

# Agenda



## **HOUSING NEW MEXICO| MORTGAGE FINANCE AUTHORITY**

### **Board Meeting**

**7425 Jefferson St. NE Albuquerque, NM 87109**

**Wednesday, April 16, 2025- 9:30 a.m.**

### **Proposed Agenda**

#### **Chair Convenes Meeting**

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 3/19/25 Board Meeting Minutes – Board Action
- Executive Director Updates

#### **Board Action Items**

#### **Action Required**

#### **Consent Agenda**

- |          |   |    |
|----------|---|----|
| <b>1</b> | Bi-Annual Mortgage Operations Compliance Report (Jackie Nutima) | NO |
|----------|---|----|

#### **Contracted Services/Credit Committee**

- |          |   |     |
|----------|---|-----|
| <b>2</b> | 2025 WAP State Plan Approval (Troy Cucchiara, Dimitri Florez & David Trembath)  | YES |
| <b>3</b> | 2024 State Plan Sustainable Energy Resources for Consumers (SERC) Modification Adding Red Feather Development (Troy Cucchiara & Dimitri Florez) | YES |
| <b>4</b> | Regional Housing Authority Commissioner Renewals (John Garcia)  | YES |
| <b>5</b> | West Mesa Ridge A- HOME Loan and New Mexico Housing Trust Fund (NMHTF) Loan Request (Josh Howe & Tim Martinez)                                  | YES |
| <b>6</b> | Housing Innovations Application Recommendation for Approval – DreamTree Project, Inc. (Daniela Freamon, Sonja Unrau & Robyn Powell)             | YES |
| <b>7</b> | Housing Innovations Program Revised Notice of Funding Availability (Daniela Freamon, Sonja Unrau & Robyn Powell)                                | YES |
| <b>8</b> | Ventana Fund Board Member Appointment (Jeff Payne & George Maestas)   | YES |

#### **Other**

- |          |  |    |
|----------|--|----|
| <b>9</b> | Semiannual Single Family Program Report (Rene Acuña) | NO |
|----------|--|----|

#### **Other Board Items**

#### **Information Only**

#### **10 (Staff is available for questions)**

- Staff Actions Requiring Notice to Board
- 2025 Series A/B Bond Pricing Summary

#### **Monthly Reports**

#### **Non-Action Required**

#### **11 (Staff is available for questions)**

- Marketing & Communications Monthly Update
- New Mexico Housing Trust Fund Update
- 2/28/25 Financial Statements

#### **Announcements and Adjournment**

#### **Discussion Only**

#### **Confirmation of Upcoming Board Meetings**

- May 13, 2025 – Tuesday- 10:00 a.m. Contracted Services, 1:30p.m. Finance Committee
- May 21, 2025 - Wednesday- 9:30 a.m. MFA Board of Directors Meeting
- May 29- 2025- Thursday 3:00 p.m. Monthly Investment Update please RSVP to Dominique Zuni to attend
- June 10, 2025 - Tuesday- 10:00 a.m. Contracted Services, 1:30p.m. Finance Committee

- June 18, 2025 – Wednesday – 9:30 a.m. MFA Board of Directors Meeting
- June 26, 2025- Thursday 3:00 p.m. Monthly Investment Update please RSVP to Dominique to attend
- July 8, 2025- Tuesday- 10:00 a.m. Contracted Services, 1:30p.m. Finance Committee
- July 16, 2025 – Wednesday 9:30 a.m. MFA Board of Directors Meeting



**HOUSING NEW MEXICO | MORTGAGE FINANCE AUTHORITY**  
**Board Meeting**  
**7425 Jefferson St. NE Albuquerque, NM 87109**  
**Wednesday, April 16, 2025- 9:30 a.m.**

**Proposed Agenda**

**Chair Convenes Meeting**

---

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 3/19/25 Board Meeting Minutes – Board Action
- Executive Director Updates

**Board Action Items**

**Action Required**

**Consent Agenda**

- 1 Bi-Annual Mortgage Operations Compliance Report (Jackie Nutima)-** The Biannual Compliance Activities Report is provided by the Compliance Manager to provide information to the board of directors regarding Housing New Mexico's mortgage lending and servicing department compliance management activities. During this reporting period, no significant compliance concerns were identified. NO

**Contracted Services/Credit Committee**

- 2 2025 WAP State Plan Approval (Troy Cucchiara, Dimitri Florez & David Trembath) -** The NM EnergySmart program helps low-income New Mexicans save money on utility bills. Homeowners and renters who qualify for the program receive an average of \$9,150 in weatherization measures including weatherization readiness. The Department of Energy (DOE) is the primary funding source, and they set the rules and regulations for the program. Additionally, DOE is the source of funding that provides vehicles, equipment, and a training and technical assistance budget. To receive funding from DOE, a State Plan must be submitted no later than May 1, 2025. Funding for the 2025/2026 State Plan totals \$2,736,346.00. With the DOE funding, we are projecting that Central New Mexico Housing will weatherize approximately 117 single family units, Southwestern Regional Housing and Community Development Corporation will weatherize approximately 47 single family units, and Red Feather Development will weatherize a total of 11 single family units, for a statewide total of 175 units. YES
- 3 2024 State Plan Sustainable Energy Resources for Consumers (SERC) Modification Adding Red Feather Development (Troy Cucchiara & Dimitri Florez)-** Housing New Mexico | MFA is recommending approval to re-allocate the balance of the SERC funding to all three existing single family service providers. YES
- 4 Regional Housing Authority Commissioner Renewals (John Garcia)-** Staff requests approval of the Regional Housing Authority commissioner renewal recommendations to move forward to the Governor's office. YES
- 5 West Mesa Ridge A- HOME Loan and New Mexico Housing Trust Fund (NMHTF) Loan Request (Josh Howe & Tim Martinez)-** A \$2,000,000 HOME loan request and \$3,000,000 New Mexico Housing Trust loan request for West Mesa Ridge A, located in Albuquerque, New Mexico. West Mesa Ridge A is a proposed New Construction multifamily development project that includes 128 units constructed for households earning an average of at or below 60% Area Median Income (AMI). YES
- 6 Housing Innovations Application Recommendation for Approval – DreamTree Project, Inc. (Daniela Freamon, Sonja Unrau & Robyn Powell)-** Staff recommend the approval of the DreamTree Project, Inc. application for a \$500,000 grant for the rehabilitation of a congregate shelter facility under the Housing Innovation Program NOFA. YES



- 7 **Housing Innovations Program Revised Notice of Funding Availability (Daniela Freamon, Sonja Unrau & Robyn Powell)** - Staff recommend Board of Directors' approval of revisions to the Housing Innovation Program Notice of Funding Availability (NOFA). YES
- 8 **Ventana Fund Board Member Appointment (Jeff Payne & George Maestas)** - Staff recommend approval of the appointment to the Board of Directors of the Ventana Fund and authorizes any subsequent appointments to be made by the Executive Director of Housing New Mexico. YES

**Other**

- 9 **Semiannual Single Family Program Report (Rene Acuña)**- Staff will provide an update of the Single-Family program production for the first quarter of the current fiscal year. NO

**Other Board Items**

**Information Only**

**10 (Staff is available for questions)**

- Staff Actions Requiring Notice to Board
- 2025 Series A/B Bond Pricing Summary

**Monthly Reports**

**Non-Action Required**

**11 (Staff is available for questions)**

- Marketing & Communications Monthly Update
- New Mexico Housing Trust Fund Update
- 2/28/25 Financial Statements

**Announcements and Adjournment**

**Discussion Only**

**Confirmation of Upcoming Board Meetings**

- May 13, 2025 – Tuesday- 10:00 a.m. Contracted Services, 1:30p.m. Finance Committee
- May 21, 2025 - Wednesday- 9:30 a.m. MFA Board of Directors Meeting
- May 29, 2025- Thursday 3:00 p.m. Monthly Investment Update please RSVP to Dominique Zuni to attend
- June 10, 2025 - Tuesday- 10:00 a.m. Contracted Services, 1:30p.m. Finance Committee
- June 18, 2025 – Wednesday – 9:30 a.m. MFA Board of Directors Meeting
- June 26, 2025- Thursday 3:00 p.m. Monthly Investment Update please RSVP to Dominique to attend
- July 8, 2025- Tuesday- 10:00 a.m. Contracted Services, 1:30p.m. Finance Committee
- July 16, 2025 – Wednesday 9:30 a.m. MFA Board of Directors Meeting

# Minutes



## **HOUSING NEW MEXICO| MORTGAGE FINANCE AUTHORITY Board Meeting**

**7425 Jefferson St. NE Albuquerque, NM 87109  
Wednesday, March 19, 2025- 9:30 a.m.**

Chair Angel Reyes convened the meeting on March 19, 2025, at 9:37 a.m. Secretary Hernandez called the roll. Members attending in person: Chair Angel Reyes, Martina C’de Baca (designee for Lieutenant Governor Howie Morales), Rebecca Wurzburger and Julie Ann Meade (designee for Attorney General Raúl Torrez). Members participating virtually: Derek Valdo, State Treasurer Laura M. Montoya, and Randy Traynor. Hernandez informed the Board that everyone had been informed about today’s meeting in accordance with the New Mexico Open Meetings Act.

Chair Reyes welcomed Board members, guests, and staff. He informed everyone that the meeting is being recorded, referring to microphone sensitivity. He then provided voting protocol for those members participating virtually.

Approval of Agenda – Board Action. Motion to approve March 19, 2025, as presented: Wurzburger. Seconded by Meade. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Proxy Martina C’de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- yes, Randy Traynor- yes. Vote: 7-0.

Approval of 2/19/2025 Board Meeting Minutes – Board Action. Motion to approve February 19, 2025, Board Meeting Minutes as presented: Wurzburger. Seconded by C’de Baca. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Proxy Martina C’de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- yes, Randy Traynor- yes. Vote: 7-0.

Executive Director updates- Hernandez provided information on Production Data: Current month assisted: 7,710, \$67M expended. YTD Expended: \$242M. YTD Assisted: 15,889. Program Updates: Homeless Served: YTD 1973. Subserviced Portfolio: Delinquencies decreased to 11% from 12.43% last month. Mortgage Ops: 5 months of reservations total \$284M, 1162 loans. Int. 6.00%/ Mkt: 6.50% (3/18/25). Significant meetings/presentations: 03/13: Mtg w/LFC – STB 2025 Projections of \$44M. Upcoming Meetings: 4/10: Press Conference – 50<sup>th</sup> Anniversary. He then highlighted the GAAR Green Sheet- February 2025 overviewing percentage changes in median sale price, average sale price and inventory of homes for sales. He provided an update of the New Mexico Housing Trust Fund. Robyn Powell then provided the Board with an update on the Legislative Session and the bills that Housing NM has been following.

### **Contracted Services/Credit Committee**

**1 Casitas del Camino – HOME Loan Request (Justin Carmona & Tim Martinez)** – Carmona began his presentation recommending a \$2,000,000 HOME loan request for Casitas del Camino, located in Albuquerque, New Mexico. He introduced Dan Foster, Developer, from Albuquerque Housing Authority, who was in attendance to answer any questions that the Board may have. Casitas del Camino is a multifamily project with proposed new construction of 46 units and acquisition/rehabilitation that will create 88 two-, three-, and four-bedroom units for households with children. 44 units will be income restricted to households earning 60% or less of Area Median Income (“AMI”). 17 units will be income restricted to households earning 50% or less of AMI, and the final 27 units will be income restricted to households earning 30% or less of AMI. Motion to approve Casitas del Camino – HOME Loan Request as presented: Wurzburger. Seconded by C’de Baca. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Proxy Martina C’de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- yes, Randy Traynor- yes. Vote: 7-0.

