

State of New Mexico Fire and Flood Recovery (2024 Events)

Community Development Block Grant
Disaster Recovery (CDBG-DR)

New Mexico Home Recovery Program
Guide



**New Mexico Department of
Homeland Security and Emergency Management**

Updated as of March 20, 2026

Policy Changes and Updates

Action	Affected Section	Date
Initial Publication	Full Document	3/20/2026



VERSION POLICY

Revisions to this document will be tracked in the Policy and Procedures Revision Table (page 2) and will include notes and dates of the revisions. Dates of each publication are also tracked in this table.

Substantive changes in this document reflecting a policy change will result in an updated version. Substantive changes that result in the publication of an updated version of this manual will be indicated with a sequential upward movement in the primary version number. For example, a substantive policy change after the issuance of Version 1.0 would result in the issuance of Version 2.0, an increase in the primary version number. Non-substantive changes such as minor wording and editing or clarification of existing policy that do not affect interpretation or applicability of the policy will be included in minor version updates denoted by a sequential number increase behind the primary version number (i.e., Version 2.1, Version 2.2, etc.).

POLICY CHANGE CONTROL

Policy clarifications, additions, or deletions may be needed during the operation of the program to more precisely define the rules by which it will operate. Policy review and changes for the State of New Mexico CDBG-DR New Mexico Home Recovery Program are considered through a change-control process.

Program staff will document policy-change requests. Such documentation will include citation of the existing policy, the reason for the change request, a recommendation of whether the policy change, if approved, would be retroactive or prospective only, and an analysis of the implication of the policy change. Policy change requests will be tracked in the program files. Policy change requests are compiled and brought before supervisory staff in a policy meeting. Subject matter experts working in a particular policy area or task area that will be affected by the policy decision may be invited to assist in policy evaluation, if necessary. Policy meetings will be held as frequently as necessary to consider policy decisions critical to moving the New Mexico Home Recovery Program forward quickly. Policy decisions will be documented and will result in revision of the document.



POLICY EXCEPTIONS

In rare and limited circumstances, there may be a need for exceptions to the policy identified in this guide. An exception is a one-off situation that does not precisely fit within existing policy but is so unique that a policy decision related to the unique fact pattern will not result in the change of policy in total. However, an exception, which is found to be recurring, may result in consideration of and change to policy during the term of the program.

The New Mexico Home Recovery Program has the authority to consider exceptions to program policy and to make allowances for unusual fact patterns or circumstances impacting an applicant or the applicant's property. Program staff will document exceptional cases that require individual consideration in the program files. Such documentation will include details of the facts, supporting documentation, applicable program policies, and a recommendation to either approve or deny the exception request. Exception requests will be brought before supervisory staff in a policy meeting. Subject matter experts working in a particular policy area or task area that can inform the exception decision may be invited to assist in exception evaluation, if necessary.



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Definitions

100-year floodplain – The area subject to inundation from a flood with a 1 percent or greater chance of being equaled or exceeded in any given year.

Action Plan – The State of New Mexico’s plan for expending Community Development Block Grant-Disaster Recovery (CDBG-DR) funds allocated by the U.S. Department of Housing and Urban Development (HUD).

Adjusted Gross Income (AGI) – Gross income minus adjustments to income. Gross income includes your wages, dividends, capital gains, business income, retirement distributions as well as other income.

Allocation Announcement Notice (AAN) – Publication announcing the Community Development Block Grant-Disaster Recovery allocations for specific disasters and including waivers and alternative requirements specific to the Appropriations Act that allocated the funding.

Area Median Income (AMI) – The median (middle point) household income for an area adjusted for household size as published and annually updated by the United States Department of Housing and Urban Development (HUD). Once household income is determined, it is compared to HUD's income limit for that household size. To view HUD income limits, visit <http://www.huduser.gov/portal/datasets/il.html>.

Americans with Disabilities Act (ADA) – Effective July 20, 1990, a federal law which prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, state and local government services, public accommodations, commercial facilities, and transportation. It also mandates the establishment of TDD/telephone relay services.

Applicant – Any individual who applies for assistance from the New Mexico Home Recovery Program for the 2024 Fire and Flood Events funded by the CDBG-DR.

Application Intake – The initial step a property owner must take to seek benefits under the program. The application will result in the prioritization of an applicant if basic eligibility requirements are met.

Base Flood Elevation (BFE) – As determined by the Federal Emergency Management Agency (FEMA), is the relationship between the BFE and a structure’s elevation. It is used to determine flood insurance premiums and, in some cases, the elevation required for a new structure. The Federal Register sets the minimum elevation requirements for properties that will be assisted with CDBG-DR funding, and which require elevation. HUD has determined that structures designed principally for residential use and located in the 100-year floodplain that receive assistance for new construction, repair of substantial



damage, or substantial improvement must be elevated with the lowest floor, including the basement, at least two feet above the BFE.

CFR – Code of Federal Regulations.

Change Order – Work that is added to, or deleted from, the original contract activities that were to be performed. The order changes the original contract scope of work, contract amount, and/or the completion due date.

Community Development Block Grant-Disaster Recovery (CDBG-DR) – A program administered by the U.S. Department of Housing and Urban Development, as authorized under Title I of the Housing and Community Development Act of 1974, as amended. These funds are provided as a last resort to help cities, counties, and states recover from Presidentially declared disasters. These funds are provided as a last resort to help cities, counties, and states recover from Presidentially declared disasters and are built on the framework of the Community Development Block Grant. This federal grant type supports community development activities to build stronger and more resilient communities to address needs such as infrastructure, economic development projects, public facilities installation, housing rehabilitation, homeowner assistance, and public services.

Contractor – An entity competitively selected to provide clearly-specified goods or services meeting the procurement requirements at 2 CFR §200.320(a)(2), New Mexico (NM)SA 1978, §§ 13-1-28 to 13-1-199.

Damage Assessment – The initial opportunity for a program inspection of the structure damaged by the 2024 Fire and Flood events in which all damage repaired at the time, and damage still to be repaired are officially documented in an estimating software that allows monthly market pricing and local sales taxes to be applied to program eligible materials and labor in a consistent report format. The damage assessment reports will contain a detailed sketch of the structure along with exterior and interior photos.

Demolition – Clearance and proper disposal of buildings.

Disability – For the purposes of the program, “disability” is consistent with federal law under The Social Security Act, as amended, 42 U.S.C. §423(d), The Americans with Disabilities Act of 1990, as amended, 42 U.S.C. §12102(1)-(3), and in accordance with HUD regulations at 24 CFR §§5.403 and 891.505.

Duplication of Benefits (DOB) – Occurs when a person, household, business, or other entity receives disaster assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need. The amount in excess of the total need is the DOB, which is prohibited by federal law. A DOB will occur if the New Mexico Home Recovery Program for the 2024 events provides assistance to a homeowner for the same purpose (rehabilitation, replacement, or new construction) as any previous financial or in-kind assistance provided to a property owner for the repair,



replacement, or reconstruction of his or her property. By Federal Law, the program is prohibited from creating a DOB. This prohibition comes from the Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) and therefore, these other sources of funds must be deducted from any potential award or may require a financial contribution from the other funding sources to the completion of the project. The State of New Mexico will comply with HUD's current DOB policies as reflected in the 88 FR 6428, Section 312 of the Robert T. Stafford Act, as amended. Further guidance for DOB is outlined in the 88 FR 6428, published November 27, 2023.

ECR - Estimated Costs of Repairs.

Eligibility- Program eligibility is a two-factor process requiring both the applicant and the applicant's property to qualify for assistance under the program.

Eligible Costs – Those costs allowable under federal law and program policy.

Environmental Review – All qualified projects must undergo an environmental review process. This process ensures that the activities comply with the National Environmental Policy Act (NEPA) and other applicable state and federal laws. For HUD purposes, applicable requirements are found at 24 CFR Part 58.

Environmental Review Record (ERR) – A written record of the review process undertaken to evaluate potential environmental impacts associated with a project to be conducted with the U.S. Department of Housing and Urban Development funds, including all associated documentation necessary to document the process and the outcome of the review process.

Environmental Stop Work Order – Upon application to the program, all permanent work to repair, replace, or reconstruct a home being undertaken by the applicant must stop until the program has completed the environmental review specific to the applicant's property. This prohibition of further work is required and if violated, may result in loss of eligibility for the program. However, applicants should undertake any emergency temporary measures that may be necessary to preserve life, safety, and/or the property as necessary, regardless of this stop work notice.

Federal Register – The official journal of the Federal government of the United States that contains government agency rules, proposed rules, and public notices. It is published daily, except on Federal holidays. A Federal Register Notice (FRN) is issued for each CDBG-DR funded disaster. The FRN outlines the rules that apply to each allocation of disaster funding.

FEMA – Federal Emergency Management Agency.

FEMP – Federal Energy Management Program.

Flood Insurance – The Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) requires that projects receiving federal assistance and located in an area identified by FEMA as



being within a Special Flood Hazard Areas (SFHA) be covered by flood insurance under the National Flood Insurance Program (NFIP). In order to be able to purchase flood insurance, the community must participate in the NFIP. If the community is not participating in the NFIP, federal assistance cannot be used in those areas.

Floodplain – FEMA designates floodplains as geographic zones subject to varying levels of flood risk. Each zone reflects the severity or type of potential flooding in the area.

Floodway – A "Regulatory Floodway" or "floodway" means the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than a designated height. Communities must regulate development in these floodways to ensure that there are no increases in upstream flood elevations. For streams and other watercourses where FEMA has provided Base Flood Elevations (BFEs), but no floodway has been designated, the community must review floodplain development on a case-by-case basis to ensure that increases in water surface elevations do not occur or identify the need to adopt a floodway if adequate information is available.

Grantee – As used in this document, the grantee is the State of New Mexico Department of Homeland Security Emergency Management (DHSEM) as recipient of CDBG-DR funds from the U.S. Department of Housing and Urban Development.

Green Building Standards – All construction activities that meet the definition of substantial improvement, reconstruction, or new construction must meet an industry-recognized standard that has achieved certification under the ENERGY STAR (Certified Homes or equivalent).

Household – All persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two or more families living together, or any other group of related or unrelated people who share living arrangements. For housing activities, the Low- to Moderate-Income compliance test is based on the total household income.

HRP, NMHRP, or New Mexico HRP – All refer to the Home Recovery Program.

HUD – United States Department of Housing and Urban Development.

IA – FEMA Individual Assistance

Income – Annual income as reported under the United States Internal Revenue Service (IRS). This definition includes:

- Wages, salaries, tips, commissions, etc.;
- Self-employment income from own nonfarm business, including proprietorships and partnerships;
- Farm self-employment income;



- Interest, dividends, net rental income, or income from estates or trusts;
- Social Security or railroad retirement; Housing Repair and Replacement Program Dependent Children, or other public assistance or public welfare programs;
- Retirement, survivor, or disability pensions; and
- Other sources of income received regularly, including Veterans' (VA) payments, unemployment compensation, and alimony.

Individual Mitigation Measures (IMM) – Activities designed to mitigate and/or reduce risk beyond the pre-disaster condition of a housing unit when the activities are above and beyond federal, state, or local construction or code requirements. The repair of housing units and the payment of flood insurance are not IMM activities. Examples of mitigation measures include elevation above the base flood elevation level or the addition of disaster shutters, disaster-proof windows, roof straps, etc. if those improvements are not required to comply with local code requirements and did not exist on the housing unit prior to the disaster damage. They must be incorporated as part of a project that is otherwise addressing eligible repairs that are necessary as a result of the 2024 disasters.

Low- to Moderate-Income (LMI) National Objective – Activities that benefit households whose total annual gross income does not exceed eighty (80%) percent of Area Median Income (AMI), adjusted for household size. Income eligibility will be determined and verified in accordance with HUD Guidance. The most current income limits, published annually by HUD, will be used to verify the income eligibility of each household applying for assistance at the time assistance is provided.

- **Very Low:** Household's annual income is up to thirty (30%) percent of the area median income, as determined by HUD, adjusted for household size.
- **Low:** Household's annual income is between thirty-one (31%) percent and fifty (50%) percent of the area median income, as determined by HUD, adjusted for household size.
- **Moderate:** Household's annual income is between fifty-one (51%) percent and eighty (80%) percent of the area median income, as determined by HUD, adjusted for household size.

Mobile/Manufactured Housing Unit (MHU) – A structure, transportable in one or more sections which, in the traveling mode is 8 body-feet or more in width, or 40 body-feet or more in length, or when erected on site, is at least 320 square feet, is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning and electrical systems contained therein. Sometimes referred to as mobile homes. A MHU is built to the specifications required in the Manufactured Home Construction and Safety Standards Act of 1974, 42 U.S.C. 70 § 5401 et seq. MHUs display



a red certification label on the exterior of each transportable section. Manufactured homes are built in the controlled environment of a manufacturing plant and are transported in one or more sections on a permanent chassis.

Modular Housing – A home built in sections in a factory to meet federal, state, or local building codes. Once assembled, the modular unit becomes permanently fixed to one site. The program will treat modular homes as traditional, site, or stick-built construction.

Most Impacted and Distressed (MID) Areas – Areas of most impact as determined by HUD or the state using the best available data sources to calculate the amount of disaster damage. The MID-designated areas for the New Mexico Home Recovery Program include Lincoln and Chaves Counties.

Multifamily – Residential structures containing five or more units or multifamily residential structures located on adjacent lots. Multifamily structures are not eligible under these Guidelines.

New Mexico Department of Homeland Security and Emergency Management (DHSEM) – Administrator of the Community Development Block Grant-Disaster Recovery and Community Development Block Grant-Mitigation programs funded by the U.S. Department of Housing and Urban Development. DHSEM is the governor-designated state authority responsible for administering all long-term disaster recovery funds awarded to New Mexico.

NFIP – National Flood Insurance Program.

Not Suitable for Rehabilitation –

- Structures condemned by the Authority Having Jurisdiction: Properties condemned or “red-tagged” by the local authorities will not be rehabilitated;
- Structures that cannot be repaired under existing Program caps (structures that have sustained damage exceeding 60% of their pre-disaster market value), due to legal, engineering, or environmental constraints (permitting, extraordinary site conditions, etc.) will be considered not suitable for repair or rehabilitation;
- Structures that are structurally unsafe or that have other conditions that make interior inspection by the program impossible or unsafe; and
- Structures that have already been demolished.

Property Casualty Insurance – Insurance that covers structural repairs to a home as a result of wind, fire, hail, wind-driven rain, tornado, hurricane, or natural disaster, other than flood.

Reconstruction – The demolition, removal, and disposal of an existing housing unit and the construction of a unit on the same lot, and in substantially the same footprint, with a new unit that complies with the International Residential Codes (IRC), as required by the



New Mexico Code. The number of units on the lot may not increase and the total square footage of the original, principal residential structure to be reconstructed may not be substantially exceeded; however, the number of rooms in a unit may be increased or decreased based upon the number of residents occupying the home at the time of the disaster.

Rehabilitation – Repair or restoration of housing units in the disaster-impacted areas to applicable construction codes and standards.

Scope of Work – Contains the repairs, reconstruction, or home replacement work that the contractor selected by DHSEM must complete.

Second Home – A second home is defined as a home that is not the primary residence of the owner or any occupant at the time of the disaster or at the time of application for assistance. This includes seasonal, short-term, and vacation rental properties.

Single Family Home – Detached stick-built homes, mobile/manufactured homes, and modular homes used as a primary residence. This may include duplexes, triplexes, fourplexes where one unit is occupied by the building owner as his/her primary residence and townhomes and condominiums which are primary residences of an eligible applicant, exclusive of common areas.

Special Flood Hazard Area (SFHA) – Areas designated by FEMA as having a high risk of flooding.

Stick-built home – A home that has been built on-site using traditional construction materials and methods.

Substantial Damage – Based on the flood provisions of the New Mexico Building Code, damage of any origin sustained by a structure whereby the cost of restoring the structure to its before-damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred. The determination is only made by the local jurisdiction. The program will abide by these determinations.

Unmet Needs – The term used to describe the gap between available resources to recover from a disaster and those resources still needed to make a full recovery. For example, the cost of remaining repairs on a property after all other financial resources (insurance, loans, charity, and other contributions) have been exhausted is an unmet need.

Unresponsive – Failure to answer or return three consecutive phone calls, and failure to respond to written requests within program timeframes.

Zero Award – When a zero award is determined, it is due to the estimated cost to repair the disaster-related structural damage sustained to an applicant's home being less than the amount of benefits previously received or previously approved to be received from other sources.



1.0 Introduction

The State of New Mexico experienced two federally declared disasters in 2024; DR-4795-NM was declared on June 20, 2024, in response to the South Fork Fire and Salt Fires; and DR-4843-NM was declared on November 1, 2024, in response to the Severe Disaster and Flood event in Chaves County. On January 7, 2025, the U.S. Department of Housing and Urban Development (HUD) issued an allocation of \$137,178,000.00 to the State of New Mexico in Community Development Block Grant-Disaster Recovery (CDBG-DR) funding. The purpose of CDBG-DR is to support long-term disaster recovery by addressing unmet needs in communities impacted by the 2024 disaster events.

Funding is authorized under Public Law 118-158, the Further Continuing Appropriations and Disaster Relief Supplemental Appropriations Act, 2025 (H.R. 10445-118th Congress (2023-2024)). Regulations for this CDBG-DR appropriation are detailed in 90 FRN 4759 and the Universal Notice, 90 FRN 1754.

The New Mexico Department of Homeland Security and Emergency Management (DHSEM) is the responsible entity for managing the CDBG-DR funds. DHSEM implements disaster recovery efforts, including CDBG-DR, in coordination with the New Mexico Department of Finance and Administration (DFA), which is responsible for all annual, non-disaster Community Development Block Grant allocations.

DHSEM will be leveraging the CDBG-DR funds to address gaps in Housing, Public Infrastructure and Disaster Resilience Planning. The CDBG-DR funding will support three primary programs – New Mexico Home Recovery Program (HRP), Post-Disaster Infrastructure Investment Program (IIP), and Disaster Resilience Planning Program (DRPP) to address the needs of the most impacted and distressed areas. The following manual will provide guidelines for the New Mexico HRP only. The other two programs – the Post-Disaster Infrastructure Investment Program and Disaster Resilience Planning Program will have separate program manuals.

1.1 Program Overview

The New Mexico Home Recovery Program provides direct services to rehabilitate, reconstruct or replace, and provide newly constructed housing for residents affected by federally declared disasters DR-4795-NM and DR-4883-NM in the U.S. Department of Housing and Urban Development (HUD) identified most impacted and distressed (MID) communities of Lincoln and Chaves Counties. The goal of the New Mexico Home Recovery Program is to help disaster-impacted residents return home to safe, resilient, and sustainable living conditions, with mitigation strategies integrated to reduce future disaster risks. This program will be administered by the State of New Mexico through direct service delivery, ensuring both the efficient allocation of resources and compliance with applicable federal and state disaster recovery guidelines.



Eligible activities include repairs to, reconstruction, or replacement of disaster-damaged housing units which may include bringing the home into code compliance and the incorporation of mitigation measures to increase the structure's resistance to future disaster impacts. Specifically, this includes the following when applicable:

- Demolition and removal of disaster-damaged housing structures.
- Completion of work to homes that have been partially repaired.
- Repair of homes where no repair work has yet been undertaken.
- Replacement of damaged mobile home units impacted by the disaster.
- Reconstruction of damaged manufactured and traditionally constructed homes on the same property as the original damaged structure.
- Relocation of housing units when reconstruction or replacement in the original location is infeasible within program guidelines and/or regulatory requirements (federal, state, and/or local).

The New Mexico Home Recovery Program Guide establishes program policies for all components of the program based on the State's Action Plan and subsequent amendments approved by the HUD. The Action Plan and amendments can be found on the State's recovery website at <https://www.dhsem.nm.gov/cdbg-dr2025/>. This guide is designed to provide guidance to the state and vendors directly involved in the delivery of homeowner recovery assistance to qualifying 2024 disaster event survivors. In addition, this guide is intended to serve as a resource for affected New Mexico residents and other parties interested in understanding how the New Mexico Home Recovery Program works.

The guide is organized into chapters that correspond to a step-by-step process that individual applications follow in the program - from application intake to project completion and closeout. An application may flow through consolidated steps or follow a non-linear path in the interest of expedient and efficient recovery.

1.2 Conflict of Interest

State officials and employees, DHSEM employees, and consultants who exercise functions with respect to CDBG-DR activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, are prohibited from receiving any benefit from the activity either for themselves or for those with whom they have family or business ties, during their tenure.

For purposes of this section, "family" is defined to include parents (including mother-in-law and father-in-law), grandparents, siblings (including sister-in-law and brother-in-law), and children of an official covered under the CDBG conflict of interest regulations at 24 CFR 570.489(h).



An exception to the conflict-of-interest provision may be granted should it be determined that DHSEM has adequately and publicly addressed all of the concerns generated by the potential conflict of interest and that an exception would serve to further the purposes of Title I of the Housing and Community Development Act of 1974 and the effective and efficient administration of the program. No party will enter into a conflict of interest until a request for an exception has been granted.

1.3 Affirmative Marketing Plan

DHSEM, through its New Mexico Home Recovery Program, is committed to affirmatively furthering fair housing through established affirmative marketing policies.¹ Affirmative marketing efforts for New Mexico Home Recovery Program will include the following:

- Program participants will be informed about available opportunities and supporting requirements through a Disaster Case Manager, printed and electronic materials, publications, language access cards, and multilingual marketing.
- DHSEM will conduct marketing through widely available media outlets, and efforts will be taken to affirmatively market the 2024 Disaster Events as follows:
 - Conducting outreach to public or non-profit organizations and holding and/or attending community meetings.
- Other forms of outreach tailored to reaching the eligible population, including door-to-door outreach if necessary.

Documentation of all marketing measures used, including copies of all advertisements and announcements, will be retained, and made available to the public upon request.

- DHSEM will use the Fair Housing logo in program advertising, post Fair Housing posters and related information, and, in general, inform the public of its rights under Fair Housing regulations.

1.4 Vulnerability Assessment

New Mexico collects information about applicant households to better understand their recovery needs. The information collected includes whether the household is home to an elderly individual (aged 62 years or older), has an occupant with a disability, children under

¹ This Affirmative Marketing Plan is based on the U.S. Department of Housing and Urban Development (HUD) regulations, which outline the policies and procedures for housing activities.



the age of 18 in the household, emergency health or safety concerns, and/or other household characteristics indicative of the potential for prioritization. This may include unique conditions in an application such as how long the application has been in process. These factors combined, along with the low- and moderate- income (LMI) goal for DHSEM, form a vulnerability assessment that is used to help organize assistance centered on the needs of more vulnerable households. This vulnerability assessment has been examined from the lens of fair housing requirements to ensure that it does not disparately impact individuals and households protected by the *Fair Housing Act*.

2.0 Program Description

The New Mexico Home Recovery Program, funded through the CDBG-DR allocations for DR-4795-NM and DR-4843-NM and has a total program budget of \$100,000,000. Of this amount, a minimum of \$17,893,000.00 is dedicated to a Mitigation Set-Aside, which supports the integration of mitigation and resilience measures into the repair, reconstruction, replacement, or new construction of homes.

The program is administered by DHSEM, which oversees procurement, compliance, and overall program delivery. DHSEM coordinates with Chaves and Lincoln County officials, ensuring effective local coordination, including applicant identification, damage assessments, and permitting support.

The objective of the New Mexico Home Recovery Program is to complete the necessary work to make disaster-impacted single-family primary homes safe, secure, and livable; improve resiliency; and, where necessary, to reconstruct properties when repairs are not feasible in Lincoln and Chaves Counties (see *Table 1* below).

Table 1: Purpose of the New Mexico Home Recovery Program

<p>The purpose of the New Mexico Home Recovery Program is to provide direct rehabilitation, reconstruction, and new construction services for disaster-impacted single-family homes affected by events declared under DR-4795 and DR-4843.</p>	
<p>Counties Served: Lincoln, Chaves</p>	<p>Minimum Award: \$5,000.00 Maximum Award: \$350,000.00</p> <p>Total Allocation: \$100,000,000.00</p>
<p>HCDA Citation: Section 105(a)(3), Section 105(a)(4), Section 105(a)(5), Section 105(a)(11), Section 105(a)(13), Section 105(a)(20), Section 105(a)(26), 90 FR 1754</p>	
<p>National Objective: LMI, Urgent Need</p>	



The New Mexico Home Recovery Program will be administered by DHSEM and its contractors through DHSEM-approved processes, including but not limited to strategic communications/outreach, application intake, eligibility review, income verification and calculation, duplication of benefits (DOB) determinations, environmental reviews and damage inspections, verification of benefits, grant award calculation, signing of the grant agreement, construction activities, and CDBG-DR funds disbursement.

2.1 Eligible Activities and Assistance

New Mexico residents seeking assistance from the program must complete and submit an application. The program will determine whether the applicant is eligible to receive assistance and the value and type of assistance offered. The applicant will not receive any money directly, but the program will assign a contractor and pay the contractor for the work on the applicant's property. The types of assistance offered under the New Mexico Home Recovery Program include:

- **Housing Rehabilitation.** Essential repairs to restore disaster-damaged homes to safe, livable conditions, including structural, plumbing, electrical, roofing, and interior work. To receive housing rehabilitation, the estimated total damage to the home must be less than 60% of the pre-disaster fair market value of the home.
- **Housing Replacement.** The replacement of a damaged mobile/manufactured housing unit (MHU) with a new MHU in the same or substantially the same footprint as the original unit. Replacement unit size will be based on existing unit size. This includes demolition and removal of the damaged unit. In some cases, relocation to a new site may be required and these will be considered on a case-by-case basis. The acquisition of new property is not eligible for funding under the New Mexico Home Recovery Program.
- **Housing Reconstruction.** Full rebuilding of homes that are not suitable for rehabilitation (e.g., damage exceeds 60% the pre-disaster fair market value of the home). Reconstructed units will be compliant with modern building codes and incorporate resilience measures. Reconstructed home configurations will be based on minimum unit size in relation to household size and composition.
- **New Housing Construction.** Construction of new homes may be provided for disaster-impacted households on properties they already own, provided the site is located outside of the floodplain. While undamaged property owned by the household may be used for new unit placement, the acquisition of new property is not eligible for funding under the New Mexico Home Recovery Program. Newly constructed home configurations will be based on minimum unit size in relation to household size and composition.

Additional details regarding potentially eligible activities are provided below in *Table 1*.



