("Notes") and Grantee's Multi-Family Housing Revenue Bonds (Casa Hermosa Project Series 1994B), in an aggregate principal amount not to exceed \$1.6 million ("Bonds").

In order to have such Notes and Bonds properly secured, Grantee must be able to grant a mortgage of first priority to secure payment of the Notes and the Bonds. Accordingly, and notwithstanding anything contained herein to the contrary, the rights afforded to the United States Department of Housing and Urban Development as set forth in Section IV of this Special Warranty Deed shall be expressly subordinate to the terms of the mortgage granted to secure payment of such Notes and Bonds in the following particulars:

- (a) In the event Grantee defaults in any obligations undertaken by it pursuant to that certain Indenture dated October 5, 1994, between Southeastern New Mexico Affordable Housing Corporation and First Security Bank of New Mexico, N.A., as Trustee, the First Supplemental Indenture thereto dated October 5, 1994, and the Second Supplemental Indenture, the terms of the Notes or the Bonds, or the Mortgage on the Real Property pledged to secure payment of same, and in the further event as a result of such default, Mortgagor exercises its right to foreclose the mortgage on the Real Property, then Grantor will not be entitled to participate in any equity in the property until such time as all costs of foreclosure and rehabilitation costs together with the mortgage debt secured by the Real Property and incurred in conjunction with the issuance of the Multi-Family Housing Revenue Bonds Anticipation Notes (Casa Hermosa Project Series 1994A) and the Multi-Family Housing Revenue Bonds (Casa Hermosa Project Series 1994B) have been paid in full.
- (b) By executing this Special Warranty Deed, Grantor expressly consents to Grantee's granting of a mortgage to secure payment of the Bond Anticipation Notes and the Bonds hereinbefore referred to, and specifically stipulates and agrees that the issuance of such notes and bonds will not constitute a refinancing, nor will the issuance of the bonds cause such transaction to fall within the provisions of Paragraph IV(2) of this Special Warranty Deed.

**V.
CONVEYANCE TO ANOTHER ENTITY**

Grantee covenants that the Real Property shall not be voluntarily conveyed to another entity except through a public solicitation process approved in writing by the Grantor. Provided, however, that in the event Grantee grants a mortgage against the Real Property in order to secure certain obligations, including without limitation the above-described Notes and Bonds, and then defaults in performing the obligations secured thereby, and further provided that as a result of such default the Mortgagee shall then elect to foreclose such Mortgage in the manner provided by law, then Mortgagee shall provide Grantor with notice of such default and shall name Grantor as a party in such foreclosure action. Such foreclosure action, however, shall not be deemed a voluntary conveyance for purposes of this Section V.

**VI.
GOVERNMENTAL ASSISTANCE**

Other Governmental Assistance

- (1) In order to comply with Section 102 of the Department of Housing and Urban Development Reform Act of 1989, and the regulations thereunder, 24 CFR Part 12, Grantee covenants that it will disclose to Grantor (a) any federal, state or local governmental assistance, other than the Section 8 assistance provided under the terms of this Deed, that it will receive or reasonably expects to receive prior to or during the term of the Section 8 HAP Contract; and (b) in cases where the Grantee will receive or reasonably expects to receive such other assistance, the expected sources and uses of all funds that are to be made available for the Property. Such other assistance includes any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect governmental assistance. In order to comply with this requirement, the Grantee has completed and executed a Certification of Disclosure form. Within 30 days of any changes in circumstances occurring at any time before or during the term of the Section 8 HAP Contract that affect the accuracy of the Certification of Disclosure, the Grantee shall submit to Grantor a revised Certification. The Grantor shall reduce the amount of Section 8 assistance provided for the Property to compensate in whole or in part, as the Grantor deems appropriate, for any increases in other assistance.
- (2) This covenant shall terminate upon the termination of the Section 8 HAP Contract for the Property.

**VII.
RENTAL OR COOPERATIVE USE**

Use Restriction

- (1) The Grantee covenants that the Property will be maintained as rental or cooperative housing for a period of Thirty (30) years after the date of this Deed or such earlier time as the Grantor may specify in writing (the "Restricted Period").