**2 Amador Crossing Apartments – TCAP & LTTF Grant Requests (Justin Carmona & Tim Martinez)** – Carmona began his presentation recommending a \$1,118,524 TCAP grant request and a \$921,530 LTTF grant request for Amador Crossing Apartments, located in Las Cruces, New Mexico. He introduced Natlie Green, Developer, with the

City of Las Cruces, who was in attendance to answer any questions that the Board may have. Amador Crossing Apartments is a proposed new multifamily construction project that will create 50 studio and one-bedroom units for special needs households that are homeless or at risk of homelessness. 40 units will be income restricted to households earning 80% or less of Area Median Income (“AMI”), and the final 10 units will be income restricted to households earning 50% or less of AMI. Motion to approve Amador Crossing Apartments – TCAP & LTTF Grant Request as presented: Wurzburger. Seconded by Meade. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Proxy Martina C’de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- yes, Randy Traynor- yes. Vote: 7-0.

**3 Housing Innovation Award Recommendation (Daniela Freamon & Robyn Powell)** – Freamon began her presentation recommending the approval of the Doña Ana County Health and Human Services Department application for \$714,972 grant under the Housing Innovation NOFA for transitional housing serving males who have been involved in the justice system previously and are considered unhoused, contingent on securing additional \$1.2 million for Phase I from the Doña Ana County Board of Commissioners. More specifically funding will support Phase II, which includes an outdoor therapy area and the installation of electrical, water, plumbing, sewer, and exterior grading that will extend to all Phases of the project. The Reconnect Project aims to provide the least restrictive and lowest-barrier housing option for males who have been jailed for a misdemeanor or petty non-violent misdemeanor crime and is non-sex-related in nature or have been involved in the justice system previously and are considered unhoused. The County will integrate key partners with multi-year contracts to support the long-term vision of the project, such as La Clinica de Familia, a federally qualified health center, and Community of Hope, the County’s subject matter expert in housing. The funding source of the Housing Innovation Program is New Mexico Housing Trust Funds, therefore staff recommends approval by Housing NM | MFA, as Trustee of the New Mexico Housing Trust Fund. Motion to approve Housing Innovation Award Recommendation as presented: State Treasurer Laura M. Montoya. Seconded by Wurzburger. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Proxy Martina C’de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- yes, Randy Traynor- yes. Vote: 7-0.

**4 Acceptance of Community Energy Efficiency Development (CEED) Grant (Troy Cucchiara)**- Cucchiara began his presentation recommending approval to accept a Community Energy Efficiency Development (CEED) grant from the State of NM Department of Energy, Minerals, and Natural Resources (EMNRD) of \$1,670,000. Housing NM | MFA has been awarded a \$1,670,000 CEED grant from EMNRD and will need formal approval before the contract is finalized and initiated between Housing NM | MFA and EMNRD. Housing NM | MFA follows standard procedures of notifying the Board upon receipt of awards as a staff action. For this grant, EMNRD is requiring formal approval to accept the award to comply with The Community Energy Efficiency Development Block Act, 16-17A-5 NMSA. This states: “Prior to the department's final approval of an application from the New Mexico mortgage finance authority for a grant pursuant to the Community Energy Efficiency Development Block Grant Act, the New Mexico mortgage finance authority shall provide the department with formal approval of the New Mexico mortgage finance authority to accept a specific community energy efficiency development block grant.” All three single family weatherization service providers will be receiving this award and will be leveraging previously allocated funds for maximum efficiency expenditures. Motion to approve Acceptance of Community Energy Efficiency Development (CEED) Grant as presented: Valdo. Seconded by State Treasurer Laura M. Montoya. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Proxy Martina C’de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- yes, Randy Traynor- yes. Vote: 7-0.

## Presentation

**5 Bond 101 Presentation (Arundhati Bose and James Schneider)** – Bose and Schneider began their presentation taking the Housing NM | MFA board through the life of Single-Family Bond Program touching on Structuring, Pricing, Managing the Program and highlighting importance of PAB Activity and depicting how the bond Programs make Housing NM | MFA financially sustainable. Non-Action Item.

## Other Board Items

## Information Only

**6 There were no questions asked of staff.**  
 ▪ Staff Actions Requiring Notice to Board

## Monthly Reports

## Non-Action Required

**7 There were no questions asked of staff.**  
 ▪ Marketing & Communications Monthly Update

- New Mexico Housing Trust Fund Update
- 1/31/25 Financial Statements

Announcements and Adjournment- Confirmation of upcoming Board Meetings.

There being no further business the meeting was adjourned at 11:38 a.m.

Approved:

---

Chair, Angel Reyes

---

Secretary, Isidoro Hernandez

Tab 1



# MEMO

**TO:** Housing New Mexico Board of Directors  
**Through:** Contracted Services, April 8, 2025  
**Through:** Policy Committee, April 1, 2025

**FROM:** Jackie Nutima, Compliance Manager

**DATE:** April 16, 2025

**SUBJECT:** Biannual Compliance Activity Report for November 2024 – March 2025

The compliance manager is responsible for communicating with the Board of Directors regarding compliance matters. The compliance activities report is intended to provide information to the Board regarding compliance management activities and the results of related oversight of Housing NM's single-family mortgage lending and servicing departments, including lender oversight and subservicing oversight. During this reporting period, no significant compliance concerns were identified. No influence from other business units or bias in the Quality Control conclusions were apparent.

## **Background:**

The compliance manager is responsible for maintaining a comprehensive compliance program to address legal, regulatory, and internal requirements for Housing NM's single family mortgage lending and servicing functions, ensure Housing NM is meeting regulatory compliance requirements related to mortgage operations, and maintain oversight of Housing NM's contracted subservicer performance.

**Discussion:** The following is a summary of compliance activities related to vendor management, subservicing oversight, loan quality control, and tracking of regulatory compliance and consumer complaints from November 2024 through March 2025.

## Vendor Management

Vendor management and oversight is an ongoing function within the compliance management system and is conducted according to the underlying vendor management policy. Staff identifies vendors who provide services to Housing NM which are subject to regulation and oversight by the Consumer Financial Protection Bureau (CFPB), or any entity contracted to provide services that would cause Housing NM to face risk if the vendor or service provider fails to meet contractual obligations, regulatory requirements, or engages in activities that could adversely impact Housing NM consumers.

Vendors are evaluated for inherent risk, compliance systems and controls, and business performance. This evaluation is completed by the compliance manager, in cooperation with appropriate department directors. All consumer facing or interfacing vendors are placed on a schedule based on their risk assessment. The most recent vendor reviews did not identify any vendors with critical weaknesses which present a significant risk of violating the law and causing consumer harm.

Risk ratings are assigned to vendors based on the below criteria and the Vendor Management Policy dictates the level and frequency of vendor reviews.

**Risk Ratings:**

- High – full operational reliance, access to Housing NM consumer NPPI (non-public personal information), access to Housing NM consumers, access to Housing NM systems.
- Medium – limited operational reliance, limited access to Housing NM consumer NPPI, no access to Housing NM consumers, no access to Housing NM systems.
- Low – no operational reliance, no access to Housing NM consumer NPPI, no access to Housing NM consumers, no access to Housing NM systems.

**Vendor Review:**

A majority of the vendors reviewed during this reporting timeframe are involved in protecting Housing NM's network and internet security. Housing NM utilizes the vendor's software or hardware, but these vendors do not have access to Housing NM's data. Housing NM's data is stored on the vendors' systems but it's encrypted.

The compliance manager reviews several types of documents from vendors, including but not limited to



- Audit reports (internal audit, external audit, System and Organization Controls (SOC), ISO 27001<sup>1</sup> type review, security reviews) of other examination reports evidencing internal controls,
- Audited Financial Statements,
- List of third-party vendors and the corresponding oversight policy,
- Evidence of sufficient insurance coverage,
- Policies and procedures related to internal controls and information security,
- Disaster recovery and business continuity plan,
- Information Security Policies, and
- Current organizational chart.

Company	Function	Risk Rating
Artic Wolf	Network Security - Monitoring/alerts	High
Cisco	Secure remote access network (Internet and Network Security) Multi-factor authentication and VPN	High
Dark Trace	Network Security monitoring of email	Medium
Oso Grande	Data Center	High
Druva	Cloud data management and client backup protection	High
HPE	Data Storage Platform	High
Quadient	Accounts Payable Approval Software	High

### Subservicing Oversight

Staff continue to monitor service level performance to ensure our contracted sub-servicer provider, Idaho Housing and Finance Association (IHFA), maintains regulatory compliance, that staffing levels support Housing NM needs and that controls over data integrity are in place. No significant issues were identified during the review period.

IHFA provides several monthly loan portfolio reports, including servicing quality control, advances and reimbursements, loss mitigation and foreclosure activity reports. All reports are reviewed, reconciled, and analyzed for any negative trends or ongoing issues. Monthly calls are held with IHFA to discuss operational processes, reconcile reporting, and provide current updates.

---

<sup>1</sup> ISO 27001 focuses on establishing and maintaining an Information Security Management System (ISMS).

The February 2025 delinquency rate is 11.01% and the seriously delinquent rate is 3.35%. There has been a decrease in overall delinquency, which is expected as a seasonal trend. The exception to the overall decrease is in the foreclosure starts category, which is slightly up. See Chart 1 – Subserviced Portfolio Delinquency Trends on the second to last page of this report.

### Loan Quality Control

Loan quality control reports and portfolio management reports received from IHFA alert Housing NM staff to loan level issues with Housing NM approved lenders. These reports provide insight regarding trends and the performance of specific lenders and loan officers. Housing NM staff takes a proactive approach in communicating with our partner lenders to mitigate the risk of material findings or repurchase. Why this is critical is that any loans that have unresolved serious defects cannot be pooled and securitized. In those instances, Housing NM would ask the lender to buy back the loan.

Every month, Housing NM's quality control vendor, IHFA, selects and reviews post-funded loans based on a random sampling of 10% of loans purchased during the previous month. Housing NM staff then complete a 10% oversight review of the vendor's selected sample of Fannie Mae loans. The sample includes a cross-section of the approved lenders as well as Housing NM's overall book of business being sold or securitized by Fannie Mae or Freddie Mac.

The post-purchase review includes, but is not limited, to the following

- Original loan application,
- Underwriting process,
- Employment and income data,
- Tax Returns,
- Assets,
- Credit history,
- Compliance documents received, and
- Closing documentation

Issues related to the loan file are classified as minor, moderate or serious defects. The table below represents the Housing NM loan origination defect trend data of cases with serious exceptions (defects). The Gross Defect Rate includes all preliminary serious exceptions, and the Net Defect Rate represents only unresolved, serious exceptions. According to Housing NM's Quality Control plan, the Net Defect Rate should be 4% or less for serious and moderate findings in a reporting month. As you can see, the Net Defect rate remains under the 4.0% threshold at 2.8%.