Table 1: New Mexico Home Recovery Program Eligible Activities

Structural Repairs	Repairing damaged foundations, walls, roofs, and other structural components of homes to ensure they meet safety and durability standards.
Plumbing and Electrical Work	Repairing or replacing damaged plumbing, electrical systems, and HVAC systems to restore the home to livable and safe conditions.
Mold Remediation	Addressing mold and water damage that occurred due to floodwater or other water sources from the disaster to improve indoor air quality and prevent health hazards.
Interior Repair	Repairing or replacing sheet rock, baseboard, cabinets, and other basic repairs necessary to complete interior construction.
Roofing Repairs and Replacement	Repairing or replacing damaged roofs with fire-resistant material to prevent further damage to homes and ensure weather resistance.
Accessibility Improvements	Modifying homes for residents with disabilities, such as installing ramps, wider doorways, or other modifications to improve accessibility and safety.
Elevation of Homes	Elevating homes in flood-prone areas to reduce the risk of future damage from flooding, as long as elevation is cost-effective and deemed necessary for safety.
Hazard Mitigation Measures	Installing flood barriers, sump pumps, or other protective measures that reduce the risk of future flooding or disaster damage; implementing fire resilience measures such as adding defensible space and using fire-resistant construction materials.
Home Reconstruction	Rebuilding homes that are deemed not suitable for rehabilitation due to extensive damage from disasters such as flooding or wildfires. Reconstruction efforts will restore homes to more resilient standards to mitigate future risks.
New Home Construction	Building homes on properties which have already been acquired by a disaster-affected single-family homeowner whose original residence was damaged or destroyed by a qualifying disaster.
Lead-Based Paint Mitigation	Mitigation of lead-based paint hazards in homes built before 1978, to ensure the health and safety of residents, particularly children.
Relocation Assistance	Providing temporary housing assistance or relocation benefits for homeowners during the rehabilitation or reconstruction process, if necessary.

These activities include, but are not necessarily limited to housing rehabilitation, reconstruction, replacement, and new construction. Those activities may include, but are not limited to, reasonable construction requirements imposed by a Homeowners



Association (HOA) or local requirement in order to complete construction, engineering studies, or designs related to reconstruction.

Note that each of the activities listed in *Table 1* must be conducted in relation to a disaster-damaged home and only in combination with each other. For example, the program is prohibited from offering accessibility improvement retrofits as the only activity at a property. Such improvements would only be offered when those accessibility improvements are tied to the repair of disaster-damaged components of the home, or in exceptional circumstances, in addition to disaster-damage repairs. Likewise, the program is prohibited from engaging in elevation activities as a stand-alone offering. Elevation activities would only be offered in combination with the repair, reconstruction, or replacement of the damaged housing unit and only when required by code, regulation, or program policy.

2.2 Ineligible Activities and Assistance

The New Mexico HRP is not able to provide luxury improvements, non-disaster assistance, or financial assistance. Additional details regarding ineligible activities are provided in *Table 2* below.



Table 2: New Mexico Home Recovery Program Ineligible Activities

Luxury Improvements	Any upgrades or renovations that do not contribute to restoring the home to a safe, habitable, or disaster-resilient condition. This includes high-end finishes, luxury appliances, or other non-essential upgrades.
Cosmetic Improvements	Activities that involve purely aesthetic upgrades, such as new paint, wallpaper, or decorative elements, which do not address safety, health, habitability, or resiliency needs.
Property Acquisition	Purchase of new properties or land is not eligible under the housing rehabilitation program. However, new direct construction assistance may be provided on already acquired property.
Construction for New Owners	The program does not fund the construction of new homes for individuals or households that did not already own a property before the disaster.
Second Homes	The program does not provide assistance for residences which are considered second homes (also investment property or vacation homes). These are defined, as in the Universal Notice (FR-6489-N-01, III.D.5.k), as a home that is not the primary residence of the owner, or an occupant at the time of the disaster or at the time of application for this CDBG-DR assistance.
Debt Repayment	The program does not provide funding for paying off mortgage, tax, or other types of debt that homeowners may owe prior to the disaster.
Non-Residential Properties	Activities related to repairing or rebuilding non-residential properties (such as commercial or business structures) are not eligible.
Non-Disaster Related Repairs	Any repairs that are not directly related to the disaster, such as general home maintenance or issues that pre-date the disaster, are ineligible for funding.
Construction of Non-Secure or Temporary Housing	The program does not fund the construction of temporary shelters or non-permanent structures that do not meet FEMA or HUD resilience standards.
Personal Property Replacement	Replacing personal property such as furniture, clothing, or appliances that were not directly damaged by the disaster is not covered under this program.
Unpermitted or Unauthorized Work	Any construction or repairs that were conducted without the proper permits or approval from local authorities are ineligible.



Additional ineligible activities include the following:

- Repair, reconstruction, or replacement of foreclosed or seized homes.
- Mortgage payoffs or other mortgage assistance.
- Small Business Administration (SBA) home/business loan payoffs.
- Compensation payments (for example, a payment for the estimate of disaster event damage received).
- Assistance for applicants who previously received federal flood disaster assistance, which required obtaining and maintaining flood insurance and did not maintain the required flood insurance.
- Business entities, including but not limited to, limited liability companies, partnerships, and corporations.
- The portions of a residential structure that are exclusively dedicated to conducting a business are not eligible for assistance from the New Mexico Home Recovery Program. However shared living spaces of the primary residence that are not exclusively dedicated to the business, including but not limited to kitchen and baths, are eligible for assistance.

2.3 Mitigation Set-Aside

The New Mexico Home Recovery Program utilizes \$17,893,000.00 in CDBG-DR Mitigation Set-Aside funding to support the integration of hazard mitigation measures into eligible rehabilitation and reconstruction activities.

Mitigation measures (e.g., defensible space for wildfire zones, elevation for flood-prone homes) will be integrated into the primary rehab/reconstruction scopes of work whenever technically feasible and cost-effective. The \$350,000 assistance cap is inclusive of such mitigation measures, though projects may be considered for additional funding where life-safety or code compliance demands it.

The objective of the Mitigation Set-Aside is to apply cost-effective, site-specific mitigation strategies during the construction or repair of disaster-damaged homes. These measures are selected based on property location, type of hazard exposure, and feasibility within the scope of the project. All activities funded through the Mitigation Set-Aside must be compliant with HUD requirements and support long-term risk reduction.

Flood mitigation measures utilizing the Mitigation Set-Aside may include:

- Elevating homes in designated floodplains pursuant to local floodplain regulation.



- Installing sump pumps and interior drainage systems to reduce water accumulation and prevent basement flooding.
- Sealing or waterproofing foundation and basement walls to prevent water intrusion.
- Re-grading around the home to direct water away from the foundation.
- Incorporating durable, flood-resistant building materials in repairs and reconstruction.
- Requiring and verifying continued maintenance of flood insurance coverage for properties receiving assistance.

Wildfire mitigation measures utilizing the Mitigation Set-Aside may include:

- Use of ignition-resistant construction materials (e.g., metal roofing, fiber cement siding, non-combustible vents).
- Creating defensible space by clearing vegetation and combustible materials within a defined perimeter of the structure.
- Installing ember-resistant attic and crawl space vents.
- Screening openings to prevent ember intrusion.
- Incorporating fire-rated windows and exterior doors.
- Applying non-combustible coatings and sealants to exposed surfaces.

Mitigation activities will be prioritized in areas where risk is elevated, where homes have sustained severe damage, and where implementation is technically feasible and cost reasonable. All mitigation measures must meet applicable building codes and federal guidance, including FEMA and HUD standards. Since the state is directly executing the program, IBC codes will be used for all construction.

DHSEM intends to use the full \$17,893,000.00 Mitigation Set-Aside budget for home mitigation and resilient building measures. All homes rebuilt or repaired through the program will include cost tracking to verify that this target is met. By dedicating funding through this set-aside, the New Mexico Home Recovery Program enhances the resilience of housing stock in Chaves and Lincoln Counties, reduces future recovery costs, and ensures that public investments in disaster recovery are safeguarded against future events. This proactive approach supports the state's broader goals of sustainable development and risk-informed planning for the most vulnerable populations.

2.4 Program Caps on Assistance



The maximum award granted to repair any one traditionally constructed or modular home structure is \$100,000 or its line-item repair value up to 60% percent of the replacement value (as determined by the program), whichever is less, as determined by the program.

The maximum award granted for reconstruction, new construction, and MHU replacement for any one structure is \$350,000.

The maximum award granted for rehabilitation of a single wide MHU is \$5,000 and the maximum award granted for repair of a double wide MHU is \$10,000.

All costs associated with construction, elevation, reasonable accommodations, environmental mitigation, historic preservation, site specific costs, essential appliances, and code compliance/permitting are included in the award cap.

The final award amount for each eligible applicant will be determined based on the extent of the damage to the property and the total cost to restore habitability and/or to rebuild the home, consistent with HUD guidelines (e.g., the number of rooms must match the number of permanent occupants). Award amounts will be evaluated to ensure cost-effectiveness, feasibility, and that the amount is sufficient to bring the property to a safe and resilient condition.

On a case-by-case exception basis, according to unique factors such as the type of construction required to restore habitability, the prioritization score of the household, cost of construction, site specific requirements, local jurisdiction requirements, or other factors, the DHSEM State Director may approve construction projects which exceed the maximum award.

At times there may be compelling cause for New Mexico to offer an award that is different from the award limits listed above. The rationale for offering these awards will be documented in the New Mexico Home Recovery Program system of record. These awards are offered to help streamline recovery, provide a more resilient solution, control costly change orders, or to help a participating homeowner achieve recovery faster and more efficiently.

2.5 Governing Regulations & Statutes

All housing recovery activities detailed in the Action Plan and this manual are eligible for CDBG-DR assistance pursuant to the federal citations listed in the Action Plan.

2.6 Meeting National Objectives

The New Mexico Home Recovery Program will meet the following HUD National Objectives:



- **Benefit to Low-and Moderate-Income (LMI) persons:** The program will prioritize services to LMI persons, pursuant to 24 CFR 570.483(b), As such, activities must primarily benefit individuals with incomes at or below one hundred twenty percent (120%) of the area median income (AMI) as defined by HUD.
- **Urgent Need:** Pursuant to 24 CFR 570.483(d), the program will coordinate repairs to disaster-impacted areas affected in the 2024 disaster events, thereby constituting an urgent need.

CDBG-DR requirements mandate that 70% percent of the program funds must be provided to LMI households. Therefore, the primary objective of the New Mexico Home Recovery Program is to meet the LMI national objective. Applicants that meet the LMI national objective must provide or verify documentation that their total household income does not exceed one 120% of the AMI as defined by HUD. Applicants with total household income over 120% of AMI may be eligible for activities that satisfy the Urgent Need National Objective, in exceptional circumstances or after DHSEM has met its minimum 70% LMI threshold requirement.

2.7 New Mexico State Disaster Case Management

New Mexico State Disaster Case Managers (DCM) will be responsible for informing applicants about the New Mexico Home Recovery Program in general, as well as providing information on the assistance available through the New Mexico Home Recovery Program. Disaster Case Management staff will guide applicants through the application process and assist in obtaining all required documentation to complete an application.

Participating in, and accepting any award from, the New Mexico Home Recovery Program is completely voluntary and up to the total discretion of the applicant. Refusing the award offered will result in an applicant's withdrawal from the program.

The New Mexico Home Recovery Program will result in improvements to eligible properties. This may have an impact on property taxes. Disaster Case Managers cannot provide any insight or advice regarding this matter. Applicants should seek counsel from a qualified financial planner or legal expert to understand any potential property tax changes that may result from obtaining assistance through the New Mexico Home Recovery Program.

2.7.1 Program Education

Homeowners will receive comprehensive program education to understand the specifics of the program, including program purpose, eligibility requirements, application process, prioritization criteria, applicant rights and responsibilities, appeals and complaints process, eligible activities, fraud, waste, and abuse prevention, program timeline, compliance



requirements during construction, program closeout, and the long-term obligations associated with this funding.

2.7.2 Limited English Proficiency (LEP)

Persons whose primary language is one other than English shall be provided meaningful access to program services and activities. New Mexico Home Recovery Program staff will ensure applicants who have difficulty speaking or reading English are provided the following services:

- Provision of an interpreter who translates to and from the person's primary language.
- Translation of vital program documents.

New Mexico staff will use the Disaster Case Management mainline and other tools to communicate with LEP applicants.

2.8 Eligibility Criteria

To be eligible for assistance under the New Mexico Home Recovery Program, applicants must meet the following minimum eligibility requirements. *Note: One document can satisfy multiple categories of eligibility.*

If documentation gathered by Disaster Case Management staff is inconclusive, additional documentation from the applicant may be requested.

As applications are being accepted and reviewed for determinations of eligibility applicants, will be made aware of their application status.

2.8.1 Disaster Impact

The applicant's home must have sustained and have unrepaired damage directly related to either DR-4795-NM or DR-4843-NM. The New Mexico Home Recovery Program will perform a property damage assessment to verify disaster-related damage and may collect documentation such as FEMA damage reports, insurance claim documents, and local building inspector reports or other data and documents to support proof of damage.

2.8.2 Primary Residence

The applicant must be seeking assistance for their primary residence. Homes that are not the primary residence of the owner are not eligible for assistance via this CDBG-DR funding.

The New Mexico Home Recovery Program must verify that at least one unit located on a property served as a primary residence at the time of DR-4795-NM (June 20, 2024) or DR-



4843-NM (November 1, 2024). The New Mexico Home Recovery Program determines primary residency by first determining if the applicant has received assistance from another previous federal disaster recovery program with similar rules. If the applicant has not received assistance previously, the applicant must submit at least one of the types of documentation listed in *Table 3*. The documentation will be accepted if it contains the applicant’s name, is clearly dated within the required date range and includes the address of the damaged property. Other documents may be considered on a case-by-case basis.

Table 3: Documents to Prove Primary Residency

Primary Residency Documentation
<p>One (1) of the following</p> <p>Primary residency must be at the time of the 2024 disaster, and the applicant must have lived at the damaged property at the time of the 2024 disaster.</p>
<p>Preferred:</p> <ul style="list-style-type: none"> • 2024 Property Tax Record
<p>Other types of acceptable documentation:</p> <ul style="list-style-type: none"> • Copy of water, electric, or gas bill(s) showing service for the six (6) months prior to disaster date and showing usage consistent with primary residency as judged by the Program’s eligibility review team • Letter from a water, electric, or gas service provider stating that service was provided in the name of the applicant(s) for the six month period prior to the disaster with usage that is consistent with primary residences.

It is the intent of DHSEM that homeowners receiving assistance under this program be required to maintain ownership of the property until construction is complete and for a period of at least 6 months from the closeout of the applicant’s award. Adherence to this requirement will be enforced through monitoring. Applicants must remain responsive to program requests for documentation supporting compliance after construction is complete and they have returned to their property.

2.8.3 Geographic Location and MID Areas

The damaged property must be located within a HUD designated MID area (Chaves County or Lincoln County).



2.8.4 Eligible Structure Type

To be eligible for program assistance, the property must be an eligible structure type. Eligible structure types include:

- Single-Family stick-built and modular dwelling units. Modular homes will be considered stick-built homes.
- Manufactured Housing Units (MHUs), also known as mobile homes.
- Condominiums, townhomes, duplexes, triplexes, and quadplexes that share a common wall may be eligible structure types for rehabilitation only.

2.8.4.1 Ineligible Structure Types and Property Circumstances

The structure types listed below are ineligible for program assistance.

- Garages, sheds, and outbuildings not attached to the main dwelling unit are not eligible for repair but may be eligible for demolition only if deemed a safety hazard. In the event a project is located within an area governed by a local code or Homeowner's Association (HOA) with a requirement that new construction projects include a garage, the Program may construct the required garage.
- Improvements such as porches, decks, or other non-livable areas whether attached or detached are ineligible, unless required by local code or HOA.
- Recreational Vehicles and camper trailers used as a residence are not eligible for the program.
- Houseboats used as residences are not eligible for the program.
- Second homes, as defined in the Action Plan and the Universal Notice.
- Seasonal, short-term, and vacation rental properties are not eligible for assistance.
- Housing units located where federal assistance is not permitted by federal regulation, including floodways, or within runway clear zones of either a civilian or military airport.
- Properties with delinquent mortgages, delinquent real property taxes, or properties that are subject to bankruptcy proceedings or in foreclosure.
- Properties located on sites with extraordinary site conditions which make the project infeasible. Extraordinary site conditions may include but are not limited to properties with environmental concerns that are cost prohibitive to mitigate or which require remediation; properties where local building codes prohibit program scopes of work; or properties located in a floodway.
- Multifamily structures are not eligible under these guidelines. Multifamily structures are residential structures containing five or more units or multifamily residential



structures located on adjacent lots.

- Property not covered by flood insurance at the time of the qualifying 2024 disaster event if previously funded with federal funds requiring the maintenance of flood insurance.
- Properties with delinquent mortgages, delinquent real property taxes, or properties that are subject to bankruptcy proceedings or in foreclosure.
- Properties located in a floodway or properties that are not located in a floodway but require a “No-Rise Certification” based on local requirements.
- Single family homes that have been converted for 100% exclusive business use and that is not the primary residence of the applicant(s).
- Attached structures that would require fundamental alterations of shared structural elements (e.g., foundation, roof, shared walls, etc.). An attached structure is one that is connected to another discrete property not participating in or not eligible for HRP funding.
- Property is located within a special flood hazard area (SFHA) and the local community does not participate in the National Flood Insurance Program (NFIP).

2.8.4.2 Townhomes, Duplexes, Triplexes, Quadplexes, and Housing Cooperatives

- Duplexes, triplexes, quadplexes, townhomes, housing cooperatives (co-ops), and condominium ownership may be eligible for assistance. However, eligibility for these property types shall be assessed case by case. Applicants in such cases may need to provide additional documentation to establish eligibility for assistance.
- Condominiums, townhomes, duplexes, and other units that share a common wall may be eligible structure types for rehabilitations only when rehabilitation costs are less than 60% of the replacement value of the unit (as determined by the program).

Owners of condominiums (condos), townhomes, duplexes, and other structures with common areas and shared walls or other shared structural components may be eligible for repairs under the New Mexico Home Recovery Program. The applicant’s damaged structure may belong to condo associations, co-op boards, and homeowner associations (all of these entities are hereafter collectively referred to as “Associations”) that are responsible for the common areas and components of the entire condo, co-op, or townhome. As such, any applicant for assistance whose structure type is a condo, townhome, duplex, or other structure with common areas, shared walls, or shared structural components is required to notify the program of the Association’s rules, guidelines, bylaws, etc. (hereafter referred to as “Association Guidelines”), if applicable.



All repairs approved under the New Mexico Home Recovery Program must benefit the homeowner's unit. Incidental benefit to common areas or other units is allowable; however, repair of common areas is prohibited. For example, a roof patch over the applicant-owner's unit provides benefit to the individual unit and mitigates damage to neighboring non-applicant units but does not provide a direct benefit to the other units. Conversely, a whole roof replacement would benefit all owners and not solely the applicant-owner. If the applicant is otherwise eligible for repairs, Association consent will be required for repairs, if applicable. The Association must agree to consent to repair of the homeowner's unit. Failure of the Association to agree to provide requested consent will result in ineligibility of the unit's participation in the program.

Applications for condominiums (condos), townhomes, duplexes, and other structures with common areas and shared walls will be considered based on the unit, not the structure. The structure of the unit must contain four or less units. Structures containing five or more units are multifamily structures and are ineligible for program assistance. The applicant can only apply for a single unit and eligibility will be considered based on the unit's household composition, which requires that the applicant be a resident of at least one of the units in a multi-unit structure. DHSEM may assess each application's eligibility on a case-by-case basis. It is important to clarify that while certain structural elements like roofs, walls, and siding may be eligible for repair, common areas such as meeting rooms or recreational spaces are ineligible for program assistance.

Structure type will be verified during the property inspection and reported in the damage assessment.

2.8.4.3 Mobile Home Ownership

Applicants seeking assistance for a mobile home unit must demonstrate ownership of the MHU as of the date of the qualifying disaster. While MHU owners do not need to provide proof of land ownership to be eligible, they must prove they have the legal right to occupy the land and that the landowner consents to New Mexico Home Recovery Program repairing the unit on their property, provided the applicant qualifies for assistance. The landowner is also required to submit all relevant MHU covenants, restrictions, and/or HOA rules, if applicable.

If the applicant does not own the land, they must ensure that the lot rent for leased land is in good standing and remains current for the duration of the program. Proof of MHU ownership can be demonstrated with any of the following documents:

- Manufactured Home Title - Bill of Sale indicating the applicant's name as the owner and the date of purchase prior to June 20, 2024, for DR-4795-NM or November 1, 2024, for DR-4843-NM.
- MHU Registration showing the date of purchase prior to June 20, 2024, for DR-



4795-NM or prior to November 1, 2024, for DR-4843-NM.

- Warranty Deed identifying the MHU.
- MHU Loan Mortgage Statement.

The New Mexico Home Recovery Program will attempt to verify ownership independently, including ownership of the land where the MHU is located. The serial number of the manufactured home must match the serial number on the ownership documentation above and be confirmed by photograph by the inspector during the property inspection. If the inspector is unable to photograph the serial number, the Applicant will be required to complete the MHU VIN Certification form at the time of award. If the Program applicant is the landowner, additional verification of the ownership of the MHU itself is not necessary to participate.

2.8.5 Income Eligibility

The household must have an income at or below 120% of the AMI, as defined by HUD income guidelines. The program uses an Adjusted Gross Income (AGI) calculation to make income determinations. In some cases, a household's AGI may have changed since the last income filing, in which case the program will take into account pay stubs and other pertinent financial documentation to calculate a household's AGI at time of application.

Applicants will need to provide a copy of the most recent IRS 1040 tax return or last three months of pay stubs or other income documentation for all adults (18 and older) who live in the home.

HUD income limits for Chaves County can be found at [FY 2025 Income Limits Documentation System -- Summary for Chaves County, New Mexico](#) and Lincoln County can be found at [FY 2025 Income Limits Documentation System -- Summary for Chaves County, New Mexico](#).

2.8.6 Owner-Occupancy

The applicant(s) must have **owned and occupied** the property as the primary place of residence at the time the damage sustained by DR-4795-NM or DR-4843-NM (June 17, 2024 – August 20, 2024 or October 19, 2025 – October 20, 2024 respectfully) and have maintained ownership at time of application in order to be eligible for the New Mexico Home Recovery Program.

Applicants must be able to demonstrate that they owned the property at the time of the qualifying 2024 Disaster Event and that they currently own the property.

The New Mexico Home Recovery Program must verify ownership independently. The program will collect documentation to prove ownership, such as:

- Fee Simple Title.



- Property Tax records.
- Mortgage statement.
- Homeowner insurance declaration pages and monthly statements.
- Court order or judgment granting ownership/possession of the property.
- Deeds.
- Home purchase contracts.
- Certificates of ownership of cooperative shares.
- Proprietary leases.
- Death certificates.
- Wills.
- Other documents may be considered on a case-by-case basis.
- Documentation of Legal Name, if applicable.

2.8.7 Identity and Citizenship

Applicants will need to present photo identification (driver license, U. S. Passport, Military ID, or state ID). All applicants and adult household members will be required to submit proof of age and identity by providing a valid non-expired form of identification at the time of application submission. Minor household members do not need to submit an ID unless they are the applicant and they are represented by a guardian. Forms of identification accepted by the New Mexico Home Recovery Program are:

- Government-Issued or State-Issued Photo Identification;
- Current or expired Driver's License or Non-Driver Photo ID Card;
- Current or expired U. S. Passport or Passport Card;
- Military ID Card;
- Certificate of Naturalization or Permanent Resident Card; or
- Birth Certificate verified against photo ID.
- Other documents may be considered on a case-by-case basis.

United States Citizens or Lawful Permanent Residents are eligible to receive benefits under this program. For owner-occupant applicants, at least one person on the application with an ownership interest in-part or in-whole on the property, must be able to demonstrate U.S. Citizenship or Lawful Permanent Residency to ensure program eligibility.



The documentation needed to verify U.S. Citizenship or Lawful Permanent Residency may include, but is not limited to the following:

- If the applicant, who also appears on ownership documentation, has a valid REAL ID compliant Driver's License or REAL ID compliant Identification Card, the program will consider this validation complete.
- In the event a REAL ID compliant Driver's License or Identification Card is not available, applicants that have confirmed assistance using FEMA IA or SBA data for property assistance will be considered verified using this method since both FEMA and SBA validate legal residency as part of their application process.
- Applicants without a REAL ID compliant Driver's License, REAL ID compliant Identification Card, FEMA IA, or SBA assistance, must submit one of the following:
 - Resident Alien Card;
 - U.S. Birth Certificate (verified against government-issued photo ID); or
 - U.S. Passport or Certificate of Naturalization.

Please note that the U.S. Department of Housing and Urban Development requires New Mexico Home Recovery Program staff to verify the immigration status of noncitizen applicants for housing assistance programs through the SAVE system.

2.8.8 Property Taxes

The applicant must be current on their property taxes for the damaged property or have a property tax payment plan in good standing.

2.8.9 Mortgage Payments

If there is a mortgage on the property, the mortgage must be in good standing. The applicant will need to supply a copy of the most recent mortgage statement, copy of formal payment plan if applicable, or a recent letter from the mortgage company indicating the mortgage status. Applicant(s) in default or foreclosure on the property may not proceed.

2.8.10 Leased Land

Owner-occupants whose MHU is located on leased land must be in good standing with regard to rent or lease payments on that property at the time of application and for the duration of the program.

2.9 Special Circumstances Related to Eligibility



2.9.1 Reverse Mortgages

Applicants with a reverse mortgage at the time of 2024 Disaster Events are eligible to apply.

2.9.2 Purchase Contracts

Evidence of purchase contracts must prove that a homeowner was purchasing a home on a contract by:

- The applicant presenting the notarized contract dated and executed prior to the qualifying 2024 disaster event for review by the New Mexico Home Recovery Program; and
- The applicant presenting the notarized and executed contract that was filed prior to the qualifying 2024 Disaster Event in the conveyance records of the county.

Proof that a contract has been completed and title conveyed to the applicant is provided by:

- Evidence of recordation of the title in the name of the applicant in the conveyance records of the county; and
- Evidence that property was transferred by a warranty deed.

2.9.3 Act of Donation

An Act of Donation is a form of property transfer without exchange or payment. An Act of Donation must have been made prior to the qualifying 2024 Disaster Event and be:

- In writing;
- Witnessed;
- Notarized; and
- Recorded in the public record.

2.9.4 Trust

Property held in trust for the benefit of natural persons can be eligible for New Mexico Home Recovery Program assistance as long as at least one of the occupants at the time of the qualifying 2024 disaster event was a current beneficiary of the trust. The trustee's powers must include the ability to affect the damaged property. If the trustee's powers do not include the ability to affect the damaged property, the beneficiaries with an interest in the damaged property must sign the closing documents along with the trustee.