- (2) During the Restricted Period, the Grantee may not market dwelling units for any purpose other than rental or cooperative housing without the Grantor's prior written approval.

**VIII.
OCCUPANCY BY LOW- AND MODERATE-INCOME
PERSONS OR FAMILIES**

- (1) The Grantee covenants that Twenty (20) units in the Property shall be maintained as housing for low- and moderate-income persons or families, which shall be defined as follows:

Families, elderly, or handicapped individuals with adjusted annual gross income at or below eighty (80) percent of the median income for the area.

- (2) This covenant shall continue in effect for a period of fifteen (15) years from the date of this Deed, or such earlier time as the Grantor may specify in writing. During such period if the number of units occupied by low- and moderate-income persons or families falls below the number of units specified in Paragraph (1) above, the Grantee must seek to rent a sufficient number of units to low- and moderate-income persons or families to comply with Paragraph (1).

**IX.
OCCUPANCY BY MODERATE-INCOME
PERSONS OR FAMILIES**

- (1) The Grantee covenants that the rents for sixty-eight (68) units in the Property shall remain affordable for moderate-income persons or families, which shall be defined as follows:

Families, elderly, or handicapped individuals with adjusted annual gross income at or below eighty percent (80%) of the median income for the area.

- (2) This covenant shall continue in effect for a period thirty (30) years from the date of this Deed, or such earlier time as the Grantor may specify in writing. During such period if the number of units occupied by moderate-income persons or families falls below the number of units specified in Paragraph (1) above, the Grantee must seek to rent a sufficient number of units to moderate-income persons or families to comply with Paragraph (1).

**X.
REHABILITATION AND RELOCATION**

Rehabilitation and Relocation Restriction

The Grantee covenants that it will comply with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC § 17012-11(f), and the regulations thereunder, 24 CFR § § 290.45 and 290.47, as explained in Paragraphs 2 through 5, bellow. Additionally, the Grantee covenants it will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC § 4601, and the regulations thereunder, 49 CFR Part 24, when Project based Section 8 assistance is provided by the Grantor. The Grantee is responsible for ensuring compliance with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations.

- (1) The Grantee covenants that the Property will be rehabilitated within eighteen (18) months from the date of this Deed in accordance with all applicable state and local laws, codes, ordinances and regulations (and Section 8 Housing Quality Standards pursuant to 24 CFR Part 886, Subpart C, and other requirements set forth in any Property Improvements Requirements sheet, attached hereto).
- (2) If temporary or permanent relocation is necessary because of such rehabilitation, Grantee covenants that it will provide advance written notice of the expected displacement. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
- (3) If temporary relocation is necessary because of such rehabilitation, Grantee covenants that it will provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit which, to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
 - (a) Expenses of moving and any net increases in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
 - (b) Expenses of returning to a repaired unit on the Property.
- (4) If permanent relocation is necessary because of such rehabilitation, Grantee covenants that it will provide assistance, as described below, to tenants, as may be appropriate:
 - (a) Advisory services, necessary to locate decent, safe and sanitary, and affordable replacement housing which, to the extent feasible, shall be in a location not generally less desirable than the Property.
 - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by Grantor to be reasonable considering the size of the household and the circumstances surrounding the move.
- (5) The Grantee covenants not to increase the rent for any unit, from the rent Grantor is requiring a tenant to pay on the Closing date, until unit meets all rehabilitation

requirements set forth in (1), above. (In addition, rent for units to be covered by a Housing Assistance Payment Contract may be increased only pursuant to and following execution of such Contract.)