## Housing New Mexico Defect Trend Report – December 2024 – Random QC

Defect Trend Report		Target Net Defect Rate 4.0%		MATERIAL – All Defects	
Audit Month	Loans Reviewed	Gross Defect	Gross Defect Rate	Net Defect	Net Defect Rate
Jan 2024	8	2	25.0%	0	0.0%
Feb 2024	4	1	25.0%	1	25.0%
Mar 2024	7	1	14.3%	0	0.0%
Apr 2024	8	1	12.5%	0	0.0%
May 2024	9	2	22.2%	0	0.0%
Jun 2024	7	0	0.0%	0	0.0%
Jul 2024	7	3	42.9%	1	14.3%
Aug 2024	5	1	20.0%	0	0.0%
Sep 2024	5	2	40.0%	0	0.0%
Oct 2024	4	0	0.0%	0	0.0%
Nov 2024	3	0	0.0%	0	0.0%
Dec 2024	5	1	20.0%	0	0.0%
<b>TOTAL</b>	<b>72</b>	<b>14</b>	<b>19.4%</b>	<b>2</b>	<b>2.8%</b>

Housing NM recently completed the MORA (Mortgage Operations Risk Assessment) with Fannie Mae, which is a comprehensive review of operations, governance, and compliance with Fannie Mae's guidelines, focusing on internal audit processes and procedures to ensure compliance. The assessment included a review of Housing NM's Quality Control Plan related to our quality control processes and the Secondary Market processes related to pooling single-family loans in compliance with Fannie Mae requirements.

The assessment began in August, 2024. Ultimately, nine corrective actions were required by Fannie Mae. As of February, 2024 all findings have been remediated.

### Regulatory and Legal Compliance

Tracking regulatory information related to federal consumer financial law and implementation of new processes resulting from changing requirements is completed by the compliance manager and mortgage operations staff and management.

During this reporting period, FHA issued ML 2025-09: Revisions to Residency Requirements, updating its residency requirements for Borrower eligibility for FHA-insured Mortgages to be reserved for individuals who hold lawful Permanent Resident Status and are U.S citizens.

### Training

Housing NM is required to conduct an annual fraud training for all employees. This training is typically completed in the first quarter, annually, and provided by our contracted internal audit provider. This training was conducted in February 2025. Additionally, all Housing NM staff are required to participate and complete ongoing, comprehensive security and fraud awareness training that is provided through the Information Security department. If an employee fails to complete this training timely, their access is restricted until the training is complete.

### Consumer complaints

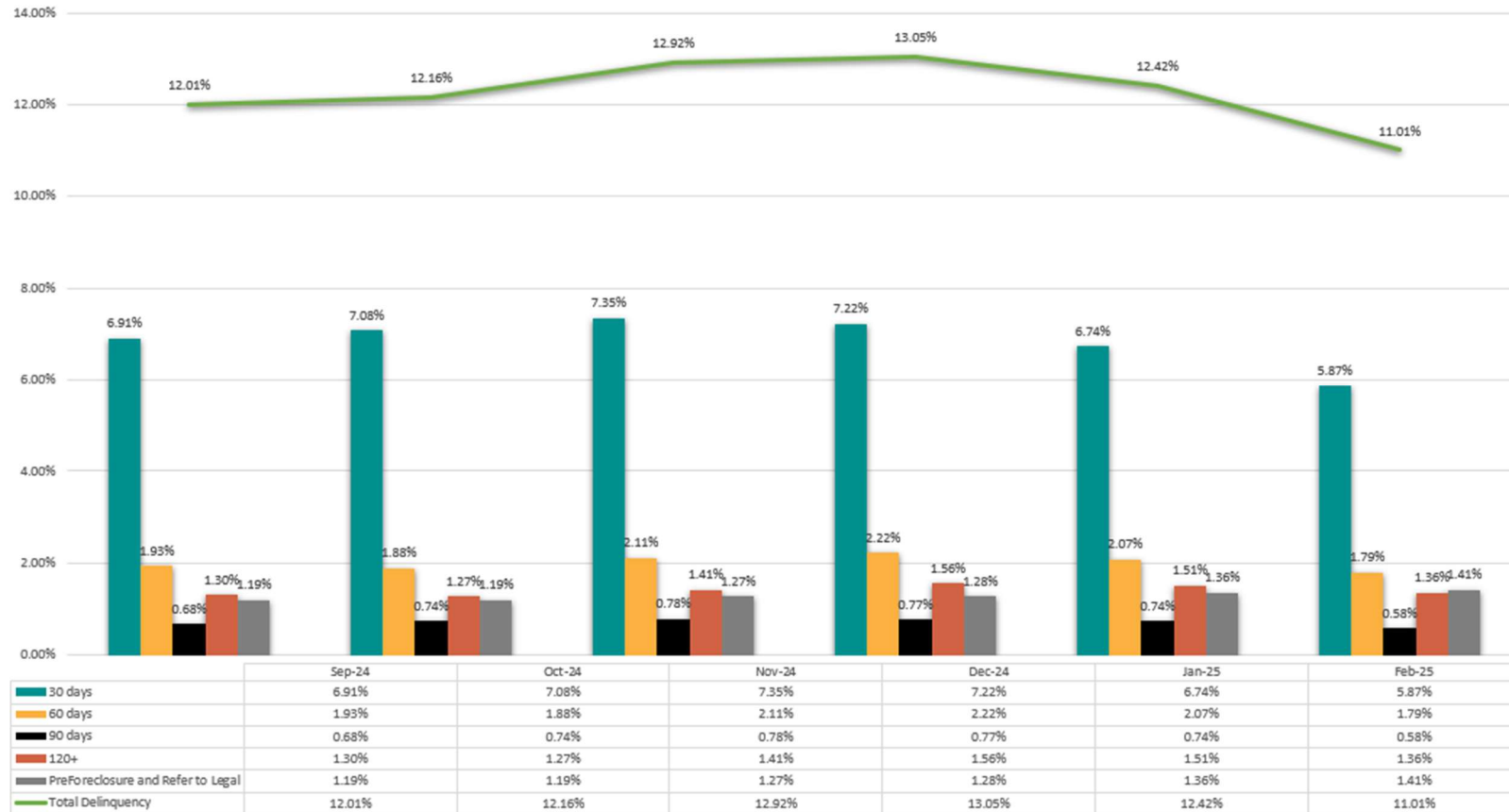
Tracking, investigating, and responding to consumer complaints is a function of the Compliance Management System. When a consumer complaint is received, it will be routed to the appropriate department for follow-up and resolution. Often times, a complaint is received but is not under Housing NM's jurisdiction. All efforts are made to direct the consumer to the correct organization and/or resources. No consumer complaints were received during the current reporting cycle that could not be resolved.

### **Summary:**

The activities described in this report are intended to provide the Board of Directors with assurance that Housing NM is effectively managing compliance with Federal and State consumer financial laws applicable to the products and services being provided by Housing NM and mitigating related risk.

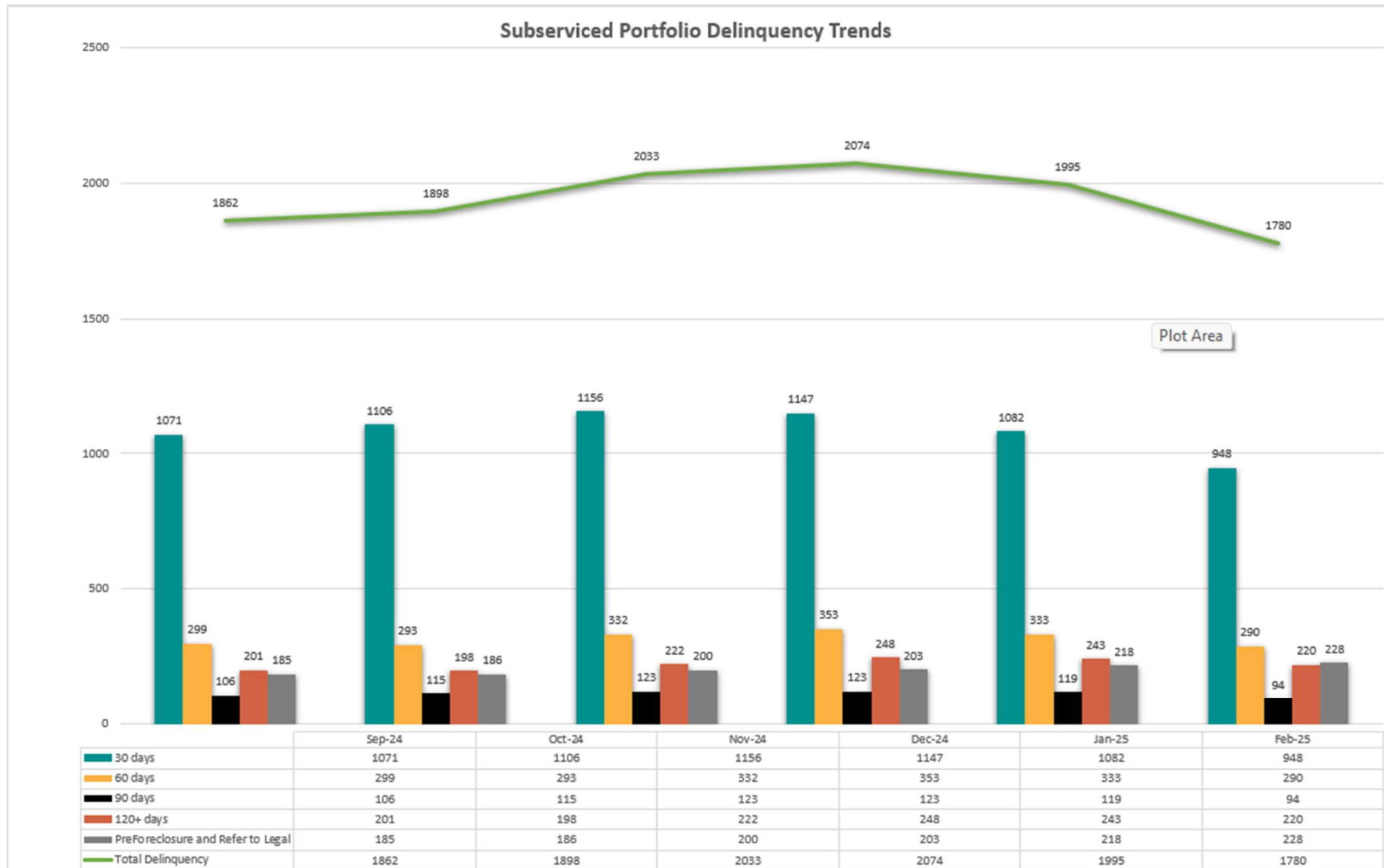
Compliance activities will be reported to the Board through the Contracted Services/Credit Committee no less than twice per year, and as needed to fulfill the compliance manager's responsibility to inform the Board of any critical compliance issues. There are no significant compliance concerns identified during this reporting period.