The following is required to confirm eligibility:

- The applicant(s) must provide a copy of the trust document; and



- The trust document or an abstract or extract of the trust must be recorded in the conveyance records of the county in which the damaged property is located. This recordation in the conveyance records of the county in which the damaged property is located may be recorded post-disaster event if necessary.

The applicable agreements must be executed by trustee(s) unless the trust distributes the property to a beneficiary, in which event the beneficiary receiving the property must execute the applicable agreement and occupy the residence after assistance. If the property was not serving as the primary residence for the current beneficiaries or trustee, the applicant(s) is not eligible for assistance.

2.9.5 Life Estate

An applicant who has a valid life estate over the damaged property is potentially eligible for program assistance provided he or she also occupied the damaged property as his or her primary residence on June 20, 2024. Any such applicant shall provide evidence of the claimed life estate by way of an executed deed, trust, will, or other documentary evidence that conclusively establishes the existence of the claimed life estate that was filed prior to the qualifying 2024 Disaster Event in the conveyance records of the county in which the property is located. The program will review the applicant provided evidence of the life estate to determine if the documentation is sufficient for program eligibility purposes. A Remainderman will not be required to execute the grant agreement provided there is an occupant with life estate.

2.9.6 Title Assistance

It is the applicant's responsibility to demonstrate his or her ownership interest in the damaged property. In some instances, property may be owned by descendants of deceased persons whose estate was never handled in probate. These descendants (heirs) have the right to use the property, but they do not have clear or marketable title to the property because the estate issues have not been resolved. If an applicant cannot properly demonstrate their ownership interest due to an heirship issue, DHSEM Disaster Case Managers will work with the applicant in a referral capacity to obtain assistance from organizations positioned to assist with these matters, provided the household is at or below eighty (80%) percent AMI.

2.9.7 Death of Eligible Owner Occupant

If an applicant passes away after an HRP application is submitted, but before construction begins, the applicant's heir may be deemed eligible to receive assistance if:

- The heir is a household member listed on the application;
- The heir can demonstrate current ownership of the disaster damaged property via one of the accepted methods outlined in this section; and



- The heir meets all other eligibility requirements including qualification as an LMI household.

If no eligible household member-heir is identified, the application will be closed. If the applicant passes away after program construction has begun, the program will complete construction of the property.

Documentation to support heirship includes but is not limited to receipt of the death certificate for the deceased applicant establishing the death occurred pre- or post-grant agreement execution or receipt of the court order or other documentation recognizing the estate representative or heir(s) as such. Additional supporting documentation may be provided in lieu of or in support of these documents if needed to help clarify program eligibility.

If the primary applicant becomes deceased during pre-construction, the heir or executor must complete a new grant agreement to proceed and submit documentation to support heirship. If the identified heir or executor does not agree to proceed by executing the grant agreement, the application for assistance will be withdrawn.

If the primary applicant becomes deceased during construction, the New Mexico Home Recovery Program will proceed with construction if it has already begun, until or unless notified to stop construction by the heir, estate, or other legal appointee. Regardless of construction progress, the identified heir or executor will be required to complete a new grant agreement and supply documentation in support of their ownership claim to the property. The requirement to occupy the property at the time of the qualifying 2024 disaster event is waived for heirship property until the property is rehabilitated, reconstructed, or replaced, at which point the property owner must occupy the property in accordance with program requirements and the grant agreement.

If no eligible household member-heir is identified, the application will be closed. If the applicant passes away after the program construction has begun, the program will complete construction of the property.

2.9.8 Applicant Bankruptcy

Properties that belong to homeowners in bankruptcy or pending bankruptcy, where the property may be lost to the homeowner as a part of the bankruptcy proceedings are not eligible for program assistance.

2.9.9 Primary Residency Exceptions

Any one of the following exceptions would apply as special circumstances related to primary residency:

- Active-duty military personnel, who own a disaster-damaged home in an eligible county but are currently assigned to duty away from their home or they were



assigned to duty away from their home at the time of the disaster(s), are eligible to apply.

- Applicant(s) incapacitated due to illness who own a disaster damaged home in an eligible county and are currently incapacitated or were incapacitated at the time of the disaster(s) are eligible to apply. If the homeowner is currently incapacitated, an authorized legal representative must apply for the benefit of the incapacitated applicant.
- Applicant(s) with a qualifying disaster damaged property in an eligible county who were incarcerated at the time of the disaster(s) but are no longer incarcerated are eligible to apply for the program. If the applicant is incarcerated at the time of application, someone with a Power of Attorney may apply on his or her behalf.
- Applicant(s) who were in a nursing home, assisted living facility, adult family-care home, adult group home, or other long-term care facility (collectively, nursing home), at the time of the disaster(s) but are no longer in a nursing home are eligible to apply for the program. If the applicant is in a nursing home at the time of application and unable to apply, someone with a Power of Attorney may apply on his or her behalf.

3.0 Application Process

3.1 Program Application Completion and Submission

Homeowners, who after they review the eligibility criteria and feel they want to participate in the New Mexico Home Recovery Program, will be required to complete a New Mexico Home Recovery Program application and provide supporting documents.

The application packet will include detailed instructions for completing the application, prioritization criteria (if applicable), policy overview and eligibility criteria, steps for appeals and/or program escalations, document checklists, environmental requirements, and program contact information.

Applicants may access an application on DHSEM's website at www.dhsem.nm.gov/cdbg-dr2025, in person at a location listed on DHSEM's website, or by contacting a Disaster Case Manager at 505-670-4662 (phone) or DHSEM-DCM@dhsem.nm.gov (email). Applications at all locations are equivalent. Applications are available in English and in Spanish. Applicants are encouraged to use the method that is most comfortable for them but may only submit one application. Disaster Case Managers are available to help residents submit applications and application documentation. Applicants may call 505-670-4662 or email DHSEM-DCM@dhsem.nm.gov to work with a Disaster Case Manager.

Below is a list of ways to submit an application:

- Submit your application online at: www.dhsem.nm.gov/cdbg-dr2025



- Give your application to a Disaster Case Manager
- Mail your application to:
Department of Homeland Security and Emergency Management (DHSEM)
Attention: New Mexico Home Recovery Program
PO Box 27111
Santa Fe, New Mexico 87502

A New Mexico Home Recovery Program Application Documentation Checklist will be provided along with every New Mexico Home Recovery Program Application to clearly identify document types accepted for each eligibility criterion. A complete New Mexico Home Recovery Program Application must include all required documents as identified on the New Mexico Home Recovery Program Application and Documentation Checklist. Online applications will be scanned into the New Mexico Home Recovery Program system of record. Paper records will be retained according to retention policies. Applicants' original documents will be returned to the applicants and will not be retained by the program in any form other than an electronic copy. The program's Document Management Standard Operating Procedures will provide specifics on document naming conventions, receipt, transfer, tracking, and general record retention details.

Applicants will have 90 days to complete a New Mexico Home Recovery Program Application from the date an application has been started, including the submission of required supplemental documentation. Applicants may be provided an additional 30 days to complete their application on a case-by-case basis. Extensions to the application intake/submission period must be formally made in writing and will be determined on a case-by-case basis by DHSEM. If not completed within the aforementioned timeframe, applicants will be automatically withdrawn from the active New Mexico Home Recovery Program population and will require a New Mexico Home Recovery Program appeal for consideration of reinstatement.

Applicants are responsible for resolving any dispute arising between owner-occupants and non-occupant owners.

The date of application submittal is the date the applicant submitted a signed application and submitted all required documentation listed in the New Mexico Home Recovery Program Application and Documentation Checklist. An application will not be considered complete until all required documentation has been submitted.

Duplicate applications are not permitted, and the New Mexico Home Recovery Program will inactivate duplicate applications for assistance.



3.1.1 In Person Application Submission

Applicants may submit their applications and supporting documents to a Disaster Case Manager. As possible, DHSEM may coordinate in person events at which applicants may submit their documentation. In person events and locations will be publicly announced and posted to DHSEM's website at www.dhsem.nm.gov/cdbg-dr2025. At all times, DHSEM shall ensure that all individuals have access to the New Mexico Home Recovery Program and are not excluded from nor denied the benefit of participating in the New Mexico Home Recovery Program.

3.1.2 Reasonable Accommodations

The New Mexico Home Recovery Program will be accessible to all people with special needs and will operate in a manner that does not discriminate against or limit access to program services and benefits to people with disabilities. To ensure that the New Mexico Home Recovery Program is operating in compliance with Section 504 requirements from intake to closeout, New Mexico Home Recovery Program staff will coordinate to:

- Ensure that all facilities are readily accessible and useable by people with disabilities.
- Provide written and verbal program services to applicants regardless of their disability or limited proficiency with the English language to include Spanish, sign language, braille, interpreters, etc.
- Assist with home visits for applicants who are homebound or cannot access in person events.
- When requested, ensure that the modifications to the applicant's home that are part of a New Mexico Home Recovery Program scope of work appropriately address any identified hearing, visibility, or mobility limitations of the applicant and/or applicant's household members.
- If applicable, work with a designee who has the power of attorney or any non-profit organization representing an applicant with disabilities.

All services listed above can be provided upon verbal or written request from the applicant with no additional documentation is required.

Note: Reasonable modifications, defined as changes to construction to accommodate an applicant's disability need, must be identified as early as possible in the construction process. Reasonable modifications identified after construction is substantially complete may not be able to be accommodated. Reasonable modification requests do not include cosmetic or other items that are not necessary to accommodate a disability.



3.1.3 Fair Housing

DHSEM understands and recognizes that many applicants needing assistance will require assistance beyond closing the gap of unmet needs regarding the recovery of their homes. Mitigating disaster impact requires allowing avenues of support for other social risk factors, particularly for the more socio-economically challenged and physically and mentally vulnerable members of the communities being served. The Fair Housing Act requires:

All grantees, sub-recipients, and/or developers funded in whole or in part with HUD financial assistance to certify that no person was excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity because of their age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability, or marital status. DHSEM and contractors shall ensure that no applicant is treated in any way that does not comply with or violates the federal Fair Housing Act, the Civil Rights requirements of Title I of the Housing and Community Development Act, and the New Mexico Human Rights Act.

DHSEM certifies that the New Mexico Home Recovery Program will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations, and that it will affirmatively further fair housing practices.

3.1.4 Applicant Communications

The New Mexico Home Recovery Program will ensure all applicants have updated information regarding the status of their application and award. The New Mexico Home Recovery Program will use various methods of communication including but not limited to the following:

- Phone calls.
- Written correspondence (e-mail, direct mailings, text messages).
- In-person meetings.

Applicants requiring special accommodations or who wish to inquire about accommodations should contact Disaster Case Management at 505-670-4662 (phone) or DHSEM-DCM@dhsem.nm.gov (email).

3.2 Program Application Process



Figure 1 below is a visual aid capturing the entire New Mexico Home Recovery Program Application process.

Figure 1: Initial Application and Documentation Steps



Step 1: Once your application is received, a Disaster Case Manager will review your application for completeness. If there is information needed to process your application, a Disaster Case Manager will work with you to submit any additional information that is needed.

A full application includes the application and all supporting documentation. An application will not be reviewed for New Mexico Home Recovery Program eligibility until the application is complete.

Step 2: Once a complete application is received, an Eligibility Specialist will review your application and all supporting documentation to determine whether you are eligible for the program, verify income, and other types of disaster assistance received (duplication of benefit).

Step 3: The New Mexico Home Recovery Program will send inspectors to your home to conduct assessments. Inspectors review the disaster-related damage to your home, take photos and notes, and develop a cost estimate for rehabilitation, reconstruction, or new construction of your home.

Step 4: DHSEM will provide an Award Determination Letter that details the type of assistance you are able to receive through the New Mexico Home Recovery Program (Minimum Award \$5,000.00; Maximum Award \$350,000.00). The Award Determination Letter can be contested or signed and executed.

Step 5: Once the Award Determination Letter is signed and executed, DHSEM will assign a contractor to work on your home.

3.2.1 Application: Before You Begin

The following conditions apply to all applicants:

- Only completion and submission of the official DHSEM New Mexico Home Recovery Program Application for the 2024 Disaster Events, including the submission of all supporting documentation, will be considered as an application for program benefits.
- Anyone who has submitted a prior application for disaster recovery assistance



through a nonprofit organization, federal, state, or local agency will need to submit a separate application specifically for the New Mexico Home Recovery Program for the 2024 Disaster Events.

- Submission of a public comment form or other written documentation of damage during public meetings or hearings does not constitute an application to the New Mexico Home Recovery Program for the 2024 Disaster Events.
- Submission of an Intent to Apply does not constitute an application to the New Mexico Home Recovery Program for the 2024 Disaster Events. Residents who submitted an Intent to Apply will be contacted by a Disaster Case Manager with information on how to obtain an application.
- For single-family owner-occupied applicants, regardless of the number of individuals per household, there may only be one application per household. Duplicate applications will be closed so that only one application per property address remains active.
- Submitting an application does not guarantee assistance. Applications will be served based on availability of funds, prioritization, and qualification for benefits.
- Qualification for assistance will be certified by program staff prior to the commitment of any award to an activity or beneficiary.
- Anyone who makes an inquiry about the New Mexico Home Recovery Program will be provided assistance to apply for the program during the open application period.

3.2.2 Required Applicant Certifications

As part of the New Mexico Home Recovery Program application process, owner-occupant applicants must sign an Applicant Certification and Homeowner Responsibilities Acknowledgement. *Table 4* below outlines the required certifications and a description of the content of the certification.

Table 4: Applicant Certifications Collected at Intake

Certification	General Description
Release of Information	Authorization from the applicant to share and receive personal information from third parties in connection with the New Mexico Home Recovery Program and for purposes of progressing their case through New Mexico Home Recovery Program.
Right of Entry	Authorization from the applicant for the program to access the damaged property throughout the life of the application.



Certification of Truthfulness	Applicant affirmation that all information provided in the application is accurate.
Subrogation Agreement	Applicant affirmation that any funds received for the same purpose as funds provided under New Mexico Home Recovery Program after provision of assistance through New Mexico Home Recovery Program must be returned to the State of New Mexico.
Environmental Review Construction Stop Work Notice	Applicant agreement to stop all permanent construction work at the damaged property after date of program application until completion of the program's environmental review. Temporary construction should be undertaken to preserve property on an emergency basis, even with the stop work order in place.
Homeowner Responsibilities Acknowledgment	Applicant understands, agrees, and acknowledges their responsibilities throughout the duration of New Mexico Home Recovery Program activities.
Primary Residency Affidavit	Owner-occupant applicant affirmation that at the time of the qualifying 2024 disaster event the damaged property address was their primary residence.
Conflict of Interest Disclosure	Applicant's report of relationship with any public servant, employee, agent, consultant, officer, or elected official or appointed official of DHSEM, or of any designated public agencies, or of subrecipients that are receiving funds under the CDBG-DR Program (collectively, "Public Servant") and the nature of said relationship. Applicants who do not have a relationship with Public Servants must report that no such relationship exists.
Lead Based Paint Disclosure Receipt Verification	Applicant provides verification of receipt of copy or link to EPA's Renovate Right brochure.
No Income Affidavit	If the applicant or adult household member has no income, the applicant or household member must certify that their income cannot be documented.
No Insurance Affidavit	If no insurance coverage was in place at the time of disaster, the applicant must provide an affidavit for this fact.



Communication Designee

If the applicant wishes to authorize a third-party designee to communicate with the program, the applicant must complete and submit a certification with the designee's information. Note that a communication designee is not the same as a Power of Attorney (POA) and therefore, a communication designee is not authorized to make decisions on behalf of the applicant.

3.2.3 Ongoing Records Production and Retention

Applicants are advised that additional information may be required for the New Mexico Home Recovery Program to properly calculate the grant amount and that applicants should maintain all records, receipts, invoices, and other documentation related to any repairs, construction, or clean-up of the property. The New Mexico Home Recovery Program reserves the right to request additional documentation, and the applicant is obligated to be responsive to these requests and produce such documentation, when requested. This obligation continues after all repairs and replacements have been completed and all award funds have been distributed to the applicant.

3.3 Applicant Responsibilities

Applicants must meet the following requirements:

- The home must have been covered by flood and hazard insurance at the time of the qualifying 2024 disaster event **if** the home previously received federal disaster assistance funds that required the maintenance of flood insurance.
- Applicants must have ownership or legal authority to enter into a funding agreement; and
- Applicants must allow access to the property for all program-related staff, inspectors, or contractors as agreed upon through pre-scheduled appointments.
- Applicants must respond to program inquiries and documentation requests timely, within 30 days of any request for information.
- Applicants must cooperate and participate at multiple points during the process, this includes scheduling and attending appointments, inspections, and other required meetings.
- Applicants are responsible for moving out of their property within 30 days of notice by the program that construction is ready to begin as applicable. Move-out includes relocation of people, pets, and belongings.



- Applicants who must move out of their property for the duration of construction activities are responsible for securing their own lodging, food, and other provisions for the duration of the period that they are out of their home.
- Applicants are required to clear the construction project site of excess debris and/or personal property within 30 days of notice by the program that construction is ready to begin. This includes any personal belongings, abandoned vehicles, and buildings that impede construction efforts, permitting efforts, or otherwise pose a safety and/or health threat as determined by the local jurisdiction or person qualified to make such a determination. Failure to remove personal belongings or any other debris from the property within 30 days of the pre-construction meeting may result in the grant being terminated, unless the applicant applies for and is granted an extension.
- Applicants understand that if deemed eligible and granted an award, the necessary scope of work is based on a scope of work approved by DHSEM. This scope of work uses economy/standard grade building materials and does not result in replacement of the damaged property or its components with like or similar materials. The program will provide standard construction plans and design sets. The property will be built or repaired in accordance with the approved scope of work. The applicant may not request any customization or changes to the approved scope of work. The Program will review the scope of work with the applicant at a pre-construction meeting.
- Applicants are responsible for requesting accommodations necessary to ensure the assisted property meets their functional needs. Physically disabled applicants or applicants with a disabled household member may be entitled to additional construction considerations such as low threshold showers, bathroom grab bars, exterior ramps, or other accessibility features that will assist with the individual's functional needs. The program will assess eligibility for these features on a case-by-case basis per a completed reasonable accommodation request form and confirmed disability.
- Applicants must acknowledge that once a grant agreement is executed, they waive any future right to appeal or otherwise contest the determinations of eligibility, award, scope of work, results of all inspections, and funding requirements (including DOB Gap calculation and any DOB Gap funding requirement). From the effective date of the grant agreement, all decisions by DHSEM or its contractors are final and non-appealable.
- Applicants must coordinate with their assigned General Contractor to sign any required permitting documents in a timely manner. If the New Mexico Home Recovery Program is made aware that an applicant is refusing to sign documentation necessary for the project to commence, the applicant will be sent a



notice establishing a 30-calendar day timeframe for sign-off of required documentation. If cooperation is not provided within this window, the award may be revoked and application closed, unless an exception has been granted.

- Applicants must allow the General Contractor and New Mexico Home Recovery Program representatives full access to the property until construction is complete. Owner-occupants or household members cannot move back into the home until authorized to do so.
- Applicants must allow inspections to be performed by program representatives and municipal code inspectors. In the event the applicant must be present or provide access to the disaster damaged property, the applicant must coordinate with the program and schedule in a timely manner. Refusal to cooperate with the New Mexico Home Recovery Program may result in grant termination and removal from the New Mexico Home Recovery Program.
- The applicant must not interfere with the project site. For safety reasons, applicants must stay away from the disaster-damaged property during construction. Applicants will not be permitted to direct program construction activities or provide instructions to the general contractors on means and methods of construction.
- If utilities are required at the applicant's property for rehabilitation activities to occur, the applicant is responsible for maintaining utilities at the property for the duration of the project. The applicant is responsible for all utility bill payments throughout the duration of the program.
- If utilities must be disconnected for construction work, applicants must arrange for utilities to be disconnected within 30 days of the pre-construction meeting. Applicants must stay current on all utility bills during construction, as accounts must be current in most cases for the utility company to reconnect/reinstate services.
- The applicant understands that the program will not pay the cost of mortgage payments and/or lot rent, if applicable, throughout the duration of construction.
- The applicant understands that once the program is complete with construction efforts, the appraised value of their home may increase. As a result, the property taxes owed by the applicant for the property may increase.
- Applicants using threatening or abusive behavior towards program staff which includes but is not limited to the use of profanity, derogatory language, and threats of physical violence will not be tolerated. Ongoing and/or severe abusive behavior may result in termination of the applicant's award, and the applicant may be subject to repay any program funds expended on the project. Additionally, the program may report threatening and/or violent behavior to law enforcement.



- If reasonable and timely access to the property is denied by the applicant or if any of the above stipulations are not met, the program may terminate the award, and the applicant may be subject to repay any program funds expended on the project.

3.4 Voluntary Program Withdrawal

An applicant may choose to voluntarily withdraw from the New Mexico Home Recovery Program at any time. If a withdrawal occurs after construction has commenced, the applicant will be responsible for repaying any New Mexico Home Recovery Program funds that have already been utilized. Applicants must submit withdrawal requests in writing, and the program will record these requests in the case file. If an applicant is unable or unwilling to provide documentation for their withdrawal request, a detailed case note may be used to support the request.

All applicants who decide to withdraw will receive a Voluntary Withdrawal Notice, which confirms that New Mexico Home Recovery Program has acknowledged their request. This notice will inform the applicant that they have 14 days from the date of the letter to rescind their withdrawal request. If the applicant does not rescind their request within this fourteen-day period, their case will be officially withdrawn. Once withdrawn from the program, this decision is final and not subject to appeal. A written request to withdraw can be directed to any New Mexico Home Recovery Program representative, including those from DHSEM.

3.5 Involuntary Program Withdrawal

Applicants applying to the New Mexico Home Recovery Program for assistance have the responsibility to keep the New Mexico Home Recovery Program informed of current contact information or other eligibility criteria changes. In addition, applicants are responsible for actively participating in the process and providing access to their property for required inspections, lead-based paint testing, and construction progress inspections.

The New Mexico Home Recovery Program will make every attempt to remain in contact and advise each applicant of any additional information that may be required to complete the New Mexico Home Recovery Program. However, if applicants show a demonstrated pattern of disengagement, the New Mexico Home Recovery Program will institute a due diligence period to establish contact with the non-responsive applicant. If these attempts fail, the applicant is Involuntarily or Administratively Withdrawn from the New Mexico Home Recovery Program. The timeframes for Involuntary Withdrawal are specified in the first correspondence to the applicant. The ordinary timeframe for the due diligence period is 30 calendar days, but longer periods of time may be provided by the New Mexico Home Recovery Program in unusual circumstances or upon approval of extension requests. The applicant may appeal the Involuntary or Administrative Withdrawal determination within 15 calendar days of the determination by following the Appeals process.



Applicants may be administratively withdrawn by the New Mexico Home Recovery Program for multiple reasons; the following show several example reasons:

- Any applications that are started but not completed and not submitted within ninety (90) days of the initial start of the application or by the end of the application period will be formally withdrawn.
- The program confirms that an application is a duplication of other valid applications or results in an overlap of other program funds.
- An applicant fails to provide required documentation or information after receiving a written request, or to communicate a reasonable timeframe for supplying said documentation.
- An applicant is aggressive and/or abusive to a DHSEM employee or any other representative or affiliate of the program.
- An applicant violates the statement to provide true and complete information by providing false or misleading information.
- An applicant fails to schedule or sign program documents within thirty (30) days of notification.
- An applicant refuses to vacate the property so that rehabilitation or reconstruction work can begin.

Intimidation, threats, or coercion of New Mexico Home Recovery Program staff or its contractors (including construction contractors) may result in the immediate Involuntary or Administrative Withdrawal of the applicant. The New Mexico Home Recovery Program will document any such interaction in the system of record and may withdraw at any stage of program participation, including active construction. Applicants withdrawn during construction may be subject to the recapture of grant funds. Recapture of grant funds may include any construction and other non-construction costs incurred by the New Mexico Home Recovery Program specific to the project.

3.6 Maintaining Ownership of the Property

To participate in the New Mexico Home Recovery Program, the applicant must agree not to transfer the property or any interest in it, whether voluntarily or involuntarily, until the rehabilitation, reconstruction, or new construction has been completed unless the New Mexico Home Recovery Program is notified of the transfer and determines the transfer does not affect eligibility to participate. This also includes voluntarily transferring ownership by giving lifetime rights to another family member or adult household member. Ownership transfers related to homeowners that become deceased or are unable to care for themselves during the recovery process are exempt from this restriction, but other program rules may apply to heirs or successors of the property. The New Mexico Home Recovery Program may request additional documentation to better understand the nature of any ownership transfers, if needed.



In addition, applicants receiving program assistance must maintain ownership of the property for at least six months after construction has been completed. Continued ownership of the property for this specified duration will be monitored. There are exceptions that may allow for the transfer of ownership during the monitoring period. See Section 17.3 (page 111) for additional details.

3.7 Applicant Power of Attorney (POA) and Communication Designees

Applicants may choose to designate other individuals to act on their behalf or to receive information from New Mexico Home Recovery Program regarding the application. Applicants may, at their sole discretion, designate a Power of Attorney (POA), Co-Applicant, or Communication Designee, or any combination thereof. The communication designee form can be found in the New Mexico Home Recovery Program application. The requirements for and powers of each designated representative type vary and are defined below:

- **Power of Attorney (POA):** A Power of Attorney is someone legally authorized to act on the applicant's behalf. The powers afforded to a legally authorized Power of Attorney vary, based on the duly executed POA document. The POA can sign and make decisions on behalf of the applicant according to any limitations set in the POA document. The POA may be limited in certain situations and the POA form may include an expiration date, clauses for death and divorce. The POA form cannot be used if it is expired or if any of the termination clauses have been fulfilled. The New Mexico Home Recovery Program will not aid applicants in designating or securing a POA but will recognize the powers of a legal POA as outlined in a Power of Attorney document submitted by the applicant.
- **Co-Applicant:** A Co-Applicant must be an adult and co-owner of the damaged property. Co-Applicants have the authority to obtain any status information related to the application, but only the principal applicant will have decision making authority.

Applicants are not required to designate a Co-Applicant, regardless of whether the damaged property is owned jointly. In the event that there are co-owners on a mortgage for a home that will be reconstructed both co-owners must be Co-Applicants and must sign the Award Determination Letter and any documents required by the mortgage company.
- **Communication Designee:** A Communication Designee may be any adult person the applicant wishes to designate as an authorized person to receive information about the applicant's New Mexico Home Recovery Program application or project status. The New Mexico Home Recovery Program shall be authorized to share



information with the Communication Designee, but the Communication Designee is not authorized to make any decisions regarding the New Mexico Home Recovery Program application or affect the New Mexico Home Recovery Program application on the applicant's behalf.