- (6) If Grantee fails to comply with (1) above, and no extension by written agreement has been granted by Grantor, Grantor and his successors in office shall be entitled to enter and terminate the estate hereby conveyed. This right and remedy may be exercise separately or in combination with the rights and remedies set forth in the Enforcement provision of this Contract.
- (7) In executing this Special Warranty Deed, and notwithstanding the provisions of Paragraph 6 above, Grantor expressly acknowledges that Paragraph (6) above is or will be subordinate to the mortgage of the mortgage(s) granted to secure payment of Grantee's Multi-Family Housing Revenue Bond Anticipation Notes (Casa Hermosa Project Series 1994A), and Grantee's Multi-Family Housing Revenue Bonds (Casa Hermosa Project Series 1994B). So long as, such mortgages are outstanding and in the event Grantee fails to complete the renovations required hereunder, within the time period authorized, including any extensions granted by HUD, then HUD may reenter the Subject Property for the purpose of completing such renovations, the cost of which renovation shall be secured by certain irrevocable letters of credit issued in favor of Grantor, but in no event shall Grantor be entitled to terminate the estate conveyed to Grantee hereunder for failure to complete the renovations, so long as the mortgages are outstanding or the debt secured thereby has not been paid in full. Grantor covenants and agrees that at such time as the renovation work required hereunder has been completed, it will so certify in writing, which writing shall be in a form recordable in the office of the County Clerk for Lea County, New Mexico. At such time as such certification has been filed, it shall be conclusively presumed that the renovations required hereunder have been completed.

Should any of the above covenants be held invalid in whole or in part, it shall not affect of invalidate the balance of such covenant or any other covenants.

IN WITNESS WHEREOF, the undersigned on November 4 1994, has set his hand and seal as ^{Acting} Director, Office of Housing, Fort Worth, Texas, for and on behalf of the said Secretary of Housing and Urban Development.

HENRY G. CISNEROS
SECRETARY OF HOUSING AND URBAN
DEVELOPMENT

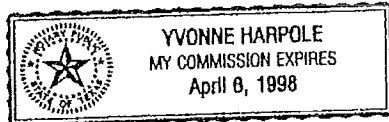
By James Hicks
JAMES E. HICKS, ACTING
Director, Office of Housing
Fort Worth, Texas

ACKNOWLEDGMENT

STATE OF TEXAS)
) ss.
COUNTY OF TARRANT)

Before me, the undersigned authority, on this day personally appeared James E. Hicks known to me to be the duly appointed Acting Director, Office of Housing, Fort Worth, Texas, whose name is subscribed to the foregoing instrument dated November 4, 1994, by virtue of the authority vested in him, and acknowledged to me that he executed the same as Acting Director, Office of Housing, for and on behalf of Henry G. Cisneros, Secretary of Housing and Urban Development, for the purpose and consideration therein expressed.

Given under my hand and seal this 4th day of November, 1994.



Seal

Yvonne Harpole
Yvonne Harpole, Notary Public
in and for Tarrant County, Texas

EXHIBIT "A"

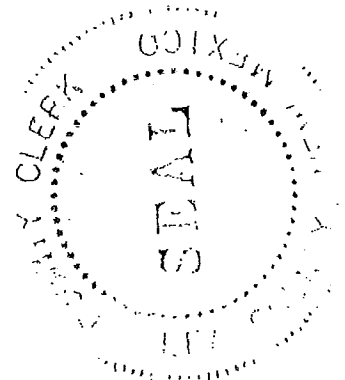
A tract of land located in the Northwest Quarter of the Northwest Quarter (NW/4 NW/4) of Section 26, Township 18 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and being more particularly described as follows:

Beginning at a point South 89°55' East a distance of 551.0 feet and North 00°01' West a distance of 3990.0 feet from the Southwest corner of said Section 26;
thence North 00°01' West a distance of 558.0 feet;
thence South 89°55' East a distance of 408.0 feet;
thence South 00°01' East a distance of 264.0 feet;
thence South 89°55' East a distance of 45.0 feet;
thence South 00°01' East a distance of 294.0 feet;
thence North 89°55' West a distance of 453.0 feet to the point of beginning.

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

NOV 10 1994

at 4:38 o'clock P M
and recorded in Book _____
Page _____
Pat Chappelle, Lea County Clerk
By [Signature] Deputy



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