### Subserviced Portfolio Delinquency Trends



Housing New Mexico | MFA

7425 Jefferson St. NE, Albuquerque, NM 87109 | 505-843-6880 | 800-444-6880 | [housingnm.org](https://housingnm.org)



# Tab 2



**HOUSING NEW MEXICO | MFA**  
**Contracted Services/Credit Committee Meeting**  
**Tuesday, April 8, 2025 @ 10:00 am**

Webex- call in information is 1-408-418-9388 (access code): 2482 724 5045  
Or you can join the call from the calendar item

AGENDA ITEM	TIME ALLOTTED	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
1 West Mesa Ridge A – HOME Loan and NMHTF Loan Requests – Josh Howe & Tim Martinez	10:00-10:05	3-0	YES
2 2025 WAP State Plan Approval- Troy Cucchiara, Dimitri Florez & David Trembath	10:05-10:10	3-0	YES
3 2024 State Plan SERC Modification Adding Red Feather Development- Troy Cucchiara & Dimitri Florez	10:10-10:15	3-0	YES
4 Bi-Annual Mortgage Operations Compliance Report- Jackie Nutima	10:15-10:20	3-0	YES
5 Housing Innovation Application Recommendation for Approval – Daniela Freamon, Sonja Unrau & Robyn Powell	10:20-10:25	3-0	YES
6 Housing Innovation Program Revised Notice of Funding Availability – Daniela Freamon, Sonja Unrau & Robyn Powell	10:25-10:30	3-0	YES
7 Ventana Fund Board Member Appointment – Jeff Payne & George Maestas <i>Add'l Date @ Bd mtg</i>	10:30-10:35	3-0	YES
8 Regional Housing Authority Commissioner Renewals- John Garcia <i>Assist w/ Recruiting new members</i>	10:35-10:40	3-0	YES
<b><u>Informational Items</u></b>	10:40-10:45	✓	NO
9 Questions/comments from Committee			

**Committee Members present:**

Rebecca Wurzbarger, Chair	<input type="checkbox"/> present	<input type="checkbox"/> absent	<input checked="" type="checkbox"/> conference call
Attorney General Raul Torrez/Designee	<input type="checkbox"/> present	<input type="checkbox"/> absent	<input checked="" type="checkbox"/> conference call
Julie Ann Meade	<input type="checkbox"/> present	<input type="checkbox"/> absent	<input checked="" type="checkbox"/> conference call
Randy Traynor	<input type="checkbox"/> present	<input type="checkbox"/> absent	<input checked="" type="checkbox"/> conference call



**TO:** Housing New Mexico | MFA Board of Directors

**Through:** Contract Services Committee – April 8, 2025

**Through:** Policy Committee – April 1, 2025

**FROM:** Troy Cucchiara, Dimitri Florez

**DATE:** April 16, 2025

**SUBJECT:** NM Energy\$mart Approval of 2025/2026 DOE Annual and Master State Plans  
DOA #21 – State Plan approval and allocation of DOE Funds

### **Recommendation**

Approval of the NM Energy\$mart 2025/2026 Department of Energy (DOE) Weatherization Assistance Program Annual and Master State Plans.

### **Background**

#### **State Plan Description**

The State Plan is the annual application package that is submitted by Housing New Mexico | MFA to the DOE prior to receiving funding for the Weatherization Assistance Program. DOE requires that the State Plan is submitted to them by May 1. The State Plan consists of two sections: the Annual Plan and the Master Plan.

The Annual Plan includes a detailed breakdown of how the funds will be allocated. The Master Plan describes how the program will be managed overall by the NM Energy\$mart Program.

#### **Total Program Funding**

For Program Year 2025/2026 the anticipated funding from all funding sources for the NM Energy\$mart Program is **\$20,565,810**. The State Plan only includes DOE funding.

Funding Source	2025-2026
DOE	\$2,736,346
DOE SERC Balance	\$1,794,507
Bipartisan Infrastructure Law (BIL) or Infrastructure Investment and Jobs Act (IIJA) – Annual amount	\$4,413,350
LIHEAP	\$2,500,000
New Mexico Gas Co.	\$1,815,000
Coronavirus State and Local Fiscal Recovery Fund (CSLFRF)-Annual amount	\$836,763
NMHTF -Total amount	\$4,275,000
Public Service Company of NM	\$324,844
Community Energy Efficiency Development (CEED)	\$1,670,000

El Paso Electric	\$200,000
<b>Total</b>	<b>\$20,565,810</b>

Other than DOE, funding sources referred to as leverage are used to increase the amount of work each home receives and it allows the federal funds to stretch further to weatherize more homes. An explanation of those funding sources is below:

- Utility funding such as NM Gas, PNM, and El Paso Electric are driven by energy savings and Public Regulation Commission requirements.
- Low Income Home Energy Assistance Program (LIHEAP) funding is a federal source. The guidelines are based on DOE rules and regulations.
- Coronavirus State and Local Fiscal Recovery Fund (CSLRF) will be used for emergency home repairs and full weatherization.
- NMHTF is used to increase the number of homes that can be completed and increase the number of measures performed on a home that are not covered with federal funds.

#### Service Provider Category Breakdown

Category	MFA	Central NM Housing Corp.	Southwestern Regional Housing & CDC	Red Feather Development	Total
Administration	\$136,817.00	\$183,348.23	\$73,703.16	\$16,582.61	<b>\$410,451.00</b>
Leverage	\$25,000.00	-	-		<b>\$25,000.00</b>
Readiness Fund	-	\$182,111.12	\$73,205.98	\$16,470.90	<b>\$271,788.00</b>
Capital Outlay	\$217,000.00	-	-		<b>\$217,000.00</b>
Training & Technical Assistance	\$136,712.00	\$105,000.00	\$85,000.00	\$127,000.00	<b>\$453,712.00</b>
Program Operations	-	\$585,591.29	\$235,399.18	\$52,963.53	<b>\$873,954.00</b>
Health & Safety	-	\$156,071.03	\$62,738.25	\$14,115.72	<b>\$232,925.00</b>
Financial Audit	-	\$25,000.00	0-	0-	<b>\$25,000.00</b>
Liability Insurance	-	\$126,100.00	\$77,000.00	\$23,416.00	<b>\$226,516.00</b>
<b>TOTAL Grant</b>	<b>\$515,529.00</b>	<b>\$1,363,221.67</b>	<b>\$607,046.57</b>	<b>\$250,548.76</b>	<b>\$2,736,346</b>
Estimated DOE Units	-	117	47	11	<b>175</b>

**\*\* The admin allocation is set at 15% total with MFA receiving 5% and the remaining 10% allocated to our subgrantees.**

**Process**

The State Plan is subject to a 10-day public comment and review period. It was advertised in 15 statewide New Mexico newspapers and was posted on the Housing New Mexico | MFA website on March 2, 2025. A Weatherization Assistance Program Policy Advisory Committee (WAP PAC) meeting and public hearing was held virtually and in-person on March 26, 2025

**Summary**

The NM Energy\$mart program helps low-income New Mexicans save money on utility bills. Homeowners and renters who qualify for the program receive an average of \$9,150 in weatherization measures including weatherization readiness. The Department of Energy (DOE) is the primary funding source, and they set the rules and regulations for the program. Additionally, DOE is the source of funding that provides vehicles, equipment, and a training and technical assistance budget.

To receive funding from DOE, a State Plan must be submitted no later than May 1, 2025. Funding for the 2025/2026 State Plan totals \$2,736,346.00. With the DOE funding, we are projecting that Central New Mexico Housing will weatherize approximately 117 single family units, Southwestern Regional Housing and Community Development Corporation will weatherize approximately 47 single family units, and Red Feather Development will weatherize a total of 11 single family units, for a statewide total of 175 units.

U.S. Department of Energy

Weatherization Assistance Program (WAP)

WEATHERIZATION ANNUAL FILE WORKSHEET

Grant Number: SE0001839, State: NM, Program Year: 2025

Recipient: State of New Mexico-NMMFA

IV.1 Subgrantees

Subgrantee (City)	Planned Funds/Units
Central NM Housing Corporation (Albuquerque)	\$1,363,221.67 117
Red Feather Development Group (Flagstaff)	\$250,548.76 11
Southwest Regional Housing Community Development Corporation (Deming)	\$607,046.57 47
Total:	\$2,220,817.00 175

IV.2 WAP Production Schedule

Weatherization Plans	Units
Total Units (excluding reweatherized)	175
Rewatherized Units	0
Average Unit Costs, Units subject to DOE Project Rules	
VEHICLE & EQUIPMENT AVERAGE COST PER DWELLING UNIT (DOE RULES)	
A Total Vehicles & Equipment (\$5,000 or more) Budget	\$217,000.00
B Total Units Weatherized	175
C Total Units Reweatherized	0
D Total Dwelling Units to be Weatherized and Reweatherized (B + C)	175
E Average Vehicles & Equipment Acquisition Cost per Unit (A divided by D)	\$1,240.00
AVERAGE COST PER DWELLING UNIT (DOE RULES)	
F Total Funds for Program Operations	\$873,954.00
G Total Dwelling Units to be Weatherized and Reweatherized (from line D)	175
H Average Program Operations Costs per Unit (F divided by G)	\$4,994.02
I Average Vehicles & Equipment Acquisition Cost per Unit (from line E)	\$1,240.00
J Total Average Cost per Dwelling (H plus I)	\$6,234.02

IV.3 Energy Savings

Method used to calculate savings: <input checked="" type="checkbox"/> WAP algorithm <input type="checkbox"/> Other (describe below)				
	Units	Savings Calculator (MBtus)		Energy Savings
This Year Estimate	175	29.3		5128
Prior Year Estimate	181	29.3		5303
Prior Year Actual	78	29.3		2285
Method used to calculate savings description:				
New Mexico uses the DOE WAP algorithm to estimate energy savings. For program year 2025-2026 we estimate 5,128 MBTUs will be saved in 175 homes.				

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
**WEATHERIZATION ANNUAL FILE WORKSHEET**  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

**IV.4 DOE-Funded Leveraging Activities**

**Leveraging Structure**

DOE's annual funding helps only a portion of New Mexico's low-income homes in need of weatherization. MFA recognizes that increasing the number of weatherized homes requires additional funding and pursues other funding sources accordingly. Leveraging funds from other local partners has become crucial to maintaining the service level in New Mexico. We use these funds to defray costs from DOE by utilizing multiple funding sources in each home when applicable which frees up funding from DOE so that more homes can be weatherized across the state.

For PY 2025-2026, MFA is requesting leveraging funding in the amount of \$25,000 compared to last years leverage of \$9,000. MFA's increased leverage request will result in collaborating with all utilities across NM for weatherization services. The NM EnergySmart Program Managers spend time on leveraging funding sources ensuring that MFA complies with all contractual requirements, reporting and monitoring. Our leveraging funding sources are approximately \$14,270,000. The program's efforts for leveraging funding sources continue to be fruitful and have created a strong weatherization program for New Mexico. Our current subrecipients are structured in a way that they can increase staff levels by using available T and TA funding without jeopardizing their programs. We work closely with our agencies to ensure that not only is our leverage funding expended but that the additional weatherization services provided are done in the most efficient manner possible.

When leveraged funds are combined with DOE funds in any given house, all the rules of the program must be followed. All energy saving measures must rank with the approved energy audit, incidental repairs must be within the scope and cost of the program, and all required health and safety measures must be installed.