Upon receipt of this type of inquiry, it is the Program's responsibility to ensure that a properly executed "Communication Designee" form or POA is on file for the applicant prior to sharing sensitive personally identifiable information to anyone other than the applicant(s). In absence of these forms, the applicant and the applicant's advocate will be informed that execution of one of these documents is necessary prior to the Program communicating with the advocate as needed.

Any of the aforementioned persons, if duly appointed by the applicant, may serve as the applicant's representative in attendance of program inspections, should the applicant be unable or unwilling to attend. In the event that an applicant is unable to attend a program inspection, the applicant's designee (POA, Co-Applicant, or communication designee) may sign the attendance sheet in the applicant's stead. However, only a POA duly authorized to do so may sign program required documents, make agreements or decisions, or otherwise act unilaterally on behalf of an applicant.

Certain stakeholders do not require a communication designee form to receive programmatic updates or receive information about application status. In these instances, the information shared should be limited to the context associated with the request. These stakeholders include elected officials and their staff, local government officials and local government staff, other state agency officials, contractors or vendors working with or for DHSEM in the delivery of recovery programs, lien holders on affected properties, and mortgagees or lenders with an interest (collateral) in the property.

In lieu of a communication designee form, a legal advocate may provide a letter of representation. The letter of representation establishes that the legal advocate is working with DHSEM on the applicant's behalf. This document is equivalent to the communication designee form for the intent of applicant communication with the legal advocate. The letter of representation must make clear who the applicant is and who the point of contact for the legal advocate is.

3.8 Stop Work

Upon applying to the New Mexico Home Recovery Program, applicants are initially required to stop all ongoing repair work. This requirement will be referred to as the "stop work requirement." Failure to comply with the stop work requirement could result in an applicant's ineligibility to the New Mexico Home Recovery Program for full or partial return of funding.



Currently, applicants to the program must only perform work that would be considered an “exempt activity” according to environmental review requirements after they applied for program assistance. Exempt activities include temporary or emergency improvements that are limited to protection, repair, or restoration activities necessary only to control or stop the effects from disasters or imminent threats to public safety including those resulting from physical deterioration of the property. General maintenance of a home is not considered home repair and does not violate the stop work requirement. If a subsequent disaster or other incident results in new damage to the structure, applicants should undertake emergency repair options.

4.0 Income Verification Procedures

4.1 Eligibility Reviews

Once an application has been completed, New Mexico Home Recovery Program staff will review applicant information to determine eligibility for the New Mexico Home Recovery Program. All required documentation will be requested by the applicant or gathered independently by the New Mexico Home Recovery Program. In addition to the criteria listed in Section 2.8 above, the program will review documentation related to previous assistance received following application provisions.

Income calculation includes the annual adjusted gross income (AGI) of all adult household members, including earnings and in-kind sources like Social Security and pensions. The program will use HUD’s published income limits for each county to determine eligibility. Household income will be based on the household’s annual income data per the most recent IRS 1040 adjusted gross income definition, as verified by receiving a copy of all the adult household members’ most recent tax form(s).

4.2 Verifying Income

The New Mexico Home Recovery Program will use the processes for calculating income as defined by HUD, and as described in the following paragraphs. The program certifies income at the point at which sufficient documentation is provided and remains valid for one (1) year. Recertification of income will not be required when a homeowner has executed their Award Determination Letter within one year of the income certification date. Income must be recalculated by the New Mexico Home Recovery Program and recertified if the Award Determination Letter has not been executed within one year of the date of the original income certification.

The following income documentation will be required for each adult household member only if the type of income is applicable and if a prior year income tax return is not available:



1. **Wages.** All paystubs within the past ninety (90) days, or current W-2 Forms, with volume to be based on pay frequency listed below:
 - a. If paid weekly, twelve most recent paystubs must be submitted to the program.
 - b. If paid bi-weekly, six most recent paystubs must be submitted to the program.
 - c. If paid monthly, three most recent paystubs must be submitted to the program.
2. **Retirement or Social Security.**
 - a. Past three (3) Monthly Bank Statements (Social Security Benefits and Pension only);
 - b. Current Social Security Benefits letter (including benefits paid to minors);
 - c. Current Pension/Retirement Benefit letter (if applicable), or prior year 1099 form; or
 - d. Current Annuity Payment letter (if applicable), or prior year 1099 form.
3. **Self-Employment Income.** Most recent tax return (1040 or 1040A), W-2 Forms; and/or Current year profit and loss statement
4. **Rental Income.** Current lease agreements.
5. **Unemployment Benefits.** Current benefit letter with gross benefit amount.
6. **Court Ordered Alimony/Spousal Maintenance.** Copy of court order documentation.
7. **Taxable Interest and Dividends.** Including amounts received by, or on behalf of minors.
8. **No Income.** Adult household members who do not earn an income will be required to submit a Certification of No Income.

The New Mexico Home Recovery Program will accept a certification of zero income if there is a single member of the household or if the certification of zero income is the only documentation of income provided. This form is not required by the New Mexico Home Recovery Program but remains acceptable if there are multiple adult occupants of the household and some adult occupants do not earn an income and wish to certify such.

4.3 Household Size



The size of a household is determined by considering the total number of people who live in the same house, but are not tenants, to be household members. Household members may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated people who share the same house. To determine income eligibility, income must be provided for each person in the household who is eighteen (18) years of age or older.

A child who lives in the house at least fifty (50%) percent of the time and is named in a shared-custody agreement can be counted in the household. Applicants have the option to include permanently absent family members who can be classified as household dependents, such as children attending college or a family member in a nursing home. The head of household has the choice of either counting that person as a member of the household and including their income or determining that the person is no longer a member of the household.

4.4 HUD Income Limits

HUD publishes income limits annually in or around June and issued the 2025 limits on June 1, 2025. At program launch, the New Mexico Home Recovery Program will use the 2025 HUD income limits by county to verify applicant household income. Applications will be evaluated based on the HUD income limits in effect when the application reaches income verification. The program will update the income tables for the program each year when the new income tables are made effective by HUD.

5.0 Duplication of Benefits (DOB)

5.1 Overview

Homeowners who qualify for the New Mexico Home Recovery Program may have previously obtained assistance from various sources to repair their disaster-damaged properties. According to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), 42 U.S.C. §5121 et seq., no individual, business, or entity is allowed to receive federal funds for any losses covered by assistance from other programs, private insurance, charitable organizations, or other means. During the application process, applicants must disclose all assistance they have received for the repair, replacement, or reconstruction of their disaster-damaged properties. The funds reported by the applicants will be verified by the New Mexico Home Recovery Program as part of the DOB review process. It's important to note that not all previously received assistance is considered a duplication of benefits.

To assess whether a duplication of benefits exists, the New Mexico Home Recovery



Program begins by evaluating the "total assistance" available to each applicant for the Fire and Flood 2024 Events, and any future disaster recovery funding for the same event which may become available. Total assistance encompasses all identifiable financial aid accessible to the applicant. However, personal assets like savings account balances or credit card limits are not included in this calculation. Once total assistance is established, the New Mexico Home Recovery Program deducts any non-duplicative assistance the applicant has received. Non-duplicative assistance is defined as: (1) Aid given for a purpose different from that of New Mexico Home Recovery Program funds; or (2) Aid allocated for the same purpose as New Mexico Home Recovery Program funds but used for a different eligible purpose. Duplication of benefits occurs when the total assistance received by the applicant surpasses the non-duplicative assistance. In such cases, the applicant's New Mexico Home Recovery Program award must be reduced by the duplicate amount.

More details about available assistance and non-duplicative assistance are provided below.

5.2 DOB Check

Applicants must disclose all financial assistance awarded and/or received in response to their qualifying 2024 disaster event -related damage, including the following sources:

- FEMA Individual Assistance (IA)
- National Flood Insurance Program (NFIP) and Increased Cost Compliance (ICC)
- Small Business Administration (SBA)
- Private insurance
- Private or nonprofit organizations or donations
- Disaster Recovery Act (DRA) funding
- Other local, state, or federal programs

5.3 Duplication of Benefits Verification

To comply with the federal prohibition against the duplication of disaster benefits, the New Mexico Home Recovery Program will:

- Determine an applicant's unmet need before awarding assistance. An applicant must have an unmet need before any award is offered;
- Verify all sources of disaster assistance received by the applicant by conducting third-party verification, where applicable; and



- Ensure beneficiaries sign a subrogation agreement to repay duplicative assistance if they later receive other disaster assistance for the same purpose.

If the result of this is a positive number, the applicant has a duplication of benefit gap. Duplication of benefit must be deducted from the maximum award an applicant is qualified to receive under the New Mexico Home Recovery Program, in accordance with federal law. Because New Mexico Home Recovery Program awards to eligible applicants in the form of home repair, reconstruction, or new construction, with no funds being paid directly to the applicant, duplication of benefits must be resolved prior to award, either through a reduction in the amount of benefit the homeowner will be provided by the New Mexico Home Recovery Program, known as a scope reduction, or by the applicant providing funds to the New Mexico Home Recovery Program in the amount of the DOB gap. Scope reduction and applicant payment may be used in combination to reduce the DOB gap to zero (\$0) US dollars.

To meet HUD requirements and verify all potentially duplicative funding, the New Mexico Home Recovery Program will obtain the best available duplication of benefits information before providing assistance to an applicant. During intake, applicants will be asked to provide all documentation related to other sources of funding for the qualifying event and the amounts of assistance provided. During this process, applicants are also required to sign the Applicant Release of Information form in the New Mexico Home Recovery Program application, which allows the New Mexico Home Recovery Program to conduct third-party verification of applicant-provided information and documentation.

5.4 Other Disaster Recovery Assistance Programs

5.4.1 FEMA Individual Assistance (IA)

FEMA IA will be determined and verified for the qualifying event by the Program through the FEMA NEMIS database. If the New Mexico Home Recovery Program is unable to verify the FEMA IA amount through the FEMA NEMIS database, it will use the payment amount disclosed by the applicant at the time of application. If an applicant can provide documentation demonstrating that the FEMA IA amount provided by the FEMA NEMIS database includes amounts not paid to cover structural loss, the Program will use the documentation provided by the applicant to adjust the FEMA IA payout amount. The documentation provided by the applicant must come from FEMA.

If an applicant has received assistance for home repairs, the amount received will be considered duplicative and will be evaluated in the Duplication of Benefits calculations to determine the New Mexico Home Recovery Program award amount.



5.4.2 FEMA National Flood Insurance Program (NFIP) and Increased Cost Compliance (ICC)

The New Mexico Home Recovery Program will collect NFIP flood insurance and ICC payment information from the applicant through the application process for the qualifying event. In addition, the New Mexico Home Recovery Program will work directly with NFIP or through a third-party data provider, to verify the information provided by the applicant.

Payments for contents or other expenses are not considered available assistance, as this is funding provided for a different purpose than funds provided by the New Mexico Home Recovery Program. The applicant will be required to provide acceptable documentation as determined by the New Mexico Home Recovery Program in order that these payments be made exempt. Where these payments are verified as such, the assistance will not be considered duplicative.

Exception: Insurance proceeds taken by a mortgage company as a forced mortgage payoff or other situation demonstrated by the applicant wherein, they did not have access to the funds for recovery will not be counted as a DOB, as long as documentation from the mortgage company shows that the payoff was involuntary. The applicant will need to provide supporting documentation demonstrating that the mortgage payment was involuntary, and the New Mexico Home Recovery Program will attempt to verify this information with the applicant's mortgage company.

Voluntary mortgage payoff using insurance proceeds is a DOB that will be evaluated in the duplication of benefits calculation in determining an applicant's award amount.

Structures damaged by flooding may be required to meet certain building requirements to reduce the risk of future flood damage before the structure can be repaired or rebuilt. To help cover these costs, the NFIP includes ICC coverage for all new and renewed Standard Flood Insurance Policies. ICC is considered a DOB if a property owner requests reimbursement or additional assistance for elevation, demolition, floodproofing, or relocation—one of the four options available under ICC—and has already received an ICC benefit under the NFIP. The program will determine DOB regarding ICC funds for elevation and/or demolition activities. If the New Mexico Home Recovery Program is unable to determine the amount/or purpose of the ICC proceeds using documentation provided by the homeowner, the New Mexico Home Recovery Program will seek additional information from other reliable sources including other government programs, including direct information from NFIP or a third-party data provider.

5.4.3 Small Business Administration (SBA) and Other Subsidized Loans

Federal regulations deem approved SBA loans for repair and reconstruction to be available assistance for federally funded repair programs. If an applicant has executed a loan with SBA to cover the cost of repairs or reconstruction, the total amount of the approved loan is



considered available assistance unless the applicant has declined the loan or requested a reduction after SBA initial approval of the loan. The Universal Notice states “the amount of a subsidized loan that is declined or canceled is not a DOB.”

The New Mexico Home Recovery Program will collect SBA information provided by the applicant through the application process. In addition, the Program may obtain data feed from SBA to verify all approved amounts for SBA loans. The New Mexico Home Recovery Program will collect specific information from SBA that breaks out the approved SBA loan amounts into different assistance categories (e.g., real property, personal property, vehicles, etc.).

The New Mexico Home Recovery Program shall comply with all parts of the Federal Register Notice on the treatment of declined, canceled, and active loans with disbursed and undisbursed funds as set in the DOB Notice.

5.4.3.1 Declined SBA Loans

Declined loans are loan amounts offered by a lender but turned down by the applicant, meaning the applicant never signed loan documents to receive loan disbursements. HRP will attempt to verify declined loan amounts using third-party data from SBA. Declined loans must be documented through the SBA data feed in conjunction with written certification from the lender (SBA), for declined loans to be considered funding not available to the applicant.

5.4.3.2 Canceled Loans

Canceled loans are loans (or portions of loans) that were initially accepted for a qualifying event, but all or a portion of the loan was not disbursed and is no longer available to the applicant. This can happen for a variety of reasons, such as the loan commitment terms have expired, the loan has been withdrawn, all or a portion of the loan was not disbursed and is no longer available to the applicant, or cancelation was requested by the borrower. The following documentation will be required to demonstrate that any undisbursed portion of an accepted subsidized loan is cancelled and no longer available to the applicant:

- A written communication from the lender confirming that the loan:
 - Has been canceled and undisbursed amounts are no longer available to the applicant;
 - Were never drawn must be documented through the SBA demonstrating the \$0 draw in conjunction with written communication from the lender (SBA); and
 - Had a portion of the loan drawn, but the remainder cancelled must be verified in the SBA data feed in conjunction with written communication from the lender (SBA). The accepted current loan amount will be considered a DOB.



- A legally binding agreement between the New Mexico Home Recovery Program and the applicant indicating that the applicant agrees not to take actions to reinstate the loan or draw any amounts in the future.

In the case where the applicant has canceled the loan but has not yet passed the period of availability, the applicant will be required to sign the Subsidized Loan Affidavit. Signing this affidavit, by the applicant, certifies that they will not take action to reinstate the loan or draw more funds; and that they understand that they are subject to a DOB analysis once the period of availability has passed which could affect their award amount. Further, the affidavit contains the following language: “Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18. U.S. C. 287, 1001 and 31 U.S.C. 3729.”

Absence of these listed documents will render any approved but undisbursed portion of a subsidized loan inclusion in the DOB calculation of the total assistance unless another exception applies.

For canceled SBA loans, the New Mexico Home Recovery Program will send the Affidavit of Declined or Canceled Subsidized Loan to SBA as notification that the applicant has agreed to not take any actions to reinstate the canceled loan or draw down any additional undisbursed loan amounts. In cases of canceled loans where partial disbursements were made prior to the cancellation of the loan, the disbursed funds will be treated in accordance with Part 14.2.3.3 below. As with declined loans, awards with canceled subsidized loans will have DOB re-verified at project close-out.

5.4.3.3 Active Loans with Disbursed and Undisbursed Funds

A subsidized loan is not a prohibited duplication of benefits under Section 312(b)(4)(C) of the Stafford Act, as amended by Section 1210 of the DRRA, provided that all Federal assistance is used towards a loss suffered as a result of a major disaster or emergency (qualifying event). As part of the DOB analysis, the Program will exclude disbursed loan amounts in the award calculation, provided the funds were:

- Used properly for the same purpose;
- Provided for a different purpose; or
- Provided for the same purpose as the Program’s activities, but used for a different, allowable use as described in Section 14.3 Non-duplicative Assistance.

Applicants with open, subsidized loans will not be required to cancel the loan but will be required to sign a notarized Subsidized Loan Affidavit form. Completion of this notarized affidavit requires the applicant to certify that they will not draw down more funds without the prior approval of the New Mexico Home Recovery Program, and that they understand that funds drawn will be subject to a DOB analysis that may affect the award amount. Further,



the Subsidized Loan Affidavit will be submitted to the SBA or other lender which states that the applicant has agreed to request permission to draw more funds from the DHSEM before proceeding.

The New Mexico Home Recovery Program will revise previously calculated awards for applicants with undisbursed subsidized loan assistance from SBA or other sources to provide additional CDBG-DR assistance. The amount of any additional New Mexico Home Recovery Program assistance will be based on a revised DOB analysis that excludes accepted but undisbursed loan amounts from the total assistance when calculating the maximum CDBG-DR awards. The New Mexico Home Recovery Program will, on a case-by-case basis evaluate loans remaining open for non-duplicative activities. In cases where the undisbursed loan amount is for potentially duplicative activities, the New Mexico Home Recovery Program will notify the lender (SBA or other) and will obtain a written agreement from the applicant that the applicant will not make additional draws from the subsidized loan without the New Mexico Home Recovery Program's approval. Applicable New Mexico Home Recovery Program funding caps remain in effect for any award amount changes performed under this guidance. The New Mexico Home Recovery Program will re-verify all DOB at project close-out.

5.4.3.4 Reimbursement of Subsidized Loans

The New Mexico Home Recovery Program does not provide reimbursement of subsidized loans to applicants participating in the New Mexico Home Recovery Program. Subsidized loan amounts that satisfactorily meet the exception criteria outlined above will not be considered a duplication of benefits and will therefore not need to be contributed to an escrow payment or otherwise paid by the applicant to execute the New Mexico Home Recovery Program approved scope of work. If subsidized loans contribute to a DOB calculation that includes other forms of assistance (such as FEMA IA, homeowner's insurance, NFIP claims, etc.) reimbursement may be paid in excess of those other assistances received but not to include the subsidized loan amount.

5.4.4 Private Insurance

All property or casualty insurance, including flood and settlement amounts for loss to dwellings related to the qualifying event, are deducted from the applicant's funding assistance award if their use is unsubstantiated by the applicant. DHSEM may verify insurance received through third-party sources, such as directly from an insurance provider, if possible. Private insurance payments for contents or other non-duplicative expenses are not deducted from the applicant's award. Insurance proceeds are initially determined by the New Mexico Home Recovery Program through applicant-provided information. Applicants must also authorize the New Mexico Home Recovery Program to contact third-party private insurance providers to verify information provided by the applicants.



5.4.5 Other Assistance

Assistance received for the same purpose of a New Mexico Home Recovery Program award for the qualifying event, such as funding provided by a foundation, non-profit entity, or other local, state, or federal programs to assist applicants with rebuilding their home, must be reported by applicants through the application process and must be accounted for and verified by the New Mexico Home Recovery Program. In addition, supporting documentation related to other duplicative funding sources must be provided by the applicant and verified and applied as a duplication of benefits by the New Mexico Home Recovery Program.

5.5 Non-duplicative Assistance

Not all assistance received by an applicant is considered duplicative of assistance provided under the New Mexico Home Recovery Program for housing repair, reconstruction, or new construction. Previous assistance received that is considered nonduplicative will not be considered a duplication of benefit calculation. If the New Mexico Home Recovery Program cannot make this determination with the documentation available, the applicant may be asked to provide documentation to support this determination.

The New Mexico Home Recovery Program will allow for reductions of duplication of benefit calculation totals if the applicant can prove that the use or control of the funds meet certain criteria. In accordance with Federal Register, Vol. 88, No. 96, May 18, 2023, the New Mexico Home Recovery Program may exclude for duplication of benefits purposes, assistance that was: (1) Provided for a different purpose; or (2) Provided for the same purpose, but for a different, allowable use. Each of these categories is further described below.

5.5.1 Funds for a Different Purpose

Any assistance provided for a different purpose than the CDBG-DR eligible activity, or a general, nonspecific purpose (e.g., “disaster relief/recovery”), and not used for the same purpose must be excluded from total assistance when calculating the amount of the DOB. There are three (3) general categories for which homeowners generally receive assistance:

1. Replacement housing;
2. Repair assistance; or
3. Interim (temporary housing).

Of these three categories, the assistance provided by the New Mexico Home Recovery Program is generally considered to be repair assistance. Funding received for purposes different from the purpose of assistance offered under the New Mexico Home Recovery Program will be excluded for purposes of duplication of benefit determination.



5.5.2 Funds Not Available to the Applicant

Funds that are not available to an applicant may also be excluded from the final New Mexico Home Recovery Program award calculation. Funds are not available to the person or entity if the person does not have legal control of the funds when they are received and are used for a non-duplicative purpose.

For example, if a homeowner's mortgage requires any insurance proceeds to be applied to reduce the lien balance, then the bank/mortgage holder (not the homeowner) has legal control over those funds. Therefore, the homeowner is legally obligated to use insurance proceeds for that purpose and does not have a choice in using them for any other purpose, such as to rehabilitate the house. Under these circumstances, insurance proceeds do not reduce assistance eligibility. Alternatively, if a disaster affected homeowner chooses to apply insurance proceeds to reduce an existing mortgage, or requests that the lender demand payment, insurance proceeds reduce the amount of disaster assistance eligibility. In addition, if a mortgage requires insurance proceeds to be used for repair of the property, those proceeds must be considered a DOB for that purpose. A homeowner does not need to possess cash assistance to be considered as being under legal control over receiving benefits for a particular purpose.

5.5.3 Contractor Fraud

If a homeowner was a victim of contractor fraud, the amount paid to the contractor is not to be counted as a DOB provided the homeowner filed a police report and made every effort to recover the funds prior to the date of the application. The New Mexico Home Recovery Program will request a copy of the police report as supporting documentation to verify contractor fraud and demonstrate that the expense is not a DOB.

5.5.4 Forced Mortgage Payoff

If a homeowner's mortgage company placed a force payment on insurance proceeds, the insurance amount may not count as a DOB. In such cases, the amount verified by the New Mexico Home Recovery Program that was used for this purpose can be excluded from the DOB calculation if it is supported by appropriate supporting documentation. Such documentation should be in the form of a letter that is on mortgage company letterhead and signed by an authorized mortgage company representative stating the homeowner was required to use disaster assistance funds for mortgage pay down. The New Mexico Home Recovery Program will attempt to verify this information with the homeowner's mortgage company. Voluntary mortgage payoff, using insurance proceeds, is a DOB that will be counted in a homeowner's award calculation.

5.5.5 Legal Fees

Legal fees that were paid in successfully obtaining insurance proceeds will be credited to



the homeowner and will be excluded as part of their DOB. Homeowners will need to provide evidence of payment and a judgment or settlement document demonstrating the homeowner's success in the legal action. All other legal fees that a homeowner may have paid out of any disaster assistance proceeds will be included as part of their DOB.

5.5.6 Funds for the Same Purpose, but Different Eligible Use

Funds received for the same purpose as funds provided under the New Mexico Home Recovery Program, but that were used by the applicant for a different allowable use may be excluded from the final award calculation. In some instances, funds provided for the same general purpose (e.g., rehabilitation of a home) as the CDBG-DR funds, may have been used by the applicant for a different allowable use. In these circumstances, if the applicant can document that the funds received were used for a different, but eligible use, then the funds are not duplicative. During the damage assessment, the New Mexico Home Recovery Program will conduct a Damage Repair Valuation (DRV), which quantifies a value assigned to repairs completed by the applicant prior to program application. The DRV is further described in Section 15.0 Damage Assessment and Environmental Review of these program guidelines. Eligible, verified repairs outlined in the DRV will be used to exclude duplication of benefits as funds for the same general purpose (home repair), but different eligible use.

The applicant may also provide documentation, such as receipts or paid invoices, demonstrating that funding was spent on a different eligible use. The New Mexico Home Recovery Program will review documentation submitted on a case-by-case basis.

5.5.7 Allowable Cost of Repairs

Homeowners who used benefits received from insurance, SBA, and FEMA or other sources to make repairs sustained to their property as a result of the 2024 Disaster Event impact and can document these expenditures may be able to deduct verifiable amounts of these expenditures from the DOB assessment. This means that the original DOB amount assessed by the New Mexico Home Recovery Program can be reduced by the amount the homeowner spent on verifiable eligible repairs.

A program inspector must determine with reasonable assurance that the repairs were made after the date of the disaster event by conducting an inspection and documenting the repairs, which will be used to inform the DOB and evaluation process. Xactimate will be utilized to determine the value of the repairs.

5.6 Duplication of Benefits Gap

In general terms, a DOB Gap is the total amount of previously received funding deemed duplicative that exceeds the value of the New Mexico Home Recovery Program award and is required to be met prior to grant agreement execution. The gap can sometimes be filled



through a reduction in program scope of work equal to the value of the gap amount, but this is not always feasible. When the scope cannot be reduced to account for the gap, the applicant will have to provide the excess funds to the program. The program will place those funds in an escrow account and use those funds first to pay for the applicant's construction activities.

In more technical terms, if the amount of previous assistance received, minus excludable benefits, is greater than zero (\$0.00), that creates a DOB Gap (**Previous Assistance - Excludable Benefits = DOB Gap**). If the DOB analysis reveals that a DOB Gap exists, the DOB gap must be satisfied (reduced to zero) prior to the execution of a New Mexico Home Recovery Program Award Determination Letter.

The DOB Gap may be satisfied by the applicant in one or a combination of the following ways:

- The DOB Gap amount, along with all future non-excludable benefits received by applicant(s), shall be provided to DHSEM and deposited in a DOB Gap Funding Account prior to the execution of the New Mexico Home Recovery Program Award Determination Letter.
- If the applicant qualifies for a reconstruction or new construction award, the DOB Gap may be satisfied through a scope reduction which reduces the dollar value of the benefit provided to the applicant through the New Mexico Home Recovery Program as described in the sections below:
 - Applicants who qualify for a repair award may not elect a scope reduction.
 - Scope reductions that would cause overcrowding will not be authorized.