**LIHEAP**

For the 2024/2025 program year MFA received \$2.5M from the New Mexico Income Support Division, LIHEAP. For this year, the amount that will be received from LIHEAP will be the same amount of \$2.5M. The Model Plan that has been written for LIHEAP states that DOE rules will be followed with some exceptions. MFA and the subrecipients work with these exceptions to provide the highest benefit possible to each household. NM allows LIHEAP and DOE funds to fund the same unit, and are in discussions about funding the same energy efficiency measure. If this is allowed, it will be closely watched to prevent double payment.

**Utility Funding**

The New Mexico legislature passed the Efficient Use of Energy Act (the Act) in 2005, which required public utility companies to place a tariff on their customers' utility bills. Both the electric and gas utility companies must redistribute the funds to the customers in the form of energy efficiency programs. MFA's receipt of these funds continues to be contingent upon award of DOE funds.

**PNM**

The Public Service Company of New Mexico funding is approximately \$325,000. Reimbursements are provided to the subrecipients based on actual kWh savings determined by a calibrated energy audit and deemed savings. Additionally, in 2024 subrecipients were reimbursed for whole house weatherization implementation for all measures with the exception of natural gas/propane based measures. NM will continue this method in for PY 2025.

**NM Gas**

The New Mexico Gas Company (NMGC) funding has increased the amount to \$2,015,000. This utility funding will not only be used to achieve therm saving measures in homes being weatherized, but has been used for whole house weatherization for all measures with the exception of electric based measures. NM will continue this method for PY 2025.

**El Paso Electric**

El Paso Electric 2025 funding is in the renewal process for the amount of \$200,000. These funds will be used to pay for any measure that yields a kWh savings and are reimbursed based on a lifetime savings basis. This reimbursement is similar to the pay structure that is used by NM Gas and PNM.

**Central Valley Electric Cooperative**

MFA is currently negotiating with the electric utility to make \$60,000 available to weatherize homes in their service territory.

**Otero Electric/Tri-State**

MFA is currently negotiating with the electric utility to make \$1.6M available to weatherize and perform propane to electric fuel switches for over 125 homes within the Mescalero Apache reservation.

**State Funding**

Staff will continue to pursue State agencies and the State legislature for additional funding, while remaining with the proposals submitted by other public utility companies

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
**WEATHERIZATION ANNUAL FILE WORKSHEET**  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

to the PRC in order to receive more funding.

NM Housing Trust Fund

NM EnergySmart received \$4.5M from the 2023 legislature for weatherization and will continue using a portion of that funding to increase the amount of leverage and for agencies to provide the items each home needs. The EnergySmart program is expecting to use \$5M of this funding for PY 2025 as leverage with other grants, to weatherize more homes, install solar, and complete more measures per home.

CSLRF

MFA received \$15M of Coronavirus State and Local Fiscal Recovery Funds (CSLRF) through the State of NM, and has started using \$3.75M of those funds for emergency home repair needs. The balance of these funds is estimated to be \$900,000. All homes that receive this service will also receive full weatherization between all funding sources. Only some homes using this funding will be leveraged with DOE funds.

CEED

MFA received Community Energy Efficiency Development (CEED) grant in the amount of \$1,670,000 from the New Mexico Energy, Minerals, and Natural Resources Department (EMNRD) to bring fuel-switching and lower energy costs to rural New Mexico.

**IV.5 Policy Advisory Council Members**

☐ Check if an existing state council or commission serves in this category and add name below

Cyndi Hazzard	Type of organization: Non-profit (not a financial institution) Contact Name: Phone: 5053454949 Email: <a href="mailto:chazzard@centralnmhousing.org">chazzard@centralnmhousing.org</a>
Ferdinand Garcia	Type of organization: Non-profit (not a financial institution) Contact Name: Phone: (575)374-6207 Email: <a href="mailto:fgarcia.gs@plateautel.net">fgarcia.gs@plateautel.net</a>
Isaac Perez	Type of organization: Indian Tribe Contact Name: Phone: (505)771-9291 Email: <a href="mailto:iperez@sfpha.org">iperez@sfpha.org</a>
Jack Macgillivray, CPM	Type of organization: For-profit or Corporate (not a financial institution or utility) Contact Name: Phone: (505)681-7778 Email: <a href="mailto:jmacg@monarchnm.com">jmacg@monarchnm.com</a>
Jaime Apodaca	Type of organization: Utility Contact Name: Phone: 5052414420 Email: <a href="mailto:jaime.apodaca@pnm.com">jaime.apodaca@pnm.com</a>
Latoya Ferguson	Type of organization: Utility Contact Name: Phone: 5052414420 Email: <a href="mailto:latoya.ferguson@pnmresources.com">latoya.ferguson@pnmresources.com</a>
Marilyn Newton-Wright	Type of organization: Unit of State Government Contact Name: Marilyn Newton-Wright Phone: 5058277266 Email: <a href="mailto:Marilyn.Wright@state.nm.us">Marilyn.Wright@state.nm.us</a>
Nadine Flores	Type of organization: Unit of State Government Contact Name: Phone: 5054707885 Email: <a href="mailto:Nadine.Flores@gcd.nm.gov">Nadine.Flores@gcd.nm.gov</a>
Page Olice	Type of organization: For-profit or Corporate (not a financial institution or utility) Contact Name: Phone: 5059239607 Email: <a href="mailto:pollice@yeshousing.org">pollice@yeshousing.org</a>
Priscilla Lucero	Type of organization: Unit of Local Government Contact Name: Phone: (575)388-1509

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
**WEATHERIZATION ANNUAL FILE WORKSHEET**  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

Steve Casey	Email:	<a href="mailto:priscillalucero@gilanet.com">priscillalucero@gilanet.com</a>
	Type of organization:	Utility
	Contact Name:	
	Phone:	5056973568
Veronika Molina	Email:	<a href="mailto:SLCASEY@TECOENERGY.COM">SLCASEY@TECOENERGY.COM</a>
	Type of organization:	Non-profit (not a financial institution)
	Contact Name:	
	Phone:	(575)546-4181
	Email:	<a href="mailto:veronika@swnm.org">veronika@swnm.org</a>

**IV.6 State Plan Hearings (Note: attach notes and transcripts to the SF-424)**

Date Held	Newspapers that publicized the hearings and the dates the notice ran
03/26/2025	Draft of the State Plan has been posted on MFA's website on March 26, 2025. Notice was sent to major newspapers throughout the State on February 18, 2025, for publication on or before March 10, 2025. The Public Hearing notice was published in the newspapers at the following locations: March 2 or 9, 2025 - Rio Rancho Observer, Lovington Daily Leader, Las Vegas Optic, Santa Fe New Mexican, Silver City Daily Press and Independent, Gallup Independent, Albuquerque Journal, Carlsbad Current Argus, Eastern New Mexico News, Farmington Daily Times, Hobbs News-Sun, Las Cruces Sun News, Roswell Daily Record, The Daily Times, Union County Leader, Alamogordo Daily, Valencia County News, Clovis News Journal, Deming Headlight, and Clayton Union County Leader.

**IV.7 Miscellaneous**

<p>Business Recipient Business Officer</p> <p>Donna Maestas-DeVries <a href="mailto:dmaestas-devries@housingnm.org">dmaestas-devries@housingnm.org</a> 7425 Jefferson St NE Albuquerque, NM 87102 (505) 767-2225</p> <p>Recipient Principal Investigator</p> <p>Troy Cucchiara <a href="mailto:tcucchiara@housingnm.org">tcucchiara@housingnm.org</a> 7425 Jefferson St NE Albuquerque, NM 87102 (505) 767-2256</p> <p><b>Composition of WAP PAC</b> Nadine Flores- Disabled (Employed by the State of NM) Isaac Perez - Native American Representation (Employed and Member of the San Felipe Pueblo) Jack MacGillvary - Multi-Family Property Management Company for low income properties</p> <p>Page Olice, Ferdinand Garcia, Priscilla Lucero, Veronika Molina and Cyndi Hazzard are all employed by Housing Agencies that provide services directed to low income families which include children, elderly and disabled members.</p> <p>Carey Salaz, Jaime Apodaca and Marilyn Wright-Newton are all representative of our leverage funders. MFA works closely with these entities to ensure present and future funding in order to provide services through our subrecipients that are directed to low income families which include children, elderly and disabled members.</p>
---

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

This worksheet should be completed as specified in Section III of the Weatherization Assistance Program Application Package.

**V.1 Eligibility**

**V.1.1 Approach to Determining Client Eligibility**

Provide a description of the definition of income used to determine eligibility

**Definition of income used to determine eligibility:**

A unit shall be eligible for weatherization assistance under this part if it is occupied by a family unit whose income is at or below 200% of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, contains a member who has received cash assistance payments under Title IV or XVI of the Social Security Act or applicable State or local law at any time during the 12 month period preceding the determination of eligibility for weatherization assistance.

The 2023 US Census American Community Survey identified 194,151 family households in the state with incomes at or below 200% of the poverty level, the WAP eligibility limit. These households represent approximately 21% of the state's population of households.

Additionally, the 2023 US Census American Community Survey provides other significant findings about persons with incomes at or below the poverty level:

- 264,568 households contain one or more people under 18 years of age;
  - Approximately 20% of these households contain children that were under six years of age.

From the 2023 US Census American Community Survey, regardless of poverty status:

- The number of units in which the elderly reside was estimated at 320,118;
- The number of units in which people with disabilities reside was estimated at 399,341.

New Mexico has three designated Rural Partner Networks: The Southwest NM Council of Governors region, Dona Ana region, and North Central Economic Development District. These three regions oversee the colonias housing issues and are exploring ways to designate funding to the colonias regions due to inadequate housing.

To be eligible for New Mexico Weatherization Assistance Program services, clients must meet the income criteria outlined in 10 CFR 440.22 or meet a minimum of one of the following criteria as outlined in WPN 243:

1. Has a gross household income (total annual cash receipts) at or below 200% of the federal poverty level as established by the Director of the Office of Management and Budget (OMB);
2. Receive cash assistance payments under Title IV or Title XVI of the Social Security Act or in accordance with applicable State or local law, at any time during the past one year preceding the determination of eligibility. Acceptable programs include:
  - a. Temporary Aid to Needy Families (TANF);
  - b. Supplemental Security Income (SSI)
  - c. Social Security Disability Insurance (SSDI);
  - d. Aid to Needy Disabled (AND);
  - e. Old Age Pension (OAP);
  - f. Supplemental Nutrition Assistance Program (SNAP);
  - g. HUD means tested programs at 80% AMI.

Describe what household eligibility basis will be used in the Program

**Eligibility Basis**

Before a unit is qualified for weatherization, the client must be approved. This approval process begins with receipt of an application. A NM Energy\$mart intake



**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

staff member reviews applications to ensure that clients qualify for the program. A client will not be qualified unless the following items are provided for the file. All eligibility documents must be maintained by the agency in client files and may be electronic or hard copies. Client files for single family must contain at minimum:

- A completed application;
  - Income verification criteria listed in WPN 243;
  - Recertification must be done when 12 months of time lapses. Agencies will contact clients with the highest priority ranking in each county for recertification prior to scheduling assessments for those counties.
- 
- Documented verification from income sources;
  - Current income tax return.
  - Proof of ownership and/or landlord sign off
  - A current utility bill for gas & electric service.

**Multifamily Eligibility**

Multifamily income eligibility can be verified by using four different methods:

1. Privately owned buildings receiving tenant based assistance. Subrecipient must verify residents that hold Section 8 Housing Choice Vouchers through the property owners or residents themselves. Percentage of eligibility is determined by the ratio of these vouchers to total units. Section 8 vouchers do NOT certify the entire household. The property owners must verify that either all adults in the unit have these vouchers, or the household income. This process will show that more than 67% of the tenants are Section 8 holders and the Property Owner certifies to that fact;
2. PHA operated buildings on DOE lists to be income eligible.
3. PHA operated buildings receiving assistance and confirmed by MFA to be eligible;
4. Privately owned buildings receiving project-based assistance and confirmed by MFA;
5. Tennant verification by obtaining necessary documents from each individual tenant.
6. WPN 174 procedures must be followed to certify buildings. The property owner or authorized agent of the property must sign a Self-Certification form attesting that: The property owner or authorized agent maintains certified income records for households residing at the property.
  - The property owner or authorized agent certifies that all the information provided with the certification request is true and accurate.
  - The property owner or authorized agent has determined that at least 66 percent of the units in each building (or at least 50 percent of the units for 2- and 4-unit buildings) have certified incomes that are at or below 200 percent of the current federal poverty level based on household size;
  - The property owner or authorized agent has reviewed its current certified income records.

All documentation of multifamily eligibility must be provided to MFA before project approval and kept in the project folder to be made available during monitoring, invoice payment, or inspections. This documentation must at minimum include:

- Property owner self-certification letter for income, and eligible alien status.
- Back up documentation for income certification.
- Landlord agreement.
- Unsigned contract between property owner and agency.
- Estimated project cost breakdown with all anticipated funding sources listed.

**Single Family Eligibility**

Proof of ownership may be in the form of:

- Evidence of mortgage payments;
- Property deeds or proof of tax payment.

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

For renters, rental agreements from landlords must be obtained and accompanied with a landlord agreement. Intake staff also reviews the documentation for demographic information such as:

- Proper identification of head of household;
- Other household members are identified as applicable for disability or child status;
- Proof of disability (Medical documentation is requested to ascertain disability status).

Documentation proving eligibility must be verified by the agency prior to weatherization, kept in the client file, and made available to MFA upon request. Eligibility documentation is updated at least annually.

Notification:

Applicants are immediately notified of their eligibility status. Ineligible applicants are notified in writing, stating the reason for ineligibility.

Re-weatherization

Units may be re-weatherized if fifteen years have passed since the month of the final inspection. Units with higher ranking points that have never been weatherized in the same county will have a higher preference over units that have been previously weatherized.

For multifamily properties, the service provider contacts MFA to check within their online invoicing system to determine if a property has been weatherized within the last 15 years. The name and address of the property is run through the system for previous dates of weatherization. The property is also viewed on Google Maps to verify the address is correct, and nearby streets are also viewed within the system. If it is determined that no weatherization using federal dollars has occurred with the property within the 15-year period, the service provider is given approval to proceed to the next step.

Client Appeals Policy

All subrecipients shall establish and maintain a policy allowing a client to appeal a denial of service in the agency's weatherization program manual. In addition, the agency **must post the policy on their website**, so clients have access to submit a formal appeal for denial of services. The policy must clearly state how the client can initiate an appeal, who will make the determination, and the timeline for review. **Client comments, concerns, and resolutions will be included in MFA's annual monitoring results letter as an attachment.**

Steps that should be part of subrecipient's policy include:

When the agency defers a unit or otherwise denies a client weatherization services, the agency must provide a formal letter to the client indicating the specific reason(s) for the denial.

If an appeal is received, the agency should have a minimum of a one tier review of the client's application by a staff member in the organization with a supervisory position. The person reviewing the appeal must be someone other than the person who made the initial decision to deny the client services. The reviewer must also be familiar with the regulations regarding eligibility.

The person reviewing the appeal should compare the provisions of the relevant regulation(s) to the application, speak to the agency staff involved in the initial denial, and speak to the client before deciding.

If a judgement is made that the original determination was correct, a formal letter must be sent to the client outlining the reason for the appeal and once again articulate why services were denied. The letter should include the process that took place to confirm the denial.

If the person reviewing the appeal determines the appeal is granted, the client should be provided a letter stating such and detailing when their unit will be weatherized. The letter should include the process that took place to confirm the approval.

Describe the process for ensuring qualified aliens are eligible for weatherization benefits

MFA requires subrecipients to collect proof of a social security number/Identity for at least one adult living in the residence. If a social security number is not available for the remaining members of the household, a Noncitizen Immigrant Status for all other members of the household is required. Immigrants are eligible under the current law referenced on the U.S. Department of Health and Human Services website. Questions regarding immigrant eligibility may be found within the following Health and Human Services guidance: <https://www.acf.hhs.gov/ocs/policyguidance/liheapimhhsguidanceusesocialsecuritynumberssand-citizenshipstatus> and <http://aspe.hhs.gov/hsp/immigration/restrictionsum.shtml>.

Multifamily (MF) property owners must certify that the residents have provided proof of a social security number/Identity for at least one adult living in the

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

residence from the clients in rental units. MF property owners may provide the required demographics as an alternative to supplying individual birthdates for an entire project, otherwise a birthdate must be provided. This certified document must be supplied within 5 business days after project approval and contract being signed between multifamily provider and property owner.

The subrecipient passes the information through MFA's online system which has a secure server where the information is encoded. All data is redacted after it has been put into the online system. The online system scrambles the data for protection of the client.

### V.1.2 Approach to Determining Building Eligibility

Procedures to determine that units weatherized have eligibility documentation

#### Procedures to determine that units weatherized have eligibility documentation

A unit is eligible for weatherization assistance if it is occupied by clients that meet the eligibility requirements in Section V.1.1. In addition, the client must have evidence of mortgage payment, property deed or proof of tax payment to be qualified. For renters, rental agreements from landlords must be obtained and accompanied with a landlord agreement. These documents must be kept in the client file and verified upon desk monitoring, monitoring and Quality Control Inspections (QCI).

Describe Reweathering compliance

#### Re-Weatherization

New Mexico does not encourage re-weatherization of units; however, if a unit or project has not been weatherized with DOE, LIHEAP, or other federal funds prior to 15 years of the current date, eligibility requirements for re-weatherization include the following:

- A DOE approved energy audit must be run on the unit;
- All health and safety issues must be addressed.
- When applicable leverage funding for any measure that qualifies will be allowed;
- The subrecipient must determine that the applicant is eligible;
- There are no other applicants with higher ranking/priority residing in the same county.

If federal funds have been used to improve the conditions of the structure, and the work included measures not specific to weatherization, but the improvements save energy, that does not disqualify the unit from receiving full weatherization services.

Households located in a disaster area would be considered a priority for weatherization if the households are eligible, meet one of the ranking priorities, and are free and clear of any insurance claim resulting from damage incurred from the disaster.

All units that have received weatherization using any funding source since 2004 have been tracked by MFA's online system. All units are assigned a unique client number. When an application is received by intake, it is first entered into the online system to determine if the unit has been previously weatherized and if so, the date. If the online system shows the unit has been previously weatherized, the unit is deferred until 15 years have passed from the date of final inspection.

For multifamily properties, the service provider contacts MFA to check within their online invoicing system to determine if a property has been weatherized within the last 15 years. The name and address of the property is run through the system for previous dates of weatherization. The property is also viewed on Google Maps to verify the address is correct, and nearby streets are also viewed within the system. If it is determined that no weatherization using federal dollars has occurred with the property within the 15-year period, the service provider is given approval to proceed to the next step.

Describe what structures are eligible for weatherization

#### Eligible Structures

Housing types qualifying for weatherization include site built, mobile homes, shelters, and multifamily buildings.

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

Nontraditional dwelling units such as shelters or dwelling units sharing a wall with a business will be discussed with the DOE project officer prior to commencement of the project and full caution will be exercised to be sure the particular units are eligible. Weatherization of nonstationary campers and trailers that do not have a mailing address associated with the eligible applicant are not eligible and will not be allowed.

Buildings that have a major deficiency in their structure or condition that makes weatherization impractical or not cost effective, may be eligible for other funding to first mitigate these issues. Subrecipients must explore all funding options such as weatherization readiness before deferring a unit.

Health and safety issues requiring more than what is allowed by WPN 227, or our Health and Safety Plan, will be deferred only if other funding options are not viable. The current Health and Safety Plan lists conditions of deferral that include code violations, fuel leaks exceeding the threshold, incidental repairs that cause the cumulative SIR of the building to be less than one, roofing and other structural issues, most of which can be remedied by weatherization readiness funds.

If the area is known to have redevelopment plans, then weatherization will be deferred until redevelopment is complete.

All site built and multifamily units 45 years old or older will need SHPO clearance prior to weatherization. The SHPO programmatic agreement is uploaded as an attachment.

**Describe how Rental Units/Multifamily Buildings will be addressed**

**Rental Units**

Subrecipients must ensure that single family rentals follow WPN 2213 and the five points below:

1. Benefits of weatherization services accrue primarily to the lowincome tenants;
2. The tenants have a way to appeal if they feel that the rent has increased because of these services and the landlords provide a statement notifying tenants of this procedure;
3. No undue or excessive enhancement shall occur to the unit.
  - Work based off an energy audit is not considered undue enhancement.
4. Rent and permission of the building customers or authorized agents must be obtained before commencing work;
5. The customer or authorized agent must sign a statement that rent may not be increased for a minimum of one year unless increases are demonstrably related to matters other than weatherization work.

Single family rental units qualify for weatherization only if the landlord agrees to the weatherization and signs a waiver stating that rents will not be raised on the units for a minimum of one year unless those increases are demonstrably related to matters other than the weatherization work performed.

To ensure that no undue or excessive enhancements are made to the unit, a NEAT or MHEA audit must be run on the unit prior to the scope of work being outlined. The necessary steps that must be taken to ensure proper documentation for weatherizing a single-family rental unit include:

- An application must be completed by the client.
- Proof of income must be provided.
- Proof of a lease must be obtained.
- Current copies of the clients' gas and electric bills must be obtained;
- Written permission must be obtained from the landlord/agent;
- Subrecipient must obtain certification from the landlord that the rent of the unit will remain the same for at least one year following performance of weatherization work;
- MFA will monitor compliance with this policy only to the extent of the 5% to 10% sample monitoring;
- MFA's monitoring will include rental projects weatherized through the Program.
- Certification must contain guidelines that explain what will happen if the rent does increase. This must include details about how the tenant can notify or file a complaint with MFA should the rent increase within 12 months.

**Multifamily Rental Units**

Multifamily (MF) Rental units that are defined as five units in a building or more, qualify for weatherization as long as the clients that are housed in the property qualify for weatherization. The MF agency may ask the customer/agent for a contribution of 20% of the weatherization materials. The customer/agent must sign a document agreeing to have weatherization services, that includes a waiver stating that they will not raise the rent on the units for a minimum of one year unless those increases are related to matters other than the weatherization work performed.

To ensure that no undue or excessive enhancements are made to the unit, a TREAT audit or approved priority list, depending on the building structure must be run on the complex prior to the scope of work being outlined.