Applicants will be notified in writing if a DOB Gap is discovered. Applicants will have 30 calendar days from the date of notification of DOB Gap to appeal the DOB gap determination or satisfy the DOB gap by providing funds in the amount of the DOB gap, accepting a scope reduction as described below, or both. If an applicant fails to satisfy the DOB gap within the 30-calendar day timeframe allotted, the applicant's case will be closed, unless an extension was requested and granted.

5.6.1 Rehabilitation with DOB Gap

If the New Mexico Home Recovery Program is rehabilitating the damaged property and the DOB Gap is discovered, the applicant *must* provide funds in the amount of the DOB Gap to be deposited into a DOB Gap Funding Account prior to executing a New Mexico Home Recovery Program Award Determination Letter. If the applicant does not deposit additional funds, then rehabilitation will not start on the damaged property until the DOB Gap is resolved. Given that rehabilitation will only bring the home back up to current code or New Mexico Home Recovery Program standards, the scope reduction option to cover DOB Gaps cannot be offered on rehabilitation projects.



5.6.2 Reconstruction or New Construction

If the New Mexico Home Recovery Program is reconstructing or replacing the damaged property and the DOB Gap is discovered, the applicant shall either:

1. Provide funds in the amount of the DOB gap to be deposited into a DOB Gap Funding Account prior to the execution of the Award Determination Letter; and/or
2. Take a scope reduction which reduces the dollar value of the benefit provided to the applicant through the New Mexico Home Recovery Program.

Applicant-provided funds that are deposited into the DOB Gap Funding Account for DOB Gaps will count toward the New Mexico Home Recovery Program award cap of \$350,000. All DOB Gap Funding will be drawn down first, prior to the use of program funds.

Applicants eligible for reconstruction or new construction may elect to take a scope reduction and/or provide funding to close the DOB Gap if the New Mexico Home Recovery Program is able to offer it. In some instances, a scope reduction may not be feasible and therefore may not be a feasible method for satisfying the DOB gap. If the applicant elects to take a scope reduction, the New Mexico Home Recovery Program will assist the applicant with choosing a smaller house plan. Scope reductions that would cause overcrowding will not be authorized.

Scope reduction may be used to satisfy a DOB gap up to \$20,000. If the DOB gap remains greater than zero upon scope reduction, the applicant is required to provide the DOB gap funds with a cashier's check or money order. If the applicant is unable or unwilling to provide funding for the DOB Gap within the 30-day time frame as described in Section 9.5.8, the application will be closed.

5.6.3 DOB Gap Exceeds Estimated Cost of Repair (ECR)

An applicant can meet the requirements for New Mexico Home Recovery Program eligibility but not qualify for an award. If the previous benefits received by the applicant are greater than the estimated cost to complete the rehabilitation, reconstruction, or new construction project, the applicant will be denied New Mexico Home Recovery Program assistance even though they are otherwise eligible.

5.7 Award Determination Letters

All applicants receiving assistance will be required to sign an Award Determination Letter that includes language prohibiting the receipt of duplicative assistance. The Award Determination Letter contains a subrogation clause that gives the New Mexico Home Recovery Program the right to collect any duplicative payments that are received after an award is made. As part of this agreement, applicants must agree they will report receiving benefits by emailing or calling within one month (30 days) of receipt of additional proceeds



and/or benefits. If the applicant fails to report additional insurance proceeds or other disaster benefits, DHSEM may require immediate repayment of the full award. While the award amount is not disbursed directly to the applicant, it may be subject to adjustment or recapture based on New Mexico Home Recovery Program compliance.

Recipients of assistance must report any home damage-related assistance they receive for one year after the award of New Mexico Home Recovery Program funds or at program closeout, whichever is sooner.

5.8 Subrogation Agreement

All duplicative funding received must be remitted to or accounted for, regardless of when the applicant received it. If applicants receive additional funding for the same purpose as the New Mexico Home Recovery Program award (permanent repair to property), even after an Award Determination Letter is executed, the applicant is required to report the additional funding to the New Mexico Home Recovery Program. By accepting the award, applicants agree that they will report any duplicative funds to the Program whenever received. Upon receipt of a report that benefits have been received that were not reported in the grant calculation, the New Mexico Home Recovery Program will recalculate the applicant's award and provide instructions as to whether such funds must be used in construction prior to additional funding by the New Mexico Home Recovery Program, whether the applicant's award will be reduced by such amount, or whether the applicant must remit such amounts to the New Mexico Home Recovery Program.

5.9 DOB Due Diligence and Monitoring

DHSEM will re-review duplication of benefits (DOB) received by the applicant at project closeout. DHSEM is required to monitor DOB for a period of time after project completion, in accordance with the subrogation agreement. The applicant must repay any assistance later received for the same purpose as those awarded through CDBG-DR funds.

6.0 Environmental Hazards

6.1 Site Inspection Overview

The application will be assigned to an initial site inspection of the applicant's home. This will include inspection of the inside and outside of the home. The purpose of this inspection is to document site conditions, verify damage attributable to the disaster, and estimate cost of repair. The applicant(s), communication designee, or Power of Attorney will need to be present for the initial site visit.



Some properties will also be assigned for a lead-based paint (LBP) inspection. This is also an interior and exterior inspection requiring the applicant or his or her designee to be present and allow access to the home. LBP inspections are only required if the home was constructed prior to 1978 and is not condemned. An LBP inspection will not be required when a pre-1978 original structure will be demolished and reconstructed by the New Mexico Home Recovery Program.

An environmental site visit will be required of every property. This is an exterior only inspection and does not require the applicant or a designee to be present, as long as the property can be accessed from the right of way freely. Should coordination of access to the property be necessary, the applicant or his or her designee will need to make such access available. The inspector will note any environmental concerns on the site or nearby that could affect the project. The environmental team will use the checklist and photos provided by the inspector to complete the Tier II environmental review record (ERR). Any environmental mitigation factors will be incorporated into the final ECR.

Testing for radon and asbestos containing material may also be necessary. However, these assessments will be conducted during the construction process, after the applicant has already vacated the property and as determined to be necessary by the program and/or the general contractor assigned to the project.

6.1.1 Lead Based Paint and Asbestos Hazard Identification

The inspection of lead-based paint hazards complies with the Lead Safe Housing Rule (LSHR) (24 CFR § 35, subparts B-R). Where such hazards are detected, the homeowner(s) will be notified, and appropriate steps will be taken to mitigate dangers from lead-based paint.

If the housing unit to be assisted was built prior to 1978, and will be rehabilitated, the assisted unit will be tested for the presence of LBP, including lead-dust hazards. If present, the stabilization, encapsulation, or removal of lead-based paint will be considered in the costs of rehabilitation and included in the feasibility analysis for repair versus reconstruction. Projects that will be reconstructed will result in the demolition and removal of the structure, and therefore any potential lead hazards associated with the structure. As such, no lead-based paint testing will be conducted on reconstruction projects determined to be such at the time of the initial site inspection.

Federal asbestos regulations for testing and identification of asbestos apply to “facilities” as defined by those regulations. Single-Family housing does not meet this definition and is therefore exempt from the testing and identification requirements. However, federal health and safety standards and materials handling and disposal requirements for ACM still apply at the construction phase. Contractors are responsible for identifying and testing for ACM when such material is suspected. All testing must comply with state standards and be conducted by NM-accredited asbestos professionals. The program will include costs for



testing through the change order process and based on a standard rate established by program policy. Contractors are to follow all state and federal requirements for worker and occupant safety, as well as materials handling and disposal. All asbestos abatement will be done in accordance with EPA rules and regulations and the general contractor will be required to provide the New Mexico Home Recovery Program with a copy of the disposal manifest for all asbestos-containing materials removed from the site as a condition precedent to final payment. A copy of the manifest will be uploaded to the applicant's file.

6.1.1 Lead-Safe Renovation Notifications

At intake, all households in occupancy (owner and tenant occupied) of a CDBG-DR-assisted home shall receive a copy of *Protect your Family from Lead* booklet. The *Lead-Safe Certified Guide to Renovate Right* brochure will be provided by the general contractor ninety (90) calendar days prior to the start of construction. Additional copies will be made available at the centers upon request. The brochure is also available on-line at: [Protect Your Family From Lead in Your Home](#).

6.1.2 Radon Testing

Radon testing must be conducted as determined by the New Mexico Home Recovery Program. Homes that will be rehabilitated, which are not exempt from testing requirements and in which radon levels test above regulatory standards will require radon mitigation. Passive mitigation measures will be incorporated into the scope of work based on the results of testing, subject to program eligibility and funding availability. Homes approved for reconstruction or new construction will incorporate radon-resistant construction techniques consistent with applicable building codes, federal guidance, and recognized best practices.

6.1.3 Mold Assessment and Testing

Mold assessment and/or testing of the existing structure are not performed on reconstruction or new construction projects.

If the initial site visit visual inspection of a home that will be repaired reveals the presence of mold, additional testing is not necessary unless recommended by the damage assessor. Scope will be included in the repair estimate to treat suspected areas of mold. Should the removal and replacement of home components be required to address suspected areas of mold, this will also be included in the repair estimate.

7.0 Damage Repair Verification (DRV) and Estimated Cost of Repairs (ECR), and Feasibility of Repair



As a result of the initial damage inspection, the program inspector will produce the Damage Repair Verification (DRV), which verifies and estimates the amount of repairs previously completed to the home, and the Estimated Cost of Repair (ECR) for the amount of repairs necessary to bring the home to New Mexico Home Recovery Program standards.

All property improvements identified in the DRV and ECR address code violations, include Green Building Standards (as applicable), repair disaster damage, and promote mitigation and resiliency. It is important to note that assessors do not evaluate structural damage to a home but do identify and record the potential or presence of such damage. The New Mexico Home Recovery Program will arrange for a licensed structural engineer to evaluate any indications of structural damage observed or suspected by the damage assessor or identified by the construction contractor during construction.

The DRV and ECR are itemized estimates of the repairs completed as well as those remaining repairs needed as observed during the site visit to the applicant's home. The calculation quantifies materials and labor necessary for repairs. These estimates are based upon Standard Grade materials within the cost estimates. The DRV and ECR costs are produced using construction industry software (Xactimate), which collects costs for materials, labor, and equipment in the area in order to arrive at an accurate estimate of repairs.

The ECR does not provide an evaluation that takes into account an exact replacement of the homeowner's original home. In contrast to insurance estimates that may be based on replacement costs, the ECR evaluation is based on standards for basic livability developed for the program and on costs developed by the construction industry for those items. The methodology used to prepare the ECR is to account for those scope items that can be counted, measured, or observed. No destructive testing is performed during the estimation process; however, the damage assessors will be as thorough as possible at the time of inspection. Limitations such as hidden damage exist due to the lack of destructive testing and the home generally being lived in/non-vacant at the time of inspection. This means that hidden damage is not accounted for during this process. For example, termite damage behind a wall would not be discoverable during the estimation process if the wall covering is intact.

7.1 Subsequent Damages to Applicant Homes

HUD's guidance recognizes that long-term recovery can be a lengthy process and an applicant's disaster-recovery needs can change at different points of time and after impacts from a subsequent disaster. A change in an applicant's circumstances, such as additional damage resulting from another qualifying disaster event, can affect an applicant's unmet need and award calculations. Based on this guidance, it is possible to provide applicants with additional assistance for later disaster event damage if the following conditions can be met:



- The applicant can demonstrate tieback to the qualifying event;
- The applicant can demonstrate subsequent damage related to a later event; and
- The subsequent damage and re-evaluation of unmet needs occurs before the initial need for which the assistance was granted has been fully met (e.g., before the property was fully repaired).

This applies when an applicant is currently seeking CDBG-DR assistance and is in the middle of a CDBG-DR funded recovery effort when their unmet recovery needs change.

If an applicant's property is subject to a subsequent disaster, the program may assess and scope additional work to repair the home.

7.2 Feasibility of Repair Analysis

As a recipient of Federal funds, DHSEM is charged with ensuring that the costs of its activities are reasonable and necessary. Therefore, each property assessed under the New Mexico Home Recovery Program will be analyzed for feasibility of repair consistent with an overall program goal to improve the housing stock of the impacted areas.

Following initial applicant eligibility activities, the damage assessment team will conduct a site visit to the home to:

- Determine if the property has any unrepaired disaster damage remaining;
- Complete the Tier II environmental review checklist;
- Prepare a DRV; and
- Prepare the preliminary ECR.

If, after the site visit, it is discovered that the home does not have any unrepaired disaster damage, the application is ineligible to participate in the program.

During the feasibility analysis following the completion of the ECR, the determination will be made as to whether the home will proceed as a rehabilitation, reconstruction, or a new construction.

If the value of the repairs needed exceeds 60% of the program-assessed value of replacement, the program will make a determination that the home will be considered for reconstruction only.

If a local floodplain administrator has made a determination that the home has sustained substantial damage or that repair of the home would constitute substantial improvement, the home will be reconstructed rather than repaired. Reconstruction will result in an elevated structure in compliance with local and program requirements.



If the home has a slab-on-grade foundation and the program determines that the home must be elevated, the project will flip from a repair project to a reconstruction project with reconstruction at the appropriate elevation.

Homes that have already been demolished, which are condemned by the local building authority, or deemed unsafe to enter by the program inspector will be considered for reconstruction only.

MHU's older than five (5) years old or with more than \$5,000 (if single wide) or \$10,000 (if double wide) in needed repairs will be replaced rather than repaired.

If the home is determined to be a reconstruction project, the home will be replaced with a standardized floor plan of the same bedroom/bathroom composition. Homeowner requests to customize the floor plan or change the approved scope of work will not be authorized outside of an approved reasonable accommodation for accessibility purposes.

7.2.1 Not Suitable for Rehabilitation

In the absence of a jurisdiction's determination on substantial damage or substantial improvement, the Program will use its threshold for "Not Suitable for Rehabilitation." The definition of "Not Suitable for Rehabilitation" is:

1. Properties with total damage (estimated cost of repairs) greater than or equal to sixty (60%) percent of the program-assessed replacement value.
 - For purposes of calculating this threshold, the replacement value excludes accessibility-related costs (such as ramps and lifts), unconditioned garage space, and approved change orders.
2. Properties that have been determined to be not suitable for rehabilitation by order of the local jurisdiction or are unsafe to inspect due to damage to the property.
3. Slab-on-grade properties located within the FEMA-designated 100-year floodplain that are not currently elevated two feet above base flood elevation (BFE) or two feet above an interior high-water mark, in accordance with program elevation requirements.

The New Mexico Home Recovery Program may determine that reconstruction of a damaged property is the best path forward if the facts and circumstances of the recovery scope make reconstruction more feasible than rehabilitation, regardless of the criteria above. This includes a contractor, engineer, or other subject matter expert determination that rehabilitation is infeasible. Determinations that a reconstruction or other recovery method is more feasible shall be documented in the application record.

8.0 Environmental Review



Every project undertaken with CDBG-DR funds and all activities related to that project are subject to the provisions of the *National Environmental Policy Act of 1969* (NEPA), as well as the HUD environmental review regulations at 24 CFR § 58.

To comply with these requirements, the New Mexico Home Recovery Program must:

- Complete the environmental review process prior to committing funds to an applicant's project through a contract, grant agreement, or disbursing funds; and
- Ensure that no work (other than "emergency repairs" as defined above) is started on an applicant's home, even if that work is completed with private funds, after application submission and prior to the completion of the environmental review process.

Violations of these requirements may jeopardize federal funding for an applicant's project and result in disallowed costs that may have to be repaid or recaptured.

The environmental review process is tiered, comprised of a Tier I and Tier II review, or a single site-specific review. The Tier I review is conducted at the programmatic level and is used to identify the federal and state environmental concerns that can be cleared at a global level, causing no further need for study, and those that must be examined more closely on a site-specific basis. The Tier II environmental review considers the site-specific impacts of each project in relation to those environmental concerns that cannot be cleared in the Tier I review at the programmatic level. All applications must pass a federally required site-specific Tier II environmental review.

The categories addressed in Tier I/Tier II include:

- Historic Preservation, including State Historic Preservation Office and Tribal Reviews and National Historic Landmark;
- Floodplain Management and Flood Insurance;
- Wetlands;
- Coastal Zone Management Act;
- Sole Source Aquifers;
- Endangered Species Act;
- Wild & Scenic Rivers Act;
- Air Quality;
- Farmland Protection Policy Act;
- Environmental Justice;
- Noise Abatement and Control;



- Siting of HUD-Assisted Projects Near Hazardous Operations;
- Toxic Chemicals and Gases, Hazardous Materials, Contamination, and Radioactive Substances;
- Airport Clear Zones and Accident Potential Zones; and
- Coastal Barrier Resources Act/Coastal Barrier Improvement Act.

This environmental review will be performed at the program's expense. Issues identified through the environmental review process will be addressed and in some cases mitigation measures implemented either before or during the construction process. Homeowners will receive all federally required notifications.

The environmental review is a separate and distinct review from any other review. Other previously performed (or homeowner-provided) environmental reviews will not satisfy the program's requirements but can be taken into consideration in the review process. If an environmental condition identified on a homeowner's property, all mitigation requirements covered in the site-specific review will be incorporated into the project-specific scope of work for repair, reconstruction, or replacement.

During the environmental review, the program may determine that due to extraordinary environmental conditions, the site is not feasible for rehabilitation, demolition, or reconstruction. In these cases, the property may be determined to be ineligible for assistance.

9.0 Elevation & Flood Insurance Requirements

The New Mexico Home Recovery Program will follow HUD guidance to ensure all structures, as defined in 44 CFR 59.1, designed principally for residential use and located in the 1-percent-annual-chance (or 100-year) or 0.2-percent annual-chance (or 500-year) floodplain, that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined at 24 CFR 55.2(b) (10), will be elevated with the lowest floor, including the basement, at least two (2) feet above the BFE or 500-year flood elevation. A final elevation certificate will be obtained for all reconstruction projects located in the 100-year floodplain and 500-year floodplain.

Local requirements may require additional elevation height (freeboard). Local requirements for evaluations more than two (2) feet above BFE and the HUD requirement prevail, where required. Slab-on-grade homes requiring elevation will not be elevated but will convert to a reconstruction project. The reconstructed home will meet elevation requirements.



The definitions of “substantial damage” and substantial improvement are outlined in 44 CFR § 59.1 as transcribed below:

- “Substantial damage” means damage of any origin sustained by a structure whereby the cost of restoring the structure to its before damaged condition would equal or exceed 60 percent of the market value of the structure before the damage occurred.”
- “Substantial improvement” means any reconstruction, rehabilitation, addition or other improvement to a structure, the total cost of which equals or exceeds 60 percent of the market value of the structure before the start of construction of the improvement.

Substantial damage determinations are not made by the program, but rather by floodplain administrators in the local jurisdictions. The program will abide by such determinations and reconstruct the home at the required elevation.

9.1 Elevation Requirements

Elevation of residential structures located within the 100-year floodplain is not independently eligible under the HRP. However, elevation is required when triggered by applicable federal, state, local authorities, and/or HRP guidelines.

- **Rehabilitation**
Homes in the 100-year floodplain receiving a rehabilitation award which will need to be elevated due to federal, state, local authorities, and/or New Mexico Home Recovery Program guidelines and are slab-on-grade construction will automatically flip to a reconstruction rebuilt at proper elevation and in substantially the same footprint as the damaged structure.
- **Reconstruction**
Homes in the 100-year floodplain receiving a reconstruction award will be rebuilt at proper elevation and in substantially the same footprint as the damaged structure.
- **New Construction Activities**
When a Homeowner’s award qualifies as a new construction, the rebuilt structure must comply with all applicable FEMA, state, local floodplain elevation requirements. The new site must be located outside of the floodplain.

9.1.1 Eligible Elevation Costs

Eligible activities and costs related to home elevation include the following:

- Disconnection of all utilities.
- Installation and removal of beams for lifting the home.
- Cribbing for a raised house while the foundation is being built.



- Building the foundation so that the lowest floor is two feet above the 100-year base flood elevation; financial assistance will also be provided for work to bring the housing into compliance with applicable codes, ordinances, and standards as needed.
- Lowering the house onto the foundation.
- Seismic retrofitting of the elevated foundation, including attachment of the home to the foundation.
- Reconnecting utilities, including extending lines and pipes if necessary and elevating all utilities, service equipment, and mechanical systems (A/C unit, hot water heater, furnace, outlets for electricity, etc.).
- Providing meter-reader access if necessary.
- Permanently fixing improvements.

Additions to the habitable space of the structure may be eligible for assistance only in the following instances:

- Construction of a utility room above base flood elevation (BFE) where utilities cannot be stored in the house or there is no other cost-effective way to elevate the utilities. If space must be constructed, it should not be greater than one hundred (100 sf) square feet.
- Elevation of an existing deck, porch, or stairs or construction of a new set of steps per minimum code requirements.
- Where a homeowner or members of the family are physically disabled, multiple special access points are eligible for funding where necessary to meet compliance with code. Where ramps are used to provide access, they should be designed to meet federal standards for slope and width.

Other eligible assistance will be provided to replace, restore, or repair the structure in the following instances:

- Repair to the foundation where it is necessary for the safe elevation of the structure.
- Replacement of termite-damaged or dry-rotted wood framing when associated with elevation or if required for recommended seismic bolting or bracing.
- Minimum costs of exterior sheathing associated with materials damaged or removed during the elevation process only (exterior finish must meet standards for NFIP damage-resistant materials and local code).
- Insulation for pipes when required by local codes and standards.
- Seismic upgrades per local and/or state codes as required, including bolting



structure to foundation and crippling walls.

- Rough grade of yard and seeding of grass if damaged by equipment during the elevation process or where the elevation action affects slopes.
- Miscellaneous items such as sidewalks and driveways.

9.1.2 Ineligible Elevation Costs

Ineligible improvements and costs include the following:

- Structures not considered the primary residence (e.g., detached garages, sheds, and/or barns).
- Additions, expansions, or elevations of appurtenances, except as noted above.
- Rehabilitation deemed damaging to the historical character or value of a structure by the State Historic Preservation Officer (SHPO).
- Repair or replacement of non-essential or luxury items, such as swimming pools or Jacuzzis.
- Properties located in the regulatory floodway or on federal leased land.
- Elevation of a masonry chimney.
 - If a fireplace is the sole source of heating, funds will be used to purchase and install an adequate heating system that meets the minimum local building code requirements.
- Additional costs to repair existing underground utility lines that have deteriorated or do not meet code requirements, where such lines are not the responsibility of the utility company.
- Costs to elevate significantly higher than the standard two feet above base flood elevation unless part of a local government building code or ordinance and approved by the state with receipt of documentation describing the rationale. The rationale and approval are included as part of the applicant file.
- Landscaping costs.
- Costs to make improvements in cases where existing floor systems have been inadequately designed or constructed with undersized materials.
- Costs for replacement of utility service components that are undersized, have inadequate capacity, or are unsafe, unless directly related to the action of elevating (e.g., wells, pumps).
- New furnaces except as noted above.



9.2 MHUs and Elevation

Leased or owned property on which a new MHU unit will be placed must be located outside of the floodplain. Therefore, no elevation or additional flood insurance considerations are necessary to comply with the program requirements.

In cases where a MHU owner is unable to lease or purchase a replacement site outside of the 100-year floodplain due to land availability, affordability, zoning restrictions, or ownership constraints, the HRP may consider elevation of the existing or replacement MHU as a reasonable and necessary mitigation measure. These situations may be considered on a case-by-case basis for an exception to program policy. If an exception is granted and the standard three-foot elevation of a MHU installation does not meet the 2+BF E requirement, the MHU may be installed at an additional elevation height as long as such elevation is structurally feasible, allowed within the local jurisdiction, and safe for occupancy. In no case may a MHU be installed at a height greater than six (6) feet.

9.3 Ineligible Properties in Floodway

A "Regulatory Floodway" or "floodway" means the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than a designated height. Homes located in a floodway are ineligible for repair or replacement in the same location. The applicant may have the option for reconstruction in another location as long as the applicant secures the new property or the right to occupy the new property.

9.4 Obtaining and Maintaining Flood Insurance

Section 582 of the National Flood Insurance Reform Act of 1994 (NFIRA) (42 U.S.C. 5154a), as amended, prohibits flood disaster assistance in certain circumstances. In general the NFIRA provides that no Federal disaster relief assistance made available in a flood disaster area may be used to make a payment (including any loan assistance payment) to a person for repair, replacement, or restoration for damage to any personal, residential, or commercial property if that person at any time has received flood disaster assistance that was conditional on the person first having obtained flood insurance under applicable Federal law and subsequently having failed to obtain and maintain flood insurance as required under applicable Federal law on such property. This means that DHSEM may not provide disaster assistance for the repair, replacement, or restoration of a disaster-damaged property to a person who has failed to meet these requirements.

Section 102(a) of the Flood Disaster Protection Act of 1973, as amended (42 U.S.C. 4012a), mandates that flood insurance must be purchased for any HUD-assisted property within a SFHA and cover the amount at least equal to the project cost less estimated land



cost, the outstanding principal balance of any HUD-assisted or HUD-insured loan, or the maximum limit of coverage available under FEMA's NFIP, whichever is least. Therefore, assisted applicants with structures located in a SFHA must obtain and maintain flood insurance in the amount and duration prescribed by the NFIP. If the project location is within a community that is not participating in the NFIP or is a community not in good standing (i.e., suspended from program eligibility or placed on probation), assistance may not be provided by HRP. Applicants with HRP-assisted structures located within a 100-year floodplain must obtain flood insurance, submit proof of flood insurance (i.e., flood insurance declaration), and maintain the flood insurance on the property in perpetuity.

Section 582 of the NFIRA mandates that DHSEM must inform property owners receiving disaster assistance that triggers the flood insurance purchase requirement that they have a statutory responsibility to notify any transferee of the requirement to obtain and maintain flood insurance, and that the transferring owner may be liable if he or she fails to do so. The requirement to maintain flood insurance shall apply during the life of the property, regardless of transfer of ownership of such property.

Even in cases where flood insurance is not required, flood insurance is strongly encouraged to mitigate future loss.

10.0 Green Building Requirements

All Program-funded properties must comply with green building standards. Application of green building standards is different depending upon the project type.

DHSEM may update green building design standards from time to time in accordance with best practice, as required by HUD, and as set forth in contract agreements for construction work to be performed.

10.1 Green Building Standards for Reconstructed Homes

Homes constructed by the New Mexico Home Recovery Program will be designed to meet the EPA *Energy Star Certified Home Standard*. Reconstruction projects will adhere to the EPA's National Program Requirements ENERGY STAR Certified Homes, Version 3 (Rev 10) Checklist as well as guidance provided by the New Mexico State ENERGY STAR office. The EPA's National Program Checklist is available online at: www.energystar.gov. Reconstruction projects must obtain ENERGY STAR certification. It is the responsibility of the contractor to obtain certification and provide documentation of attaining such certification to the program.

As part of this process, all house plans available for applicant selection must be reviewed and certified as compliant prior to use by the Program. Contractors not adhering to these



standards will be required to remedy work at their own cost until certification is attained. The contractor is responsible for the cost of all certification inspections.

10.2 Green Building Standards for Rehabilitated Homes

For rehabilitation projects, the program will replace disaster-damaged components with ENERGY STAR rated products to the greatest extent practicable. To meet requirements of green building standards in rehabilitation projects, DHSEM documents the use of green building standards in each project file through the use of the HUD CPD Green Building Retrofit Checklist. This checklist is available online at: [HUD CPD Green Building Retrofit Checklist](#).

All homes rehabilitated by the New Mexico Home Recovery Program will be scoped to meet the requirements of the *Energy Star Certified Home Standard* and/or *HUD CPD Green Building Retrofit Checklist* which requires Contractors to meet Green Building Standards when replacing items on the checklist as scoped in Xactimate. During the course of construction, contractors will be responsible for filling in information on the form and collecting all necessary documentation regarding materials used to rehabilitate the home in order to ensure that the New Mexico Home Recovery Program meets the requirements of the *HUD Green Building Retrofit Checklist*.

All items listed on the form that do not apply or are not being replaced should be marked as *not applicable* on this form. A copy of the completed checklist and documentation must be provided to the Construction team prior to the final inspection. As part of this process, the Contractor will be required to certify that the materials and or products installed, as itemized in their ECR meet the *HUD Green Building Retrofit Checklist*. In addition, Contractors are required to collect any material and or product specification sheets to support meeting the Energy Star requirements and must submit them during the Construction Closeout Process. Contractors not adhering to these standards will be required to remedy all deficiencies at their own cost.

11.0 Award Determination

11.1 Priority Schedule

At a minimum, seventy (70%) percent of program funds must meet the Low- and Moderate-Income (LMI) household National Objective as directed in the Universal Notice.

Therefore, LMI households will receive significant prioritization within the prioritization framework of the New Mexico Home Recovery Program. All elements of a file being otherwise equal, the LMI applicant will advance before other applications for assistance.



11.1.1 Prioritization Framework

Phase tiers will be assessed on a regular basis and formally announced on the website and through updated program memos/e-blasts. All official applicant program notifications will be made by email (using the email address provided by the applicant or communication designee). However, additional contact attempts will also be made via phone and email and/or text if provided. Applicants are placed into tiers that reflect greatest need first.

Tier 1

Who qualifies:

- Extremely Low-Income ($\leq 30\%$ AMI) households; AND
- With at least one vulnerable household factor (elderly, disabled, or child).

Tier 2

Who qualifies:

- Very Low-(>30%-50% AMI), or Low-Income (>50%-80% AMI) household; AND
- Vulnerable household factors (elderly, disabled, children) increase priority within this tier.

Tier 3

Who qualifies:

- Extremely Low, Very Low-Income, or Low-Income households; AND
- No vulnerable household members.

Tier 4

Who qualifies:

- Moderate-Income (>80%-120% AMI) households.

11.1.2 First-Come, First-Served when all Other Factors Equal

All applications are date- and time-stamped upon submission. As completed applications are submitted, they will be evaluated and categorized for prioritization based on the program's established tiering criteria and processed for eligibility. It may be necessary to process applications that were received later than other applications received first. It may also be necessary to process lower tier priority applications before higher tier priority applications due to factors such as timing of submission, exigent circumstances, or best interest of the program. The program reserves the right to process applications in the order that the program deems most beneficial to moving homeowners forward to construction as



fast as possible. However, the program will make every attempt to begin eligibility reviews based on tiered priority. Applications will be assigned to construction based on the order in which they receive eligibility determinations, with every attempt to make construction assignments of higher priority applicants first. when feasible.

11.2 Reasonable Accommodation Requests

The New Mexico Home Recovery Program endeavors to provide reasonable accommodations which would allow applicants with disabilities or their disabled household members to enjoy use of the program-assisted home through the provision of amenities that meet their functional needs. Such accommodations may include low-threshold showers, bathroom grab bars, outward swinging doors, exterior ramps, comfort height toilet with grab bars or other accessibility features that will assist the individual's functional needs. The program will assess eligibility for these features on a case-by-case basis in accordance with the assistance benefit type when the applicant has completed and submitted a reasonable accommodation request form.

The reasonable accommodations request form will be completed by the applicant during the pre-construction meeting. During the pre-construction meeting the applicant will meet with the general contractor, review the reasonable accommodation options, and confirm or decline the reasonable accommodations by completing with signature, the reasonable accommodation request form. Requests for additional accommodations beyond the standard reasonable accommodations listed below must be supported by documentation and will be considered on a case-by-case basis.

Reasonable accommodations are available for repair, reconstruction, and new construction projects. Standard reasonable accommodations in the bathroom for repair or reconstruction award types are offered in three 'tiers' to allow each applicant to select the level of modification most appropriate for his/her household.

Standard reasonable accommodation for a "no step" home entrance and strobe smoke detectors is standard for all award types. A no step entrance is a home entrance that has no steps and minimal threshold. Only one (1) no step entrance will be installed per property, upon request. If a home is above grade or elevated, a no step entrance may require installation of a ramp or lift. Homes on grade may not require installation of anything to accommodate a no step entrance. Ramps will be the preferred method to achieve a no step entry. Lifts will be considered on a case-by-case basis, based on cost reasonableness compared to the cost of a site-built ramp, site conditions, and local zoning/set back requirements.

If the applicant requests, strobe smoke detectors will be installed throughout the home. If requested, strobe smoke detectors will be installed in place of standard smoke/CO₂ detectors.



Standard reasonable accommodations for bathroom modifications vary slightly by award type. Award type specific options for reasonable accommodations are outlined in each award type.

11.3 Rehabilitation Award Type

If the construction intent for the property is rehabilitation, the starting point for calculating the applicant's rehabilitation or repair award is the Estimated Cost of Repair (ECR), which includes the gross amount of eligible prospective repairs needed to complete the rehabilitation of the home. This amount is then reduced by any funding determined to be a duplication of benefit. New Mexico Home Recovery Program assistance is then capped at one-hundred thousand (\$100,000) US dollars or sixty (60%) percent of the replacement value of the home, whichever is less.

11.3.1 Rehabilitation Scope of Work

New Mexico Home Recovery Program sponsored repairs are intended to repair the remaining disaster event damage and to make the home livable. The New Mexico Home Recovery Program does not provide "like for like" repairs. New Mexico Home Recovery Program repairs will be completed using standard economy/builder-grade materials. For example, if a repair award calls for replacement of cabinets, the program will replace existing cabinets with standard grade cabinets regardless of the grade of the pre-existing cabinets.

Repair scopes of work will be limited to those items identified by the program as in need of repair to bring the home back up to decent, safe, and sanitary conditions. Repairs, upgrades, or modifications requested by the homeowner will not be considered. For example, if some windows need repair or replacement, the program will repair or replace those windows in need of repair or replacement only; other operable or undamaged windows will not be replaced or repaired regardless of aesthetics, efficiency, or design.

Standard essential appliances that are not functioning or non-existent at the time of damage assessment will be replaced. Essential appliances include stove/range, oven, range hood, water heater, and refrigerator only. Dishwashers, washers, and dryers may be replaced only if these appliances previously existed in the home, are present at time of damage assessment, were damaged by the disaster, and are not functioning. Microwaves, stand-alone freezers, and other non-essential appliances are not eligible for replacement. Any products replaced as part of the repairs must be replaced with ENERGY STAR®, Water Sense, or other Federal Energy Management Program (FEMP)-designated products or appliances that achieve a similar or greater energy efficiency output range.

Luxury items, including but not limited to, high-end countertops, high-end appliances, stone flooring, security systems, swimming pools, spas, fireplaces, sheds, outbuildings, fences,



and television satellite dishes are not eligible under the New Mexico Home Recovery Program.

Because repair scopes of work only address items in need of repair for the home to be safe and livable, the New Mexico Home Recovery Program does not guarantee that work completed as part of a repair award will match other items in the home. Some examples of this include, but are not limited to:

- Flooring replaced in portions of a home may not match flooring in other rooms. HRP will replace flooring by room, to the nearest opening. The New Mexico Home Recovery Program will allow tile floor repairs in bathrooms with existing tile. Wood floor repairs will only be considered up to sixteen (16) square feet if more cost efficient;
- Light fixtures replaced may not match pre-existing light fixtures or fixtures in other parts of the home;
- If only a portion of the windows require replacement, all the windows in the home may not match; and
- If a portion of the home requires paint, paint in the repaired portion of the home may not match paint in other rooms (interior) or on other elevations (if exterior). The New Mexico Home Recovery Program will attempt, to the greatest extent feasible, to match the original paint color when repainting an area of the home that was included on the scope of work. HRP will paint whole interior rooms, to the door or opening, or whole exterior sections to the next architectural break. Additional rooms or elevations will not be painted for aesthetic reasons alone.

11.3.2 Reasonable Accommodations – Rehabilitation Award Type

Applicants who qualify for a rehabilitation award type may qualify for reasonable accommodations in rooms/areas where program scope of work exists. In general, reasonable accommodations will only be made in repair projects if the program scope of work impacts the item and room where a reasonable accommodation is requested. For example, if the program scope of work does not include removal/replacement of a tub/shower, the program will not modify the existing tub/shower for the sole purpose of installing or modifying the existing facilities to include accessibility features.

If the program scope of work impacts the kitchen, bathroom, or entryway in a repair project, the applicant may request reasonable accommodations in those areas and those items may be incorporated to the extent practicable. Reasonable accommodations for bathrooms are offered in three (3) tiers, so that the applicant may request the level of accommodation that best suits his/her need.



Applicants who request accommodations in a bathroom may select one (1) of three (3) standard options available. Accessibility modifications will only be made in one (1) bathroom. If the repair project scope includes more than one (1) bathroom, the reasonable accommodation will be installed in the bathroom that is in the program scope of work where modifications are the most feasible within the existing dimensions and scope of work in the room. If there are multiple disabled household members on the application, the program will consider reasonable accommodation requests in two (2) bathrooms.

The program will not move walls to expand the size of an existing bathroom or reconfigure the bathroom to install accessibility accommodations except for relocating drain lines for roll in showers. Because repair projects are largely constrained by the size of existing rooms, there are no standard width/length size requirements for tub/shower compartments. The program will attempt to replace tub/showers with fixtures similar in size to the existing fixtures using standard-sized parts. All replaced toilets in repair scopes of work will be chair/comfort height (17"-19" from floor to top of seat). When replacing toilets, the entire toilet must be replaced. Contractors may not utilize toilet seat risers in lieu of replacement comfort height toilets.

11.3.2.1 Bathroom Reasonable Accommodation 1 (RA-1)

Applicants who opt for Reasonable Accommodation 1 (RA-1) will be provided one (1) bathroom with the following accessibility modifications:

- Tub/Shower combination with blocking and a grab bar; and
- Chair height toilet with grab bars.

11.3.2.2 Bathroom Reasonable Accommodation 2 (RA-2)

Applicants who request Reasonable Accommodation 2 (RA-2) will be provided one (1) bathroom with the following accessibility modifications:

- Tub/Shower combination with blocking, grab bars, folding seat, and shower wand with adjustable rail; and
- Chair height toilet with grab bars.

11.3.2.3 Bathroom Reasonable Accommodation 3 (RA-3)

Applicants who request Reasonable Accommodation 3 (RA-3) will be provided one (1) bathroom with the following accessibility modifications:

- Roll-in shower compartment to fit existing tub/shower space, equipped with grab bars, folding seat, and shower wand with adjustable rail. The program will attempt to replace the tub/shower with similar size roll-in shower but shall not exceed 30" x 60" roll-in shower compartment.



- Chair height toilet with grab bars; and
- Roll under vanity.

11.4 Reconstruction Award Type

If the construction intent for the property is reconstruction, the award cap is \$350,000 and actual value of the award is determined by the standardized pricing for the reconstruction plan set for which the applicant qualifies, less any DOB owed. Applicants will be afforded reconstruction of their existing home using program-approved plan sets in the bedroom/bathroom configuration that most closely matches their existing floor plan.

Following the execution of the grant agreement for the reconstruction project, the program will assign the project to a general contractor. The general contractor will obtain a site-specific survey and initial elevation certificate (if necessary) of the property to be reconstructed to determine the plan sets that fit on the lot without any zoning exceptions/variances.

11.4.1 Reconstruction Estimate, Plans, and Specifications

New Mexico Home Recovery Program staff will offer floor plans following an evaluation to verify current household occupancy composition, pre-existing heated square footage, and bedroom and bath composition. These factors inform the eligibility for select floor plans, based on a best-sized fit for the replacement. The New Mexico Home Recovery Program will avoid replacing a damaged unit with a unit with fewer bedrooms than the preexisting unit, unless a smaller unit is the only option based on lot configuration or other local requirements or changes to the number of current occupants of the home. Pre-existing septic tank capacity may require a smaller unit than would otherwise be provided.

Homes that meet the threshold for a reconstruction award will be demolished and reconstructed in substantially the same footprint, when feasible. The program will develop a group of standardized reconstruction plans and specifications to accommodate the most common lot dimensions to be encountered and incorporate the bedroom/bathroom configurations applicable. Minimum configuration is set at two-bedroom/two-bath and maximum at four-bedroom/two-bathroom configurations.

Reconstructed homes will meet local building codes and will incorporate Green Building Standards, energy efficiency, and resilience measures. The size and scope of the reconstruction will be determined using information related to the damaged structure's bedroom/bathroom configuration. The standardized plans and specifications developed by the program will incorporate minimum standards, local code, and zoning requirements, and will include builder-grade materials. These standardized plans are not being developed to create a like-for-like replacement for reconstruction efforts. Reconstruction plans and



specifications will include any environmental considerations identified through the ERR process.

As single-story homes are more cost-effective than multi-story configurations, the program will default to single-story homes where they fit lot constraints. The program may offer a smaller floorplan if required based on the lot size.

The New Mexico Home Recovery Program will not provide customized home designs. Eligible floor plan sizes will be determined for each applicant whose project qualifies for reconstruction based on the information above. The program will build the home to the Energy Star Certified Home standard applicable in New Mexico as well HUD Green Building Standards.

11.4.1.2 Appeals of Program-Determined Unit Size

Homeowners will be provided the opportunity to appeal the unit that is the best size for new construction as determined by the New Mexico Home Recovery Program during the award calculation step. Homeowners are not granted larger floor plan sizes upon request, unless the larger size is necessary to conform to local requirements, such as HOA requirements. Homeowners must provide documentation to support the appeal for a unit with more bedrooms than the New Mexico Home Recovery Program has calculated for the reconstruction.

In some instances, site-specific plans are necessitated by specific site conditions as identified by DHSEM. A substitute floor plan may be created if it is physically impossible to fit an existing Program floor plan on the applicant's lot due to lot size or setback requirements.

Modular designs made available from a modular fabrication facility that do not match the design of the floor plans commissioned by the program are allowable and acceptable by the program as a substitute for commissioned floor plans.

The total under roof square footage of the eligible floor plan is multiplied by the reasonable dollar-per-square-foot cost factor to establish a maximum replacement allowance for the home, plus a separate cost for elevation, if required.

The New Mexico Home Recovery Program may maintain a list of floor plans and may update that list from time to time. Applicants do not have color or material options during the floor plan selection process but may coordinate such selections with the general contractor at the discretion of the contractor and availability of such selections.

The maximum award allowance includes the following reconstruction costs:



- Excavation structure and foundation
- Temporary power
- Driveways
- Attached Garages
- Temporary toilets
- Sidewalks and/or pathways to the home
- Hydro seeding the lot
- Demolition of the existing unit
- Dumpsters for debris
- Septic Systems
- Environmental abatement (if needed)
- ADA lifts and/or ramps (if needed)

The cost of elevation is included in the mitigation set-aside allocation and is provided as a separate element of the total cost.

Reconstruction costs are based upon actual reconstruction bids that cannot exceed a reasonable dollar per square foot (\$/SF) amount. However, additional costs related to elevation may be added to the reconstruction costs, based upon the applicant's need and the actual costs for elevation.

Reconstruction estimates are performed on all homes and are the only type of estimate performed when a home is unsafe to enter or has been demolished or partially demolished.

- **Unsafe Conditions:** Unsafe conditions include structures whose load-bearing walls, columns, or other support components have been compromised; structures that have strong industrial or chemical odors or vapors emanating from the home; or structures that have been marked by the local, county or fire authority as being unsafe to enter. If any of these conditions or similar conditions exist, the damage assessor can, upon consultation with a supervisor and documentation in photos and a written description, limit the assessment to a reconstruction estimate. The files are required to be verified by the Program prior to a final award calculation. The assessor takes photos to document the condition, measures the footprint and area eligible for reconstruction.
- **Demolished structures:** If a structure has been demolished or partially demolished, the assessor can conduct a reconstruction estimate only. The assessor takes photos to document the condition and measures the footprint and area eligible for reconstruction.

If the area eligible for reconstruction cannot be established by the assessor (for example a 100% destroyed home with a foundation only), the Program will work with the applicant or independently verify the pre-existing square footage. Example documentation to support preexisting square footage includes but is not limited to:



- Pre-flood appraisal or real estate.
- Insurance estimates.
- Sales documents.
- Photographs.
- County tax assessor information.
- Aerial photographs.

The Program may use other approved methods to establish the eligible reconstruction area, and the reconstruction estimate when documentation from onsite inspection is unavailable.

Eligible applicants whose pre-disaster primary residence was a Manufactured Housing Unit (MHU) may qualify for reconstruction if the applicant owns the land on which the MHU is situated. The applicant will be provided the option to choose a reconstruction award type provided the property is otherwise eligible for reconstruction.

11.4.2 Size and New Unit Configuration

The New Mexico Home Recovery Program will provide applicants who qualify for a reconstruction award with standard program floorplan homes. The New Mexico Home Recovery Program offers 2-, 3-, and 4-bedroom homes; all standard floor plans include 2 bathrooms. Which standard floor plan the applicant receives is based on the number of bedrooms present in the disaster-damaged property, as verified via the damage assessment and site-specific requirement constraints from the location. If overcrowding exists, the program has elected to attempt to solve overcrowding situations to the extent they can be solved up to a maximum configuration of 4-bedrooms and 2-bathrooms for reconstruction. Exceptions to reconstructed home bedroom/bathroom configuration will only be considered if an applicant elects to reduce the number of bedrooms and/or bathrooms to reduce the DOB gap. These include:

- If the disaster damaged property had two (2) bedrooms or fewer, the applicant will receive a standard 2-bedroom, 2-bathroom home.
- If the disaster damaged property had three (3) bedrooms, the applicant will receive a standard 3-bedroom, 2-bathroom home.
- If the disaster damaged property had four (4) bedrooms or more, the applicant will receive a standard 4-bedroom, 2-bathroom home.



11.4.3 Reasonable Accommodations – Reconstruction Award Type

All stick-built reconstruction projects are designed with the following accommodations. All reconstructions will receive the following universal accommodations, regardless of whether a Reasonable Accommodation has been requested by the applicant:

- 36” hallways, wide enough to accommodate a standard wheelchair
- Adequate turning radius for a wheelchair in the kitchen
- Adequate turning radius for a wheelchair in one (1) bathroom²
- All doors installed with levers instead of knobs
- Exterior doors, primary bedroom door, and primary bathroom doors are 36” wide

In addition, the applicant may request reasonable accommodations in the bathroom, kitchen, entrance, and/or strobe smoke detectors throughout.

11.4.3.1 Bathroom Reasonable Accommodation 1 (RA-1)

Applicants who opt for Reasonable Accommodation 1 (RA-1) will be provided one (1) bathroom with the following accessibility modifications:

- Tub/Shower combination with blocking and a grab bar; and
- Chair height toilet with grab bars.

11.4.3.2 Bathroom Reasonable Accommodation 2 (RA-2)

Applicants who request Reasonable Accommodation 2 (RA-2) will be provided one (1) bathroom with the following accessibility modifications:

- Tub/Shower combination with blocking, grab bars, folding seat, and shower wand with adjustable rail; and,
- Chair height toilet with grab bars.

11.4.3.3 Bathroom Reasonable Accommodation 3 (RA-3)

Applicants who request Reasonable Accommodation 3 (RA-3) will be provided one (1) bathroom with the following accessibility modifications:

- 30” x 60” roll-in shower compartment equipped with grab bars, folding seat, and

² If the applicant requests a reasonable accommodation for the bathroom, the reasonable accommodation will be installed in the bathroom with adequate turning radius for a wheelchair, unless otherwise specified on the Verification of Disability Form. If the applicant opts to remove a bathroom to resolve a DOB Gap, wheelchair turning radius may not be available in the remaining bathroom.



- shower wand with adjustable rail;
- Chair height toilet with grab bars; and
- Roll under vanity.

11.5 Mobile Home Unit (MHU) Rehabilitation Award Type

The MHU Repair construction intent is determined by the value of needed repairs and consideration of the age of the MHU. If repairs are less than \$5,000 for a single wide unit or \$10,000 for a double wide unit and the unit is less than five years old, then the program will repair the MHU.

11.5.1 Ineligible Structures for MHU Repair/Replacement

Structures ineligible for assistance includes the following:

- Manufactured homes with an ECR less than \$1,000.
- Manufactured homes with a serial number different than that on the title documentation submitted to the Program and/or on inspection report photos.
- RVs or Campers.

11.6 Mobile Home Unit (MHU) Replacement Award Type

Eligible applicants with MHUs may qualify for a replacement award if there is confirmed unrepaired disaster-related damage and they meet other eligibility criteria. Those with MHUs on leased land must obtain consent from the landowner to replace the MHU on that property prior to receiving the award or must identify a suitable alternative location.

Before a replacement MHU can be installed, the original MHU must be demolished and removed from the site. The size of the replacement unit will be based on the bedroom and bathroom layout of the damaged structure.

11.6.1 Mobile Home Unit Size and New Unit Configuration

The New Mexico Home Recovery Program will offer qualified applicants replacement awards in the form of 2-, 3-, and 4-bedroom single-wide or double-wide mobile homes (MHUs), with each bedroom configuration including 2 bathrooms. The specific unit configuration provided will depend on the number of bedrooms in the disaster-damaged property and whether the original MHU was single or doublewide, as confirmed by the damage assessment. In cases of overcrowding, the program aims to address these situations within the limits of a maximum of 4 bedrooms and 2 bathrooms for either an MHU replacement or reconstruction. Policy exceptions are not necessary to address overcrowding issues.



Exceptions to the bedroom configuration for replacement MHUs will be considered only if the applicant chooses to decrease the number of bedrooms through a scope reduction to address or eliminate a DOB gap. These include:

- If the disaster-damaged property had two (2) bedrooms or fewer, the applicant will receive a 2-bedroom, 2-bathroom MHU.
- If the disaster-damaged property had three (3) bedrooms, the applicant will receive a 3-bedroom, 2-bathroom MHU.
- If the disaster-damaged property had four (4) bedrooms or more, the applicant will receive a 4-bedroom, 2-bathroom MHU.

The width of the disaster-damaged MHU will determine the width of the replacement unit. The New Mexico Home Recovery Program provides only single-wide and double-wide units; triple-wide or larger models are not available. Such as:

- If the disaster-damaged MHU was singlewide, the applicant will receive a singlewide replacement.
- If the disaster-damaged MHU was doublewide, triple-wide, or larger, the replacement will be doublewide.
- However, if only a single-wide fits on the lot and complies with local code and zoning requirements, the applicant may receive a single-wide.

To expedite the process from award to completion for replacement awards, the program will instruct the assigned General Contractor to locate an MHU that matches the awarded singlewide or doublewide bedroom and bathroom configuration. The General Contractor will be assigned by DHSEM from the established pool of contractors. The New Mexico Home Recovery Program does not provide standard floorplans; rather, it offers specific bedroom and bathroom layouts in single-wide and double-wide units within designated square footage ranges. All MHUs provided by the program must be new, HUD-approved units that adhere to local codes and zoning requirements, including applicable wind and thermal zones.

11.6.2 Mobile Home Relocation

The New Mexico Home Recovery Program permits the replacement of a mobile home at an alternate location only when it is not feasible or it is prohibited to replace the MHU at the same site as the disaster-damaged unit. Relocations of MHUs may be considered for otherwise eligible applicants under the following conditions:

- The landowner, who is not the applicant, does not consent to having a new unit replaced on the property.
- The MHU must be installed at an elevation higher than the standard 3-foot



installation height.

- Zoning or municipal regulations prevent the installation of a mobile home on the property.
- Other engineering, environmental, or site-related constraints make it impossible to install the MHU on-site.

The New Mexico Home Recovery Program does not provide replacement properties for applicants. For an applicant to be permitted to replace an MHU at an alternate location, they must acquire ownership of or obtain permission to install an MHU at that new site. The alternate location must be zoned for mobile home installation, have accessible connections for sewer, water, and electricity, and must be situated outside of the 100-year floodplain. Additionally, alternate mobile home sites must undergo an environmental review before the applicant makes a binding commitment to lease or purchase the land. If an applicant purchases alternate land before the program has cleared the site through an environmental review, they may become ineligible for assistance, as this would be considered a choice-limiting action.

The program will require documentation confirming that the designated mobile home park or land has the necessary existing pad and utility infrastructure. Acceptable verification documentation includes a letter from the landlord or property owner detailing the existing pad and utilities, an occupational license, copies of sewage and utility bills, or any relevant permits issued by the local jurisdiction, accompanied by photographs of the existing pad and utility connections.

If the new location is within an established mobile home park, the applicant must also provide copies of the park's covenants and restrictions along with the aforementioned documentation.

11.6.2.1 Environmental Review Record

An Environmental Review Record (ERR) must be completed for both the original damaged site and the new location where the replacement unit will be installed for applicants relocating a MHU. To facilitate the program's assessment of the new site, the applicant must provide an unexecuted lease agreement or a written agreement to secure the leased lot. Copies of this unexecuted lease or agreement documentation must be submitted to the program before an ERR can be scheduled for the new site.

11.6.2.2 New Site Requirements

The site for the replacement MHU must be either an established mobile home park that has an existing pad and utility infrastructure for the installation or a piece of land that already includes the necessary pad and utilities. The New Mexico Home Recovery Program will not provide funding for new site development. The mobile home park or existing pad cannot be



located within a floodplain. For this policy, new site development encompasses, but is not limited to:

- Site clearing.
- Site leveling.
- Installation of concrete or other substrates.
- Installation of utility and sewer infrastructure.