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

The necessary steps that must be taken to ensure proper documentation for weatherizing a multifamily rental unit include:

- Obtain written permission from the customer or authorized agent;
- Verify that no less than 66 percent (50 percent for duplexes and four-unit buildings, and certain eligible types of large multifamily buildings) of the units in the building are eligible units, or will become eligible units within 180 days;
- Ensure that the benefits of weatherization assistance in connection with such rental units including units where the tenants pay for their energy through their rent, **will accrue primarily to the low-income tenants residing in such units;**
- By way of use of the energy audit, subrecipient must make certain that no undue or excessive enhancements are made to the units;
- Completed applications must be obtained from each of the clients in the rental units or
- Customer (property owner or manager) must fill out applications, project application templates and all forms to sign for tenants since they have the information on file;
- Current copies of gas and electric bills must be obtained from *some* of the rental units or supplied by the management to prove the utility is serving the property or provide documentation that shows this, such as Tenant Income Certifications (TIC);
- The multifamily audit process must be followed and include the detailed scope of work, photos, and regular meetings between MFA, subrecipient, and multifamily building management or customers.
- Subrecipients must follow WPN 2212.
- Tenants will be provided with MFA's contact information to notify MFA if their rent increases within one year.
- No work paid for by DOE funds may be reimbursed that is not listed on the TREAT audit generated scope of work. All items must show an SIR on the audit. Items that do not show an SIR must be listed as an eligible incidental repair or H&S measure.

**Agencies will include a chart that is like the one listed on page 7 of WPN 2212 that describes the benefits to the tenants prior to project approval.**

- Agencies must collect the necessary demographics from the property owners for both reporting purposes and to be included in the online report with invoicing. Before project approval, agencies must collect the necessary demographics to determine priority and client vulnerability to ensure the project is a higher priority than other eligible projects in the area.

Once the information above is in place, an approval request, in the form of an approved energy audit, must be submitted to MFA in order to weatherize multifamily units larger than a 4-plex. A description of the process that determined the measures being installed must be provided with the audit.

Procedures for customer contributions are as follows:

- A 20% contribution commitment of the weatherization materials may be requested from the customer prior to commencement of the weatherization project. The customer contribution is based on the estimated costs **from the energy audit.**
- Customers have the option of buying down measures if it is determined by use of TREAT energy audits that the cost is not a cost-effective measure;
- Customers are not responsible for any additional costs over the written estimate. If the actual (final) cost of the project is higher than the estimate, then the Program will pay the difference;
- For large projects, estimated cost for an engineer's estimate of HVAC costs is added to the energy audit costs.
- A contract or Memorandum of Understanding (MOU) will be executed between the customer's representative and subrecipient prior to the commencement of work;
- The contract will detail the amount of the customer contribution.
- The contract will commit the customer to certify that he/she will maintain rent at the HUD designated affordable rent levels for a period of one year following performance of weatherization work;
- The subrecipient is responsible for obtaining the required landlord contribution. The amount of the contribution must be included in the project outline to MFA prior to project approval.
- Customer contributions received shall be applied to supplement the cost of the project and be reported on the statement of expenditures for the month in which they are received;
- MFA will monitor compliance with this policy as needed. This may include monitoring during unit inspections, technical monitoring, programmatic monitoring, desk monitoring, and upon initial project submittal.

#### Describe the deferral Process

##### Deferral Process

There are some situations in which an agency or contractor should not, or may choose not to, weatherize an otherwise eligible unit. MFA implements the deferral policy for all agencies administering the NM EnergySmart Program. This policy allows weatherization staff to defer services when certain conditions or circumstances exist. Under no circumstances will partial weatherization be allowed to be reported as a completed unit and all units must be inspected by a Quality Control Inspection (QCI) and determined to be complete. Deferral is allowed under certain conditions; however, an agency should

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

define its intentions at the time a condition occurs.

Client Driven Deferral

Subrecipients must defer weatherization under the following conditions where failure or the inability by the client to take appropriate actions occur:

- A unit received weatherization with federal funds (DOE, LIHEAP) within the 15-year period prior to the date of application;
- A unit is vacant.
- A unit is for sale.
- A unit is scheduled for demolition.
- The client is uncooperative with the weatherization agency or its contracted agent, either in demanding that certain work be done, refusing higher priority work which is needed, being abusive to the work crew or contractor, or by being unreasonable in allowing access to the unit. Every attempt should be made to explain the program and the benefits of the work. If this fails, work should be suspended, and MFA should be consulted. In such cases, detailed documentation is required;
- Discrepancies found between the client application and observed conditions at the time of weatherization that cannot be resolved;
- There are illegal activities occurring on the premises.
- One or more occupants in a unit have been diagnosed with a contagious and life-threatening disease and the subrecipient has determined the staff is unable to perform services safely;
- When a person's health may be at risk and/or the work activities could constitute a health and safety hazard, the occupant at risk will be required to take appropriate action based on the severity of the risk;
- If at any time prior to the beginning of work (work officially begins when the audit is performed) the agency or contractor determines that the client is no longer eligible or staff believe that circumstances may have changed, the unit shall not be weatherized until the situation is resolved;
- Loose dogs that can't be contained by the client;
- Unvented combustion appliances the client will not agree to replace.
- Any perceived danger to the agency or procured contractors for the unit/project.

When these situations occur, and work has already been performed on the unit, the agency will be unable to report it as a completed unit but will be allowed to bill for expenses incurred.

Structure Driven Deferral

NM strives to eliminate the number of structure-driven deferrals by using Weatherization Readiness Funds (WRF) or other funding. The WRF Plan located in the Misc. Section of the Annual File must be followed when using this funding category. The following conditions will trigger approval requests for the use of WRF or other funding prior to deferral:

- A unit proves to be dilapidated or structurally unsound and unsafe. Dilapidated units are classified as those which do not provide decent, safe, and sanitary shelter in their present state and have defects so serious and numerous that the repairs required to revive the structure to standard condition would not be economically feasible;
- A unit is deemed by the auditor to pose a threat to the health or safety of the crew or contractor;
- A mobile home is improperly installed (for example, without adequate supports);
- A unit is uninhabitable (for example, a burned-out apartment);
- A unit is affected by mold and mildew and the area affected is too large for the weatherization crew or contractor to remediate;
- Asbestos abatement is needed;
- The presence of animal feces and/or other excrement;
- There are rats, bats, roaches, reptiles, insects, or other animals/varmints that are present or not properly contained on the premises that could cause harm to the crew or contractor;
- Disconnected wastewater pipes;
- Hazardous electrical wiring where the cost to repair exceeds the SIR threshold of the unit.

In unusual situations where unique problems exist or not covered above, MFA should be consulted.

Deferral Procedure:

If the subrecipient or its contractors cannot, or choose not to weatherize a unit, it must notify the client or owner/authorized agent by use of the Deferral of Services Form which should include:

- The nature and extent of the problem(s) and how the problem(s) relate(s) to the determination not to weatherize the unit;
- Any corrective action required before weatherization services can be initiated;
- A time limit for correcting problems so that weatherization services may be rescheduled if needed;
- The name of the person or entity responsible for correcting the problem(s);
- The right of appeal;

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

- All documentation justifying the decision to defer services must be kept in the client file.
- Agencies must also keep an updated spreadsheet to track all referrals and deferrals.

MFA will view these reports monthly and ask the agency for clarification for deferred units, particularly when the units have been deferred based on structural problems that could be mitigated through other funds.

If MFA has been contacted by the client, agencies must send the date of anticipated follow-up in writing to MFA.

**Weatherization Readiness Fund (WRF)**

By the end of PY 2024-2025, NM will have completed 2 multi-family projects and 70 single family units for WRF, well above the intended goal of 14 units per year. All of these units would have resulted in deferral if it were not for this funding category. For PY 2025, NM intends on continuing with the same proven method as previous years.

Our simple rule of thumb is that WRF is only to be used to **prevent deferral of units**. This is when the work needed before a home can receive services is beyond the scope of weatherization and falls in one or more of four categories:

- Health and Safety measures that exceed the threshold;
- Health and Safety measures that are not eligible costs under current guidance;
- Incidental Repairs that if included in the SIR calculations, would cause a unit to not be cost effective;
- Repairs not eligible under current guidance that are needed before weatherization can take place.

**Distribution of Funds**

Funds will be distributed to each agency using the same agency ratios as program funding. The agencies will prioritize deferred households using our ranking system described in Section V.3 of the Master File for each county. Homes that have been **previously deferred and currently meet eligibility requirements** will receive WRF services before other homes in the same county. If one agency is unable to use the funds in a timely manner, the funds will be transferred to the other agencies that can use the funding for the intended purpose. Under no circumstances will WRF be used for other categories.

**Restrictions**

The following restrictions will apply to the use of WRF funding:

- All units must receive approval from MFA prior to commencement of work through our online system;
- Must only be used for homes that will receive full weatherization with the 2025-2028 DOE grant cycle;
- All other measures that are eligible under DOE rules are NOT eligible under WRF, unless those measures include incidental repairs that put the home below the cumulative SIR of 1. The funding is only to be used to prevent deferrals.
- Home must be completed with full weatherization within 6 months of weatherization readiness use. Exceptions will be made upon approval of a formal request.

**Monitoring**

MFA will monitor the use of this funding in accordance with the regular monitoring routine. This includes desk monitoring before an invoice is paid, and QCI when a unit is selected for inspection. Agencies will include the weatherization readiness scope of work in their final QCI inspection.

**Maximum ACPU**

Subrecipients must keep the ACPU for this category at or below \$19,000. This is kept separate from all other categorical ACPUs. There is no cap or maximum amount if the average is kept at or below \$19,000.

**Tracking and Reporting**

The following items are currently tracked and will continue to be tracked:

- Year built;
- Housing type;
- Location;
- Client Ranking;
- Specific nature of repairs;
  - Roof repair and replacement;
  - Structure repair (wall, floor, ceiling, foundation);
  - Plumbing;

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

- Electrical;
- Multiple repairs;
- Per unit average;
- Federal funding source used for weatherization (DOE or BIL)
- Other funds used for leverage.

**Process**

- Homes that have been previously deferred that are still eligible will be the first to receive services. For all other WRF needs, the agencies must follow the same priority and ranking used for weatherization.
- When it is identified by the agency that a home is in need of WRF, the agency must send MFA's program managers a scope of work, photos, and estimated costs of the unit uploaded through our online system.
- If request is reasonable, MFA issues an approval and the agency schedules the work.
- Agencies are expected to follow procurement requirements consistent with federal (2 CFR 200), and their own policies.
- All state and local codes must be followed with required permits pulled, and final code enforcement inspections must be scheduled.
- Weatherization work is expected to occur as close to completion of WRF work as possible.
- Final QCI for the weatherization work includes final inspection of the WRF work. If deficiencies are present, a punch list for the contractor is generated and the contracting party does not receive final payment until the work is satisfactory.
  - Both the client and final inspector must sign off on the scope of work for both WRF and weatherization (two signatures are required).
- Completed units are reported to MFA during invoicing. WRF is treated as a separate billing category in the agency's invoice.
- Units that received WRF are tracked separate with their own ACPU.
- MFA will include a sample of units that received WRF as part of the minimum 5% QCI.
- Units that need work that are beyond what WRF, other funding sources, and weatherization can provide will be deferred following the regular deferral policy (Section V.1.2 Master File) and tracked.
  - The use of other funding sources is encouraged as much as possible to prevent the above situations.
- Upon monthly invoicing, MFA will run a deferral report and question agencies about deferrals that are due to scope of work, and why WRF was not used.