11.6.2.3 Elevation and Flood Insurance

As the leased or owned property must be situated outside of the floodplain for the replacement MHU, there is no need for elevation adjustments or additional flood insurance considerations to meet the program requirements.

11.6.3 Reasonable Accommodations

Applicants eligible for a replacement award may request reasonable accommodations. These accommodations in MHU projects are subject to manufacturer specifications and unit availability. Those who request reasonable accommodations will receive a wheelchair-accessible MHU. The designation of wheelchair accessibility is determined by the MHU manufacturer and may include features such as wider doorways, grab bars, or low-threshold shower compartments. The program has determined that wheelchair-accessible MHUs should include:

- One bathroom must include:
 - A step-in, low-threshold shower with the threshold no higher than seven (7) inches above the floor covering.
 - A shower wand mounted on an adjustable rail and a seat within the shower.
 - A comfort-height toilet with a seat that is 17" – 19" above the floor.
- A minimum width of 32" for exterior doors.
- A minimum hallway width of 36".
- A minimum width of 32" for bathroom and bedroom doors.

Further accommodations, such as hearing-impaired smoke detectors or roll-in/no-threshold shower compartments, will be evaluated separately and on a case-by-case basis according to the applicant's needs.

12.0 Award Packet



Once an applicant's award has been calculated, the New Mexico Home Recovery Program shall notify the applicant in writing of the award and provide notice about which program track is most appropriate for the applicant (rehabilitation, reconstruction, or MHU replacement). If there is a DOB gap owed, the Award Determination Letter will include the gap amount, and the necessary escrow amount required to proceed. The New Mexico Home Recovery Program will send to the applicant a final award packet containing an Award Determination Letter, appeal information, documents related to placing funds in escrow (if applicable), and the Home Recovery Program Grant Agreement (HRPGA).

Upon receiving their final award packet, the Program offers the applicant the options to either:

- Accept the award type;
- Appeal the award; or
- Refuse the award.

An award consultation, in all cases, will be offered to the applicant by the New Mexico Home Recovery Program for further explanation of the award. If the applicant elects to appeal the award calculation, they must file a written appeal within the New Mexico Home Recovery Program specified amount of time and should include documentation such as detailed insurance documents, contracts, or receipts to support their appeal. If the applicant refuses the award, they will be administratively, involuntarily, withdrawn from the program.

12.1 Award and Grant Agreement Signing

Applicants will be offered the option to receive their final award packet, and the opportunity to execute the grant agreement and other documents requiring signature, either via electronic execution, in person, or by mail. The final award packet will be provided with the email address provided by the applicant in the New Mexico Home Recovery Program application, if any. In the absence of a valid email address provided by any applicant, the New Mexico Home Recovery Program may provide the final award packet via any nationally recognized courier service or standard ground delivery to the mailing address provided by any applicant in connection with their New Mexico Home Recovery Program application. The New Mexico Home Recovery Program will accept properly executed power of attorney documents to assist applicants who cannot execute the documents that require signing via one of the available document execution options.

Once the award is issued, the applicant has 30 days (from the date on the Award Determination Letter) to bring their official award letter to meet with their designated New Mexico Home Recovery Program point of contact. During this meeting, the New Mexico Home Recovery Program staff member will review the award details, explain program



requirements and next steps, confirm the approved award amount, and address any questions.

During this meeting, the applicant will be provided with a Grant Agreement. The applicant may accept and sign the Grant Agreement or decline the grant agreement during this meeting. If more time is needed to consider the best option, the applicant must reschedule a subsequent meeting within the next 30 days to come in and either sign the Grant Agreement or decline the award.

The grant agreement requires applicants to comply with New Mexico Home Recovery Program requirements. An applicant or co-applicant may sign the program grant agreement.

13.0 Construction

The DHSEM construction team is responsible for monitoring the general contractor, construction progress, and compliance of contractor and applicant with New Mexico Home Recovery Program standards during construction activities at the applicant's home. In addition, the construction team is responsible for assisting HRP applicants with any disputes that they may have with the general contractor (GC).

13.1 Selection of General Contractor Pool

The New Mexico Home Recovery Program issued a Request for Proposals (RFP) to establish a pool of qualified general contractors (GCs). GCs will be assigned to complete construction work for eligible and awarded applicants. GCs will be assigned by the New Mexico Home Recovery Program to each project after the grant agreement has been executed. Applicants are not permitted to select or manage their own GC. Contractors were evaluated based on criteria such as:

- Demonstrated experience with residential rehabilitation, reconstruction, environmental mitigation (e.g., abatement of lead, asbestos, mold, soil contamination, well-water contamination) elevation and manufactured housing units.
- Demonstrated experience with local, Federal, and State statutory requirements for grants, especially U.S. Housing and Urban Development CDBG-DR, Federal Emergency Management Administration grant programs or local government disaster recovery programs and/or experience with HUD public housing programs.

The New Mexico Home Recovery Program will assign projects to GCs based on the GC's performance history on any and all New Mexico Home Recovery Program construction projects and the GC's capacity to manage and perform additional jobs at the time the project is ready for assignment.



Each home assigned to and completed by a GC will be graded on a score of 0 to 100 based on speed of preconstruction and construction activities, quality of construction, and customer service and satisfaction. Average scores will then be calculated for each GC based on the final scores from completed homes. The GCs will then be ranked based on total score. GCs with higher scores may receive more assignments as they are performing at a higher level than GCs with lower scores.

While the qualification list remains in effect, New Mexico may release bid packages to encourage greater competition in the selection of qualified contractors. Qualified contractors may also be assigned work in accordance with DHSEM's procurement processes and using the authority provided to it in its Procurement Code and Program Procurement Policy.

13.2 General Contractor Responsibilities

The general contractor will be responsible for the following activities along with others that may be included in the Construction Standard Operating Procedure (SOP):

- Meeting insurance and bonding requirements.
- Furnishing all necessary labor, materials, equipment, and other services needed to complete the scope of work on the applicant's home in accordance with standards, quality, and state building code requirements.
- Determining utility needs.
- Obtaining all required permits and inspections required by the local building department.
- Coordinating progress inspections with the DHSEM construction team.
- Documenting (with photographs and written reports) any pre-existing and pre-disaster damage to the property that has not been included in the scope of work (SOW). Any work performed on items not contained in the SOW prior to a program approved change order will be done at the GC's risk.
- Performing construction as specified in a timely manner as noted in the Construction Contracts and subject to liquidated damages as noted in the New Mexico Construction Management SOP and applicable contracts.
- Maintaining a clean, safe, and orderly project site.
- Posting all required safety notices.
- Performing all work in accordance with local building, health and safety codes, and Lead Safe Housing Rule (LSHR), found in [24 CFR Part 35](#), Subparts B through M, and the EPA Renovation, Repair, and Painting Rule (RRP), in [40 CFR Part 745](#) and



all other applicable rules and regulations. Project sites are required to be in full compliance at all times.

- Disposal of all construction debris at a licensed construction waste landfill.
- Completing and submitting all required closeout documentation to the Program.
- Ensuring that all materials, equipment furnished, completed systems, and work performed is free from defects due to faulty materials or workmanship for a period of 1 year and that any structural work is similarly guaranteed for a period of 10 years from the date of final inspection as detailed in the New Mexico CDBG-DR Construction Standard Operating Procedures (SOP).
- Providing a safe work environment and maintaining safe work practices.
- Commencing work only upon receipt of a Notice to Proceed (NTP).

All firms performing, offering, or claiming to perform renovations for compensation in target housing must comply with EPA's RRP Rule and EPA's Lead-Pre-Renovation Education (Lead-Pre) Rule. Regulatory requirements can be found in 40 CFR Part 745 Subpart E – Residential Property Renovation. This means that all GCs participating in this disaster recovery program must be EPA certified. In addition, site supervisors performing renovation work specific to lead hazard mitigation on behalf of the firm must be certified renovators.

Upon completion, the property must meet applicable program building standards.

13.2.1 Warranties

All work performed by the GC will be guaranteed for the following periods. The start date for these warranty coverages will begin from the date of the passed program final inspection. The timeline is reflected as such:

- A minimum two (2)-year warranty on all work, covering repairs to the home, including electrical, plumbing, and mechanical work (as applicable), and
- A ten (10)-year structural warranty for reconstruction/new construction.

GCs are responsible for providing a warranty that all materials, equipment furnished, completed systems, and work performed shall be free from defects due to faulty materials or workmanship for a period of two (2) years, and any structural work is similarly guaranteed for a period of ten (10) years from the date of final inspection. General contractors must provide all manufacturers' warranties prior to the inspector signing a final inspection form. If a contractor provides a third-party warranty to the benefit of the applicant, the reasonable cost of that warranty may be included in the total project cost and paid to the contractor. The applicant is the owner of the warranty. The New Mexico Home Recovery Program will not execute warranty requests on behalf of the applicant for these third-party warranties.



As part of the final inspection process, photographs of construction work will be taken for documentation purposes and placed in the applicant's file. The GC will provide the applicant with all instruction booklets and a warranty information binder with an acknowledgement form that the applicant has reviewed with the general contractor, including documentation of the beginning and ending dates of the warranty periods.

The GC will provide the applicant with the contact information and claims process for filing warranty claims. GCs must respond to all warranty claims within seven business days and must complete warranty repairs within thirty (30) calendar days of the claim filing.

13.3 Construction Contract

The New Mexico Home Recovery Program will enter into a contract agreement with the GC instead of requiring the applicant to sign the contract agreement. DHSEM and the GC will sign the Contractor Agreement for work on the applicant's home once a contractor is selected or DHSEM may issue a task order for a particular property under a master contract for services.

The contract or task order outlines the obligations of the contractor under the contract (e.g., start date of construction, construction costs, estimated completion date, etc.). The applicant will be provided with a copy of the construction contract or task order for their records. In addition, rehabilitation projects will include the ECR Scope of Work to be completed at the home and will be attached and incorporated into the contract or task order for review and reference by the applicant. Any changes to the scope of work or construction time frames must be approved by the New Mexico Home Recovery Program through the Change Order process.

13.4 Contractor Assignment

The New Mexico Home Recovery Program manages a pre-qualified pool of general contractors to complete construction on applicant homes. The New Mexico Home Recovery Program construction team is responsible for the following:

- Reviewing general contractor qualifications, capacity, and performance.
- Assigning applicant projects under a state-defined dollar threshold to pre-qualified general contractors. A mini-bid process will be used for applicant projects equal to or exceeding that threshold.
- Acting as a construction team for all applicant assigned projects.
- Coordinating Program inspections at intervals during the construction process.
- Reviewing payment requests and change orders submitted by the general contractor.



- Conducting final inspection reports to ensure the scope of work is complete and complies with Program requirements.

13.5 Pre-Construction Activities

After the New Mexico Home Recovery Program grant agreement is executed, the case enters the “pre-construction” phase. During the pre-construction phase of the program, several key activities take place which prepare the project for the start of physical construction. These include, but are not limited to:

- **General Contractor Assignment:** New Mexico Home Recovery Program assigns a program-qualified GC to complete the construction project.
- **Survey and Design:** The GC arranges for surveys, designs, and preliminary elevation certificates, as applicable.
- **Cost Estimate:** The assigned GC will visit the project site to verify the scope in the cost estimate. GCs will visit each subject property to evaluate site-specific conditions that must be factored into the New Mexico Home Recovery Program cost estimate and to finalize the New Mexico Home Recovery Program -provided scope of work. The applicant or his/her designee are required to attend the site visit conducted by the GC. Upon completion of the site visit and incorporation of any site-specific line items to the scope of work, the GC must submit the scope of work to the program for review and approval. The program must approve each scope of work before the GC may begin construction activities. Once approved, the New Mexico Home Recovery Program scope of work may only be modified via a duly authorized change order.

Additional assessments for rehabilitation award types during the pre-construction phase may increase the Cost Estimate causing the award type to change to a reconstruction. Should the intent of the project change, the project will be put on hold until an amended environmental review is completed. However, once a rehabilitation project moves into construction, the intent cannot be changed to reconstruction barring extreme unforeseen conditions.

- **Pre-Construction Meeting:** Prior to issuance of the NTP and commencement of any construction work, the construction team will schedule a pre-construction meeting (or “walkthrough”) with the applicant and GC to review key items as related to construction. The purpose of this meeting is to review all construction activities that will be undertaken, the timeline for construction, and any finishing selections. During the pre-construction meeting, any potential reasonable modifications must be identified. Typical reasonable modifications include the installation of a ramp or lift, grab bars in bathrooms and showers, and non-slip surfaces necessary to support applicant functional needs.



The pre-construction review will also confirm assumptions related to the anticipated construction activities. This review may include the following components:

- Lot size measurement;
 - Septic tank capacity/functionality evaluation;
 - Well capacity/functionality evaluation;
 - Property boundary, easement, encroachment, and zoning evaluation; and
 - Any other obstacles to permitting.
- **Site Conditions:** Project sites must be cleared of excessive debris and personal property. During the pre-construction meeting, the applicant will be informed of actions he/she must take to prepare the site for construction. If the site includes excessive debris or personal property, the applicant must clear the site within thirty (30) days of the preconstruction meeting. The applicant will also be informed which, if any, outbuildings, landscaping, and ancillary structures must be removed. Similarly, if the applicant wishes to preserve any of the items slated for removal/demolition, the applicant must remove the items from the property within thirty (30) days of the pre-construction meeting. Outbuildings, landscaping, and structures other than the disaster damaged home which remain on the property thirty (30) days after pre-construction meeting may be demolished and the New Mexico Home Recovery Program will not replace them.
 - **Permitting:** The assigned GC will obtain all permits required to complete the assigned construction scope of work. GCs are required to complete all New Mexico Home Recovery Program -sponsored construction activities in accordance with local building codes. GCs are responsible for determining which permits are required and for acquiring all necessary permits to complete the New Mexico Home Recovery Program -approved scope of work from the authority having jurisdiction for code compliance in the location where the construction project is located. Permits required for each project vary by location and scope of work, but may include permits for items such as demolition, septic, MEP, building, roofing, etc.

Applicants may be required to sign documents which authorize the GC to obtain permits from the authority having legal control. Because requirements vary by jurisdiction, documents which require the applicant's signature may also vary. If required to sign or complete documents in support of permitting, the applicant must do so within thirty (30) days of being presented with such documents. GCs must demonstrate code compliance in order to pass a program final inspection. For reconstruction or new construction projects, code compliance will be confirmed via a Certificate of Occupancy (or equivalent), issued by the authority having jurisdiction. For repair projects, code compliance will be confirmed via Certificate(s) of Completion (or equivalent), as applicable, issued by the authority having jurisdiction. Certificate(s) of Completion issued for repair projects may vary, depending on the



scope of work completed by the program.

- **Homeowner Moveout and Utility Disconnection (if applicable):** Homeowners must temporarily move out of the disaster damaged property for construction to take place. If applicable, homeowners must also arrange for utilities at the property to be disconnected.
- **Scope of Work:** The GC will present the applicant with a copy of the program approved scope of work. If the project is new construction or reconstruction, the scope of work shall include a copy of the floorplan being offered.
- **Reasonable Accommodations:** The GC will confirm any reasonable accommodations included in the approved scope of work with the applicant.

13.6 Construction Activities

Once all pre-construction activities have been satisfied, the New Mexico Home Recovery Program will issue a Notice to Proceed (NTP). The primary purpose of a NTP is to control the timing of construction activities and avoid initiation of construction without proper permits or authorization by the New Mexico Home Recovery Program. At a minimum, the NTP will include date of issuance, date to initiate construction, timeframe, and performance period to complete construction.

GCs are only authorized to begin construction activities upon receipt of the NTP and may only perform construction activities that are authorized by an approved New Mexico Home Recovery Program scope of work or via an approved change order. Homeowner requests for upgrades, modifications, and/or additional work will not be considered.

Program construction activities may include:

- **Repair Work:** Repair work includes items required to complete repair or renovation of a portion of a stick-built home, modular home, or qualifying MHU. Repair work is intended to repair damage sustained in the 2024 Disaster Events and bring the items repaired into compliance with local building codes and must comply with all program standards.
- **Reconstruction:** Reconstruction consists of the demolition, removal, and disposal of the disaster-damaged structure, followed by construction of a new home in substantially the same footprint (where feasible) as the disaster damaged home. Reconstruction work will be conducted in accordance with local building codes, HUD standards for green and resilient building, and HUD standards for energy efficiency. Reconstructed homes are only offered in standard New Mexico Home Recovery Program floorplans approved by the program.
- **Elevation:** If reconstruction requires elevation, it will be conducted by means of pier



and beam foundations, piling foundations, or fill dirt, if permissible within zoning regulations, and will be determined by the architect/engineer of record.

- **Site Work:** Site work includes site-specific construction activities necessary to complete the projects that are not related to the structure itself. Site work includes activities such as flatwork, grading, septic tank repair/replacement, well repair/replacement, installation of sod, tree trimming or tree removal, etc.
- **Environmental Mitigation:** Environmental mitigation activities are those environmental activities identified by the New Mexico Home Recovery Program or the GC that must be addressed in order to comply with federal, state, and local regulatory requirements and which are included in the program scope of work, plans and specifications, task orders, or change orders.
- **Historic Preservation:** Section 106 of the National Historic Preservation Act of 1966 (Public Law 89-665), as amended in 2000, requires Architectural History compliance imposed by the Compliance and Review Section of the Bureau of Historic Preservation, as needed. If the State Historic Preservation Office (SHPO) or other authority having jurisdiction requires specific construction or design measures to prevent an adverse effect on a historic or cultural resource, such activities may be included in the program scope of work if determined to be feasible and in alignment with program cost reasonableness principles.
- **Reasonable Accommodations:** Scopes of work for applicants with approved reasonable accommodation requests will include items associated with the approved reasonable accommodation(s).
- **Replacement of Essential Appliances:** Essential appliances are included in program scope of work for all reconstruction and replacement award types. Scopes of work for repair award types will include replacement of eligible essential appliances. Appliances must be standard, economy grade, and energy efficient.
- **Smoke and Carbon Monoxide Detectors:** All assisted homes will be equipped with smoke or smoke/carbon monoxide detectors, in accordance with local code requirements.
- **Mitigation Measures:** Measures to make homes more resilient in the face of future fire and flood disasters such as, but not limited to, wire mesh screening in attic and crawl space vents, installation of spark arresters where required or use of fire-resistant materials in construction, may be included in program scopes of work.

The above list is not intended to be an exhaustive or all-encompassing list. All construction work undertaken by GCs must be approved via an approved cost estimate or authorized change order. Any work completed by GCs prior to authorization by the New Mexico Home Recovery Program, shall be deemed performed at the GC's own risk.



All construction work completed by the program will be completed using standard, builder-grade materials, regardless of what building materials were used prior to program-initiated construction. Applicant-requested upgrades, additions, or modifications to construction scopes of work will not be considered outside of program approved reasonable accommodations. Applicants may not pay out of pocket for upgrades, additions, or modifications concurrent with program sponsored construction.

Changes to the construction start and end dates requested by the general contractor will be memorialized in a change order.

General contractors will be paid on a draw schedule with the final payment occurring after the completion and issuance of a certificate of completion by the construction team.

Construction progress and quality will be monitored throughout each project, and payment of each progress draw is contingent upon successful inspection by the New Mexico Home Recovery Program. In the event that an applicant disagrees with the payment to an New Mexico Home Recovery Program -assigned general contractor for completed work, the New Mexico Home Recovery Program reserves the right to have a third-party inspection performed. Should the review find that the quality of the work is consistent with New Mexico Home Recovery Program standards, the New Mexico Home Recovery Program may issue the general contractor the payment regardless of applicant approval.

13.7 Lead-based Paint Disturbance and Mitigation

Contractors working on target housing must ensure the following minimum requirements are met at all times:

- All sites are clean, and protective covering is placed where required by applicable regulations during the renovation, especially when paint-disturbing activities are taking place.
- All workers on-site are to have proper certifications with them while on site.
- General Contractor's are required to be certified by the Environmental Protection Agency (EPA) in order to perform lead-based paint removal and/or remediation.
- Ensure proper techniques are being used when performing paint disturbing activities.
- At a minimum, the following two items are required to be posted at all times so as to be seen clearly by all workers and for anyone approaching the site until final lead clearance is achieved:
 - Environmental Protection Agency (EPA) RRP required warning signage in English and Spanish



- o Occupational Safety and Health Administration (OSHA) required lead warning signage in English and Spanish

Figures 2 and 3: Example Signage



If site conditions are noncompliant, a stop work order will be issued until resolution and verified by program staff. The time the project is on hold will be included when calculating construction duration and is considered the fault of the contractor and subject to performance penalties. Any issuance of a stop work order will also be taken into consideration when determining future assignments and participation in future projects.

14.0 Construction Monitoring

During construction, a DHSEM Construction Supervisor is responsible for conducting inspections that include the following:

- Working with the construction team to monitor construction contracts and evaluate change orders.
- Monitoring contractor quality, responsiveness, and documentation.
- Conducting periodic inspection and evaluation of the contractor’s work for quality and compliance with the agreed-upon scope, New Mexico Home Recovery Program specifications, and construction drawings as applicable.
- Verifying permits have been pulled and closed.

14.1 Progress Inspections

The number of program inspections and the items being inspected will vary depending upon whether the construction effort is a rehabilitation, reconstruction, or MHU replacement. The goal of the program inspections is to ensure that the homes being



repaired, replaced, or constructed are completed in accordance with the plans/specifications or scope of work provided, are achieving the required municipal/code inspections, and that the construction work is completed in a manner that achieves the program's quality expectations. The program inspection process does not supersede or circumvent the municipal or code inspection requirements.

Upon fifty (50%) and one hundred (100%) percent completion of the Estimated Cost of Repair (ECR) on a rehabilitation project, the contractor will notify the New Mexico Home Recovery Program and request a progress or final inspection of the construction activities. Percent completion for rehabilitation projects is determined by the dollar value of construction line items completed as compared to the ECR.

For reconstruction projects, New Mexico Home Recovery Program inspectors will conduct the 50 percent inspection to evaluate the contractor's progress, confirm that local building codes or standards have been met, and verify that the construction activities have been completed in accordance with the ECR. The contractor may request a fifty (50%) percent inspection on a reconstruction project, provided that the following conditions have been met:

- The building shall be in a "dried in" state, meaning windows, doors, roof, and siding shall be in place, thus preventing water intrusion into the interior of the house.
- The rough-in plumbing shall be complete.
- The electrical rough-in shall be completed, including, but not limited to, the placement of receptacle boxes, switch boxes, and the placement of the circuit breaker box.
- The mechanical rough-in shall be complete.

14.2 Final Inspection and Warranty Information

Once construction is complete, the general contractor will request a final site visit to validate that all work outlined in the NTP has been satisfactorily completed according to the appropriate state and local construction codes and the home meets program standards. The final site visit confirms that all work has been completed and accepted by the local building inspector along with any required certificate of occupancy. The homeowner, the general contractor, and the New Mexico Home Recovery Program Construction Supervisor will complete and sign a final inspection form and place it in the project file. Homeowners that withhold acceptance of the final inspection form may log their concerns as a grievance but shall not inhibit construction closeout or completion.

In addition to the final site visit to verify completion of the applicant's scope of work, the general contractor will be required to submit a Construction Closeout packet to the



construction team. At a minimum, the Construction Closeout packet will include the following:

- All required permits and building inspection reports.
- Final Program inspection.
- Release of claims or liens from subcontractors and/suppliers.
- Certificate of occupancy or equivalent, if applicable.
- Completed green building checklist.
- Lead-based paint clearance report, if applicable.
- Asbestos disposal manifest, if applicable.
- Elevation certificate, if applicable.
- Homeowner warranties.

14.3 Re-Inspections

Should the New Mexico Home Recovery Program observe any fault(s) during the progress and/or final inspections, the construction contractor will be informed of the fault(s) and be provided with a written report of the findings. When the construction contractor has remedied the fault(s), the construction contractor may request a re-inspection to be performed. For each re-inspection required after the final inspection, a re-inspection fee, in an amount not to exceed \$350 per re-inspection, will be assessed and will be the responsibility of the construction contractor. The re-inspection fee must be deducted from the contractor's final invoice.

14.4 General Contractor Performance Review

The construction team will assess the GC's performance at the end of each construction project using a standardized performance matrix. These assessments will factor into the assignment of future projects to the general contractor. The contractor's assessment will be based on their performance on measures such as:

- Adherence to construction schedules and/or completing construction schedules ahead of the proposed timelines established by DHSEM.
- Quality and accuracy of all reporting and paperwork submissions.
- Quality of construction work performed to date; warranty claims; number of failed inspections.
- Demonstrated safety performance; provision of necessary Personal Protection



Equipment on site for all workers; overall cleanliness of construction site.

- Responsiveness to warranty claims.
- Demonstrated professionalism.
- Applicant/owner satisfaction.
- Section 3 compliance.

15.0 Contractor Invoicing and Payment

Each rehabilitation, reconstruction, and MHU replacement will be subject to a construction contract which will include performance measures and define progress and final payment terms. Each request for progress payment submitted by a general contractor must contain the following:

- A Progress Report from the progress inspectors that certifies that all necessary inspections have been completed, and work has been satisfactorily performed in accordance with state and local building codes.
- The signature of the progress inspector evidencing his or her approval of the work for which payment is requested.
- Lien waivers from all identified subcontractors and the general contractor for all work and materials.

Once all required program agreements and contracts are fully executed, the New Mexico Home Recovery Program disbursements for rehabilitation, reconstruction, and new constructions will be issued by DHSEM, directly to the general contractor. Payments will be issued in prescribed draw intervals as construction on the applicant's project progresses, is completed and inspected.

Contractor shall submit invoices to DHSEM in accordance with the terms of the Task Order(s) and the Contract provisions; however, additional procedures for draw requests may be adopted as directed by DHSEM. Invoices may be submitted no more than twice a month and may be submitted only following the Progress Inspection (50% Project completion) or Final Inspection (100% Project completion), as defined in the Contract, for a Project. DHSEM shall ensure that all deliverables, duties, and/or responsibilities in this Task Order(s) are completed prior to the disbursement of funds.

15.1 Change Orders



15.1.1 Contractor Initiated Change Orders

Change orders are issued when the initial agreed-upon scope of work requires modification due to unforeseen conditions. The general contractor must complete a *Change Order Request Form*. This form and supporting documentation must be delivered to the progress inspector for review. Each change order must have a cost analysis using the approved bid book for the New Mexico Home Recovery Program. All change orders to a project's scope of work will be reviewed by DHSEM to ensure compliance with New Mexico Home Recovery Program, federal, state, and local requirements.

The construction team is responsible for verifying the necessity of the change and its cost reasonableness, program eligibility, and feasibility. The construction team will assess whether a more cost-effective alternative means, method, or material can accomplish the same objective. If the New Mexico Home Recovery Program approves the change order, it is returned to the general contractor for execution. Executed change orders are provided to the applicant for their records.

Change orders are invoiced on milestone payments and are categorized as "change order." The amount listed on the invoice must match the previously approved amount and must be cost reasonable as defined at 2 CFR 200 Subpart E.

At closeout, the applicant's grant agreement will need to be amended to account for any change to the award amount resulting from change orders.

15.1.2 Applicant-Initiated Change Orders

In general, applicant change orders are not allowable unless related to an accessibility issue that has developed since the issuance of the NTP. All applicant-initiated change orders must be approved in writing by DHSEM and meet all required criteria.

15.1.3 Construction Team Change Order Responsibilities

During the change order process, the DHSEM construction team is responsible for ensuring the following:

- The reason for the change order and dollar amount(s) of the change order have supporting documentation and are allowable, necessary, and reasonable.
- All required signatures are on the change order form.
- All change order work is completed prior to final inspection.
- A change order for compensation of time or cost is only issued in writing after final inspection.
- The amount of the change order is added to an amended grant agreement upon completion of construction.



16.0 Homeowner Responsibilities During Construction

The New Mexico Home Recovery Program will not be responsible for lost or damaged belongings of the homeowner that may have occurred during construction. The homeowner must secure or relocate his/her items until construction is complete. The New Mexico Home Recovery Program will provide up to two storage containers for applicants as needed. Homeowners must comply with the responsibilities outlined below:

- The homeowner will have 30 calendar days to move out of the property from the date of the preconstruction meeting and store any valuable personal property that might be damaged during the course of construction.
- The homeowner must arrange access to the property for building contractors providing construction services. If reasonable and timely access is denied to a building contractor who is attempting to make a good-faith effort to perform the required repairs, the homeowner will be involuntarily withdrawn from the program.
- The homeowner is responsible for the security of his/her property and personal belongings. Movement, storage, and security of personal property are the homeowner's responsibility. Replacement, rehabilitation, and reconstruction benefit applicants will be provided with up to two (2) temporary storage units for homeowner's use. Items placed in program-provided temporary storage units shall be the responsibility of the applicant. HRP will not assume responsibility for the condition of items placed in program-provided temporary storage units.
- If provided with a storage unit, the homeowner will be required to remove all belongings from the storage unit within fourteen (14) calendar days of completion, at the time homeowner is presented with the keys to the home. Any items remaining in the unit after fourteen (14) calendar days will be removed from the unit and placed on the homeowner's property.
- If the applicant requests additional time to remove their belongings from the storage unit, the applicant must coordinate within fourteen (14) calendar days with the general contractor and the storage unit company to transfer the unit into the applicant's name. The applicant must take financial ownership of unit payments once the fourteen (14) calendar days have expired.
- During construction, the homeowner must not interfere in repair areas and must stay away from the construction zone. Homeowners are required to schedule site visits with the construction superintendent if site visits are needed or desired.
- All debris, abandoned vehicles, and buildings that pose a safety and/or health threat



as determined by the local jurisdiction or person qualified to make such a determination, must be removed from the property within thirty (30) calendar days of the pre-construction meeting. Homeowners must remove damaged, unusable, or otherwise unwanted personal property.

- The homeowner must provide all existing utilities as needed for use by the building contractor during construction. The cost for these utilities will be borne by the homeowner. Neither the HRP nor the contractor will be liable for any utility payments on the property during the construction phase of the project. Homeowners are responsible for maintaining utility bills during construction in a manner that does not interrupt or otherwise delay the completion of construction activities, due to utility disconnection.
- In accordance with the requirements in the Grant Agreement, the homeowner will agree not to transfer ownership of the property or any interest in the property except as permitted in the New Mexico Home Recovery Program Grant Agreement.

16.1 Open Permits

Applicants who have open permits must either close out existing open permits or execute a scope affidavit that relinquishes liability for items that cannot be inspected by the local government prior to execution of the grant agreement. The HRP will not issue any NTP for construction activities if the applicant fails to close the permits or execute the affidavit. Failure to perform at least one of these actions will result in the applicant's file being placed on hold.

17.0 Post Construction

17.1 Overview

In the New Mexico Home Recovery Program, the post-construction phase is crucial to ensuring that the projects meet all regulatory and organizational standards. This phase consists of the following key tasks: invoicing, compliance period monitoring, file closeout, subrogation, and/or recapture. Each of these tasks plays a pivotal role in the successful completion and oversight of housing recovery projects funded by CDBG-DR, ultimately, contributing to the program's long-term goals of enhancing housing stability and resilience.

17.2 Method of Payment/Invoicing

Upon project completion and successful passing of the final inspection by the program, the General Contractor (GC) will be eligible to submit their construction invoices to the



implementation vendor. It is the responsibility of the GC to ensure that all invoices are complete and include the necessary documentation. The implementation vendor will carefully review the invoices for accuracy and completeness before forwarding them to DHSEM. The vendor will submit the approved construction invoices to DHSEM for review and payment on a monthly basis.

17.3 Owner-occupant Compliance Period

Residents who are eligible to participate in the New Mexico Home Recovery Program must maintain ownership of and reside in their home for at least six months after construction is completed. New Mexico Home Recovery Program staff will validate continued ownership and occupancy of the home at the end of the six-month period. Program participants are required to participate in this process and to provide proof that the home is still owned and occupied by the applicant. Proof may include such items as the most recent month's mortgage statement, declaration pages for homeowners or flood insurance on the property, property tax payment receipts, and utility bills. Once the validation of continued ownership and occupancy has been performed by the program and the applicant has been found to be in compliance with the requirement, the applicant's file will be closed.

If an applicant sells their home or ceases to use the home as their primary residence during this six (6) month period, they will be required to repay the full amount of the grant unless they have:

1. Attained an exigent circumstance waiver from the New Mexico Home Recovery Program; or
2. Ownership of the property was transferred to a household meeting the eighty (80%) percent LMI threshold.

In exigent circumstances, the homeowner may need to sell or vacate the home during the six-month ownership and occupancy period. In these instances, the applicant is responsible for contacting the New Mexico Home Recovery Program and providing documentation to support the exigent circumstance. In these rare cases, the program may grant a waiver of the six-month ownership and occupancy requirement. Such waiver, once granted will be documented in the applicant's file and the applicant's file will be closed.

17.4 Construction Closeout Review

Once all payments to construction contractors have been processed, the file will proceed to the closeout review stage. This stage consists of a comprehensive, multi-tiered review that ensures a thorough verification of the entire file. The verification process begins with the case manager, who reviews the basic documentation requirements for the program and collects any necessary additional documentation.



After the case manager completes the initial comprehensive file review, the file is forwarded to the Quality Assurance/Quality Control (QA/QC) team. The QA/QC team has the authority to address any issues identified in the file, return it to case management for further modifications, or approve it for submission to DHSEM for final review and approval.

The closeout review team at DHSEM serves as the final checkpoint before an applicant's file is officially closed. This eligibility review team will evaluate the case manager's findings and the initial QA/QC team's findings. DHSEM may return the file for additional work, direct it to subrogation or recapture, or accept it for closeout.

18.0 Completion and Project Closeout

18.1 Project Closeout

In addition to the Construction Closeout packet submitted by the general contractor, New Mexico Home Recovery Program staff will work with program applicants to collect all closeout documentation for their file in accordance with the Applicant Closeout Checklist, if such documentation is not present in the applicant's file.

Applicant files will be closed out in the New Mexico Home Recovery Program once all documentation is received and approved by the Program. A final closeout file review will be required to ensure that all documentation required in each step of the process is complete and compliant.

18.2 Flood Insurance Compliance

If the applicant's property, reconstructed home, or newly constructed home is in a SFHA, the insurable property shall be insured under a policy of flood insurance in the amount of the lesser of the following at all times:

- The value of the federal award; or
- The maximum amount available for the structure under the NFIP or a successor program.

Flood insurance monitoring will require the applicant to submit documentation such as a paid receipt for the current annual flood insurance premium and a copy of the application for flood insurance or a copy of the current Policy Declarations form issued by the NFIP or issued by any property insurance company offering coverage under the NFIP. The New Mexico Home Recovery Program may seek third party verification of compliance as well. Applicants who cannot meet these requirements will be determined to be non-compliant and may have to repay all or a portion of assistance provided by the New Mexico Home Recovery Program.



To determine compliance with all flood insurance requirements, the New Mexico Home Recovery Program will verify and document the following:

- Section 102(a) compliance through the upload of either a paid receipt for the current annual flood insurance premium and a copy of the application for flood insurance, or a copy of the current Policy Declarations form for every assisted SFHA building or personal property in accordance with the coverage prescribed by Section 102(a) of the Act.
- Section 582(a) compliance through verification that HUD disaster assistance was not made available in a special flood hazard area to a person for repair, replacement or restoration for flood damage to any personal, residential, or commercial property if: (1) the person had previously received federal flood disaster assistance conditioned on obtaining and maintaining flood insurance; and (2) the person failed to obtain and maintain flood insurance.
- Verifying Duration and Dollar Amount of Coverage. The Program will verify compliance with the statutorily prescribed period and dollar amount of flood insurance coverage by:
 - Duration of Flood Insurance Coverage. Obtaining documentation of policy coverage prior to signing the Grant Agreement and final disbursement of Program funding. The statutory period for flood insurance coverage may extend beyond project completion. For grants and other forms of financial assistance, the requirement for maintaining flood insurance shall apply during the life of the building as long as it remains in the 100-year floodplain, regardless of transfer of ownership of such building or personal property.
 - Dollar Amount of Flood Insurance Coverage. For grants and other forms of financial assistance, the amount of flood insurance coverage must be at least equal to the development or project cost (less estimated land cost) or to the maximum limit of coverage made available by the NFIP with respect to the particular type of building involved, whichever is less. The total cost (federal and non-federal) of the federally assisted project for acquiring, constructing, reconstructing, repairing, or improving the building is used to determine the dollar amount of flood insurance coverage.

18.3 Grant Recovery

DHSEM may allocate funds to applicant projects even if the applicant does not maintain compliance with program policies and procedures. In certain cases, DHSEM may collaborate with the applicant to restore compliance; however, in other situations, non-compliance may lead to disqualification and return of program funding which has been expended on the applicant's project. If DHSEM invests funds in a project that later



becomes non-compliant due to applicant actions and the non-compliance cannot be rectified, the applicant may be responsible for repaying the funds spent on the project to DHSEM. This process is called the recapture of funding. Recapture is handled through the grant recovery process.

While implementing and monitoring the New Mexico Home Recovery Program, applicant files may be identified for potential grant recovery during one of several reviews by program staff or auditors. Files identified for potential grant recovery shall be placed in a grant recovery status in the System of Record and a hold placed on the file until a full review of the file is conducted in accordance with DHSEM's Recapture policies.

As a result of this review, an applicant may be required to repay all, or a portion of funds received by the New Mexico Home Recovery Program. Reasons for recapture of program funding may include, but are not limited to, the following:

- An applicant is determined to have provided false or misleading information to the Program.
- An applicant withdraws from the HRP prior to completion of the project.
- An applicant does not allow completion of construction or environmental remediation activities.
- An applicant does not report receipt of additional insurance, SBA, FEMA, or other duplicative assistance.
- An applicant sells or does not occupy the home before the occupancy period is completed.

Applicants identified for recapture of program funding will not be closed out of the Program until all funds have been repaid to the Program.

19.0 Exceptional Case Panel

The DHSEM Exceptional Case Panel (ECP) is responsible for making case-by-case eligibility determinations when DHSEM Home Recovery Program Policies do not clearly prescribe how to proceed with an applicant's file. The ECP also hears cases where existing policy is insufficient to address a specific scenario, develops program clarifications or new guidelines as implementation issues arise through a precedent set with ECP decisions, and considers adjustments to awards outside of ordinary grant policies.

The ECP will convene regularly to review issues submitted by the program staff as they arise. ECP recommendations are approved or denied by DHSEM. The ECP does not replace the appeals process. Issues that result in changes to HRP policy may result in an



interim policy guidance memorandum or policy manual revision. However, exceptions to federal regulations, laws, or statutes shall not be authorized.

20.0 Compliance and Monitoring

Quality Assurance/Quality Control (QA/QC) Specialist Teams review individual program files for consistency, completion, and eligibility. DHSEM also utilizes Compliance Specialists to ensure adherence to regulatory and program policies and procedures. Compliance Specialists perform individual file reviews, when necessary, regularly reviewing data quality reports to detect any data integrity issues.

21.0 Appeals and Complaints

Homeowners will have access to a complaint and appeals procedure:

- Complaints can be submitted regarding any issues or concerns related to the procedures followed and services provided by New Mexico Home Recovery Program.
- Appeals may only be filed in response to an adverse decision related to eligibility or the closure of an application. All appeals must follow the procedures and limits outlined in the program's appeal process.
- Program policies themselves are not subject to appeal.

DHSEM has implemented a policy to ensure that all complaints, appeals, and grievances are addressed in a timely manner. Accordingly, DHSEM will respond to complaints and grievances within fifteen (15) calendar days of receipt. When this time period is not adhered to, DHSEM will document the reason for the additional time needed and notify the applicant.

Information about the right to file an appeal or complaints will be posted on the DHSEM website. A detailed process of submission and response can be viewed on the DHSEM website at www.dhsem.nm.gov/cdbg-dr2025.

21.1 Appeals

Throughout the process, decisions regarding applications and/or projects will be made based on relevant statutes, federal regulations, local administrative codes, and state and local guidelines, as interpreted by the program. This policy outlines the procedure for applicants or contractors seeking to appeal decisions made by the New Mexico Home



Recovery Program. Applicants may request appeals of a program decision related to disaster recovery funding on one or more of the following grounds:

- Eligibility
- Duplication of Benefits Gap
- Scope of Work
- Award Type

Applicants wishing to appeal may do so using any of the following methods:

Online: Complete the complaint form online at www.dhsem.nm.gov/cdbg-dr2025

By mail: Department of Homeland Security and Emergency Management

Attention: New Mexico Home Recovery Program, Appeals

PO Box 27111

Santa Fe, NM 87502

To initiate an appeal of a program determination, the requesting party must submit a written request to the New Mexico Home Recovery Program within thirty (30) calendar days from the date of the program determination letter. The written request should include specific information related to specific facts or circumstances, along with supporting documents, to substantiate the request.

During the appeal evaluation, the New Mexico Home Recovery Program will review only the facts and information already part of the applicant's file unless the applicant provides new documentation. The New Mexico Home Recovery Program has the discretion to accept or reject any new documents based on their relevance to the appeal. The New Mexico Home Recovery Program will acknowledge receipt of the appeal request.

A written response will be provided no later than fifteen (15) working days after the request is received, when feasible. The response may include one of the following actions:

- An acknowledgment of receipt of the appeal request, along with a notification that reviewing the applicant's file may take longer than fifteen (15) working days.
- A request for additional supporting documentation or information from the applicant.
- An update on the investigation status and an estimated timeframe for a decision.
- A final determination regarding the request, which may include:
 - HRP agreeing with the request and implementing the necessary adjustments; or
 - HRP disagreeing with the request and providing the rationale for the denial.



21.2 Complaints

A complaint is considered filed when the written request is submitted through any of the following avenues:

In person: At a publicly noticed meeting. All scheduled public meetings are posted to DHSEM's website at www.dhsem.nm.gov/cdbg-dr2025

Online: Complete the New Mexico Home Recovery Program Complaint Form online at www.dhsem.nm.gov/cdbg-dr2025

By email: DHSEM-DCM@dhsem.nm.gov

By mail: Department of Homeland Security and Emergency Management

Attention: New Mexico Home Recovery Program, Complaints

PO Box 27111

Santa Fe, NM 87502

By Phone: Call a program representative by calling the State Disaster Case Management mainline at 505-670-4662 for assistance.

DHSEM will provide a written response to all complaints within fifteen (15) working days of receiving them. After the initial response, they will make every effort to resolve complaints within the same fifteen (15) working day timeframe. If a resolution cannot be reached within this period, the complainant will receive a status update regarding their issue(s) and, if feasible, an estimated time period when a resolution can be expected. The DHSEM representative will monitor response times to ensure compliance and may adjust timelines for additional responses, as necessary. Information on how to file a complaint will be accessible on the website, at program offices, and included in printed materials.

All complaints and inquiries will be managed by DHSEM staff, as applicable. Complaints include any verbal or written grievance, such as phone calls, emails, faxes, or letters received by DHSEM, its contractors, or other program sources. Inquiries refer to requests for information or assistance.

All complaints and inquiries received will be reviewed by DHSEM staff for the following actions:

- Investigation, if necessary;
- Resolution; or
- Follow-up actions.

Each complaint and inquiry will be documented in a tracking system. DHSEM staff will maintain electronic files that contain:



- The name and contact information of the complainant;
- The date the complaint was received;
- A description of the complaint;
- The names of all individuals contacted regarding the complaint;
- A summary of the outcome and the response date to the complainant; and
- An explanation of the resolution.

The DHSEM staff will conduct monthly reviews of these complaints and inquiries to identify any emerging patterns and determine if these issues require a policy change or additional training.

21.2.1 HUD Fair Housing Complaints

DHSEM CDBG-DR programs comply with the Federal Fair Housing Law (The Fair Housing Amendments Act of 1988). Anyone who believes they have experienced housing discrimination has several options to file a complaint:

In person: At a publicly noticed meeting. All scheduled public meetings are posted to DHSEM's website at www.dhsem.nm.gov/cdbg-dr2025

Online: Complete the New Mexico Home Recovery Program Complaint Form online at www.dhsem.nm.gov/cdbg-dr2025

By email: DHSEM-DCM@dhsem.nm.gov

By mail: Department of Homeland Security and Emergency Management

Attention: New Mexico Home Recovery Program, Complaints

PO Box 27111

Santa Fe, NM 87502

By Phone: Call a program representative by calling the State Disaster Case Management mainline at 505-670-4662 for assistance.

Complaints alleging violation of fair housing laws will be directed to HUD for immediate review. Members of the public can file a complaint directly with the HUD Region VI Fair Housing and Equal Opportunity Office through the following options:

By Phone: Call (800) 669-9777 or (817) 978-5900

By Mail:

Office of Fair Housing and Equal Opportunity Department of Housing and Urban Development

Room 5204 451 Seventh Street SW



Washington, DC 204102000

Online: Submit a complaint through the <https://www.hud.gov/fairhousing/fileacomplaint>

DHSEM certifies that the New Mexico Home Recovery Program will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations, and that it will affirmatively further fair housing practices.

21.2.2 Contractor-Applicant Grievances

Applicants wishing to file a construction grievance as provided for in this section must do so using the following process:

- File the grievance in writing.
- Provide details relevant to the approved scope of work.
- Submit detailed explanation of the grievance and its basis.
- Include supporting documentation, if possible (e.g., photographs, inspection reports, etc.)

The grievance should be submitted to the construction team, who will work with the applicant to resolve the dispute.

If an applicant disagrees with the payment request of the general contractor for completed work, a third-party inspection performed by the Program's QA/QC contractor may be conducted at the direction of DHSEM. Should the QA/QC contractor find that the quality of the work is consistent with Program standards, the Program may elect to issue payment to the general contractor. Determinations made by the QA/QC contractor are final and will be communicated to the applicant accordingly. Construction grievances can be submitted in one of the following ways:

In person: At a publicly noticed meeting. All scheduled public meetings are posted to DHSEM's website at www.dhsem.nm.gov/cdbg-dr2025

Online: Complete the New Mexico Home Recovery Program Complaint Form online at www.dhsem.nm.gov/cdbg-dr2025

By email: DHSEM-DCM@dhsem.nm.gov

By mail: Department of Homeland Security and Emergency Management

Attention: New Mexico Home Recovery Program, Complaints

PO Box 27111

Santa Fe, NM 87502



By Phone: Call a program representative by calling the State Disaster Case Management mainline at 505-670-4662 for assistance.

22.0 Anti-Fraud, Waste and Abuse

The Department of Homeland Security and Emergency Management (DHSEM) is committed to making the New Mexico Home Recovery Program and Program processes more effective, available, and accessible to all New Mexico residents. DHSEM encourages any resident, stakeholder, or employee to report concerns regarding fraud, waste, and abuse within DHSEM operations. The New Mexico Office of the State Auditor (OSA) Special Investigations Division is responsible for the investigation of allegations involving state or local government misuse of public funds. Reports can be anonymous and are treated with confidentiality.

Any person who suspects fraud, waste, or abuse may report a concern to the New Mexico Office of the State Auditor using any of the following methods:

By phone: Call the Fraud Hotline (toll free) 1-866-OSA-FRAUD (1-866-672-3728 OR 505-476-3800

Online: File a complaint using the OSA Fraud Hotline web portal at <https://www.osa.nm.gov/auditing/special-audits-and-investigations/>

All reported cases of fraud, waste, or abuse of government funds will be forwarded to the United States Department of Housing and Urban Development (HUD), Office of Inspector General (OIG) Hotline online at www.HUDOIG.gov/hotline/report-fraud or via telephone at 800-347-3735.

22.1 Contractor Impersonation

All eligible damaged properties will have multiple onsite inspections conducted by DHSEM representatives. Inspections will be scheduled by appointment only, and applicants will receive official communications from DHSEM before any representative arrives at their property. Should an inspector or contractor arrive at an applicant's home without notice, the applicant should immediately inform the program by emailing: DHSEM-DCM@dhsem.nm.gov.

DHSEM inspectors and construction contractors will never ask for an applicant's personal information such as Social Security number, date of birth, or bank account information. These requests should not be complied with, and the applicant should, immediately, report the incident to the program.

All suspected cases of fraud will be taken seriously, and complaints will be reported to appropriate law enforcement officials.



23.0 Record-Keeping Requirements

23.1 Records Management

In accordance with HUD regulations, DHSEM follows the records retention rules as stated in 2 CFR §§ 200.334–200.338, which require financial records, supporting documents, statistical records and all other pertinent records be maintained for five (5) years after the fiscal year of the grant or three (3) years after the date of closeout of the grant from HUD, whichever is longer. DHSEM established requirements in its subrecipient and contractor agreements for compliance with all HUD cross-cutting requirements outlined in 2 CFR § 200 Appendix II, including record keeping requirements. Applicants are advised that additional information may be required for the New Mexico Home Recovery Program to properly calculate an applicant’s grant amount and determine eligibility, and that applicant should maintain all records, receipts, invoices and other documentation related to any repairs, construction or clean-up of the property for no less than five (5) years from the date that they complete activities and close out with the Program.

23.2 Access to Records

New Mexico complies with 24 CFR § 570.490 Recordkeeping requirements which permits HUD, the Inspector General, and the General Accounting Office to have access to books, accounts, records, reports, files, and other papers or property pertaining to the administration, receipt, and use of CDBG funds and necessary to facilitate such reviews and audits. Citizens shall be provided reasonable access to records regarding the past use of CDBG funds. Reasonable access includes consideration for the privacy of personal records and information.

The availability of records is subject to one of New Mexico’s core sunshine laws, the Inspection of Public Records Act ([IPRA](#)), [NMSA 1978, §14-2-1 to -12](#), which enables access to public records of governmental entities in New Mexico. All public records requests must be made pursuant to this law.

Please note that the IPRA Guide does not currently reflect the New Mexico Court of Appeals opinion entitled *Albuquerque Journal v. Board of Education of Albuquerque Public Schools*, [No. A-1-CA-40172](#), filed on October 30, 2024. The opinion is currently under review, its implications are being analyzed for revision to the [IPRA Guide](#).

23.3 Personally Identifiable Information (“PII”)



The data collected from applicants to the Program may contain Personal Identifiable Information (PII). Unauthorized disclosure of such personal information may result in personal liability with civil and criminal penalties.

23.4 Confidentiality/Privacy

The New Mexico Home Recovery Program is committed to protecting the privacy of all individual stakeholders, including the public and those individuals working on the program. The New Mexico Home Recovery Program policies describe how information is to be managed and protected. The purpose of this privacy policy is to establish when and under what conditions certain information relating to individuals may be disclosed. The data collected from applicants for the New Mexico Home Recovery Program may contain personal information on individuals covered by the Federal Privacy Act of 1974, as well as applicable state laws. These laws provide for confidentiality and restrict the disclosure of confidential and personal information. Unauthorized disclosure of such personal information may result in personal liability with civil and criminal penalties. The information collected may only be used for limited official purposes:

- New Mexico Home Recovery Program staff may use personal information throughout the award process to ensure compliance with program requirements, reduce errors, and mitigate fraud and abuse.
- Independent auditors, when hired by the State to perform a financial or programmatic audit of the program, may use personal information in determining program compliance with all applicable HUD and federal regulations, including the Stafford Act, CDBG-DR requirements and State and local law.
- DHSEM may disclose personal information on an applicant to those with official Power of Attorney for the applicant or for whom the applicant has provided written consent to do so.

Organizations assisting DHSEM in executing the CDBG-DR Program must comply with all federal and state law enforcement and auditing requests, including, but not limited to requests from HUD, FEMA, FBI, DHSEM, Office of the State and City Comptroller, and the Office of Inspector Generals.

23.5 Applicant File Contents

Documentation for each application will be stored in the Program System of Record.

The type of documents retained will vary based on the applicant's status and type of assistance received. Documents present in individual files may change over time as program documentation requirements change. Documents may include but are not limited to:



- Complete Application.
- Grant Agreement Documents.
- Verification of Program Eligibility
- Construction Documents, if applicable.
- Determination of National Objective
- Proof of Payment of other Grant Funds.
- Estimated scopes of work.
- Closeout Documents.
- Award Calculations.
- Appeals, if applicable.
- Duplication of Benefits Review.
- Copies of miscellaneous program correspondence.
- Environmental Remediation and Clearance Documentation.

24.0 State and Federal Audits

Audit activities are a regular part of CDBG-DR operations and may be carried out by state or federal agencies for financial, operational, or programmatic reasons.

At the federal level, HUD's Office of Inspector General (OIG) performs preliminary research (surveys) and audits of disaster recovery programs, usually after these programs have been initiated and funds have been spent by the grantee. Through its auditing, evaluative, and investigative activities, OIG ensures that disaster assistance funds are used in accordance with Congressional intentions.

At the state level, the New Mexico Attorney General Office conducts all internal audits. The New Mexico Attorney General's Office may be contacted at 505-490-4060. This office performs audits regarding the State's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the State's federal programs. The office conducts their audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative



Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

As a result, DHSEM will assign an Account Auditor to the CDBG-DR program. The Account Auditor will report independently to Deputy Cabinet Secretary Regina Chacon, who works directly with State Director of Emergency Management Ali Rye to identify and address issues requiring resolution.