**V.1.3 Definition of Children**

Definition of children (below age): 19

**V.1.4 Approach to Tribal Organizations**

☐ Recommend tribal organization(s) be treated as local applicant?

If YES, Recommendation. If NO, Statement that assistance to low-income tribe members and other low-income persons is equal.

Low-income members of an Indian Tribe are eligible to apply for services under this plan. Low income members of an Indian Tribe will receive benefits equivalent to the assistance provided to other low-income persons within the state.

**V.2 Selection of Areas to Be Served**

The NM EnergySmart Program is a statewide program serving the 33 counties of New Mexico:

San Juan; McKinley; Cibola; Rio Arriba; Taos; Colfax; Los Alamos; Santa Fe; Mora; San Miguel; Union; Harding; Quay; Curry; Guadalupe; DeBaca; Roosevelt; Sandoval; Bernalillo; Valencia; Torrance; Catron; Grant; Hidalgo; Luna; Socorro; Sierra; Dona Ana; Lincoln; Chaves; Otero; Eddy; and Lea.

The Program also serves the Pueblos of Zuni, Acoma, Laguna, Santa Clara, Ohkay Owingeh, Taos, Picuris, Nambe, Tesuque, Pojoaque, Cochiti, Isleta, Jemez, San Felipe, San Ildefonso, Sandia, Santa Ana, Santo Domingo, Zia, Jicarilla Apache Reservation, the Mescalero Apache Reservation, and the Navajo Nation.

The 2023 US Census American Community Survey was used to compile the data used for the distribution formula. The funding allocations for each county and tribe are arrived by using a formula that is based on the number of households with elderly, young children, disabled and low income occupants, weighted by heating and cooling degree days. This formula follows a similar method as the 10 CFR 440.10 that describes state allocations. The at-risk population segments are averaged with the amount of low income households to determine the allocations for each county and tribe.

DOE, LIHEAP and State funds are allocated statewide based on the allocation formula. Utility funds will be allocated to the areas served by the participating utility



**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

companies using the same formula.

All subrecipients that serve the above areas must be a CAA, public, or nonprofit entity, and have been selected through an RFP process.

### V.3 Priorities

Subrecipients will be required to disseminate information to the public about the availability of services within 30 days of receipt of the contractual agreement and shall retain proof of such dissemination in their records.

Subrecipients are encouraged to update the waiting lists annually to include written notification to individuals on the waiting list to determine if they still desire services.

Updating the waiting list will allow the subrecipients to identify the higher-ranking clients regardless of the amount of time they have been on the waiting list.

Priority among eligible applicants for the receipt of NM EnergySmart services is established by the NM EnergySmart online system, which follows the requirements specified in CFR 440.16 (b).

Priority is given by assigning points to each of the four categories:

1. Elderly persons (a person who is 60 years of age or older) are assigned one to five points for each member based on the age;
2. People with disabilities are assigned one point for each member of the household with a disability;
3. Families with children (households with dependents not exceeding 18 years of age) are assigned one to five points for each member based on the age;
4. Households with high energy burden are assigned points in the following breakdown:

Energy Burden Percentage	Points
Between 6% and 10%	3
Between 11% and 15%	6
Between 16% and 20%	9
Between 21% and 30%	12
Between 31% and 40%	15
Between 41% and 50%	18
Between 51% and 60%	21
Between 61% and 70%	24
Between 71% and 80%	27
Between 81% and 90%	30
Between 91% and 99%	33
100% and over	36

Energy burden percentage is determined by dividing the energy bills by the household income. When a household uses 15% or more of the household income for energy usage, it is considered high energy burden.

Ranking of "high residential energy users" is not used to determine priority for weatherization and do not receive priority points.

These categories are the only allowable priorities for the NM EnergySmart Program. Applicants that have the oldest certification date within the same ranking category **that have the same score** may be serviced before other applicants within the same ranking category.

All housing types allowable within this Master Plan are included in the ranking system, however, housing type is not used as a priority and may not be used to determine priority.

Subrecipients are required to service the minimum number of homes in each county determined by the allocation formula no less frequently than every two years. This requirement can only be waived with a "high energy burden waiver". Counties that have a higher concentration of energy burden on the waiting list compared to other counties within the same service territory may qualify for a "high energy burden waiver" under the following conditions:

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

- Homes with the highest-ranking score in the county are weatherized first.
- The agency's production plan shows when the units in the remaining counties will be weatherized.
- Allocations for counties outside of the high energy burden county will be reduced evenly across all counties by a percentage of the original allocation.
- Other funding sources are fully leveraged to spread the funds as far as possible;
- It can be demonstrated at the time of waiver submission; the county has a greater need than the minimum allocated units due to a dense concentration of high energy burden within that county. MFA will work with the agency by providing wait lists and energy burden scores regularly to the subrecipients.

#### V.4 Climatic Conditions

New Mexico is the 5th largest of the 50 United States with a total area of 121,599 square miles (121,365 square miles land and 234 square miles covered by water). Within the state's boundaries, elevations reach as high as 13,161 feet above sea level (Wheeler Peak in Taos County) and as low as 2,842 feet above sea level (Red Bluff Reservoir in Eddy County). The vast land area, variations in local topography and elevation disparities cause measurable differences in climate even within each of the two identified regions.

Likewise, Lawrence Berkley National Laboratories (LBNL) has identified three distinct climactic zones that are independent of the particular heating and cooling demand associated with the region, but still significantly affect the performance of units within each zone. The Department of Energy has defined three distinct climate zones that cover parts of New Mexico. These climate zones help approximate the performance of a building within each zone due to the effects of heating cooling demand, precipitation, and relative humidity.

The three zones identified in NM are three (hot dry), four (mixed dry), and five (cold). For the purpose of this analysis, the county seat or most populous city was used to determine the average degree days for each county where available. Data was collected for 12 months to arrive at annual totals.

HEATING DEGREE DAYS Base 68: Zone three has an average of 4,799 HDD; Zone four has 5,104 average HDD; and Zone five has an average of 6,305 HDD. COOLING DEGREE DAYS Base 70: Zone three has an average of 1,419 CDD; Zone four has 956 average CDD; and zone five has 738 average CDD.

Air conditioning system replacement, repair, or installation is allowed in units of at-risk occupants or where climate conditions warrant. At risk, occupants are defined as an occupant that is over the age of 60, has respiratory ailments, allergies, pregnant, or other unique health concerns. Climate conditions that would warrant this allowance are areas that have an average of 800 Cooling Degree Days (CDDs) or higher using a base 70. For all other areas, medical eligibility from a third-party medical professional proving at risk is required for any occupant.

Some counties are very large in square footage and may have a vast variance in elevation and both heating and cooling degree days. Therefore, it is necessary to modify the weather files to a climate that most closely resembles the local area of the individual buildings receiving the weatherization work, and not just the closest city. Due to the variations in climate throughout the state, each energy audit shall be adjusted to most accurately model the climactic conditions of the individual location. Likewise, each energy audit shall indicate the model climate used (either a location included in the DOE approved auditing software, or the HDD base 68 /CDD base 70 factors). There are 26 different weather stations used throughout New Mexico for the energy audit. Two maps have been uploaded that describe the different climatic zones that are used in New Mexico.

#### V.5 Type of Weatherization Work to Be Done

##### V.5.1 Technical Guides and Materials

The NM EnergySmart Program is committed to full compliance with 10 CFR 440.21(i) and WPN 194 for energy audit procedures. All installations are using materials that are listed in Appendix A of 10 CFR 440.

The NM EnergySmart Program has approached the goal of meeting the specifications, desired outcomes, and objectives of the Standard Work Specifications (SWS) with several successful methods. Our Subrecipients have been in the practice of utilizing the SWS at full implementation since PY 2014. Below is a list of manuals and guides with dates of issue. Each of these have been uploaded with the State Plan in addition to the links provided below.

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

- **NM EnergySmart Administrative Manual**
- **Reissued 09/30/2024, updated 09/30/2024**

- NM EnergySmart Technical Standards
- Reissued 02/28/24, updated 02/28/24

- Field Guide Single Family
- Issued 02/16/2021, updated 02/16/2021

- Field Guide Mobile Homes
- Issued 02/16/2021, updated 02/16/2021

- Field Guide Multifamily
- Issued 01/08/2020, updated 01/08/2020

- Energy Audit Procedures
  - Reissued 02/28/24, updated 02/28/24

There are five ways the documents are made available to our subrecipients:

1. We communicate with our subrecipients on a regular basis referencing the necessary materials. This communication is either triggered by a conversation, email, monitoring, or new regulations;
2. Technical Committee calls are held biweekly. During these calls, the Technical Standards, Field Guides, WPNs, Codes, and SWS may be discussed with challenges, successes, and innovative approaches to compliance. The attendees for these meetings are the Energy Auditors, Program Managers, Quality Control Inspectors and the staff from the Energy Smart Academy;
3. During any WAP RFP process, the links to the manuals are provided with the RFP package;
4. Subrecipient use of the documents and guide compliance are verified through the monitoring process.
5. Monthly desk monitoring when invoices are submitted, agencies are reminded of where to find answers to questions.

All NM EnergySmart contracts between subrecipients and MFA reference compliance to the SWS. The contracts contain the following statement:

Subrecipients will be responsible for providing services as required by the Department of Energy (DOE) Standard Work Specifications (SWS). The SWS requirements for Single Family Homes & Manufactured Housing can be accessed at <https://sws.nrel.gov>. If these specifications are not followed, reimbursement will not be made.

All subrecipients have incorporated language in their contracts with their subcontractors requiring compliance with SWS. Subrecipients will incorporate language into their contracts that require all materials used must be listed in the 10 CFR 440 Appendix A. All contracts between any entities using WAP funds have signatures from both parties verifying acknowledgement of the aforementioned expectations.

Field guide types approval dates

Single-Family: 2/16/2021
Manufactured Housing: 2/16/2021
Multi-Family: 2/16/2021

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

**V.5.2 Energy Audit Procedures**

Audit Procedures and Dates Most Recently Approved by DOE

Audit Procedure: Single-Family  
Audit Name: NEAT  
Approval Date: 11/7/2023

Audit Procedure: Manufactured Housing  
Audit Name: MHEA  
Approval Date: 11/7/2023

Audit Procedure: Multi-Family  
Audit Name: TREAT  
Approval Date: 10/20/2022

**Comments**

Energy Model Software

NM was approved to use TREAT for multifamily buildings on June 27, 2022. All MF projects must be approved by MFA prior to commencement of work.

New Mexico's single-family site-built energy audit procedures have been approved by DOE to use NEAT on February 12, 2024. New Mexico's single family manufactured home energy audit procedures have been approved by DOE to use MHEA on February 12, 2024. For these two building types, NM has received energy audit approval using the WA 10 online software May 29, 2024.

Audit Procedures

This section summarizes the protocol that is detailed in the single family and multifamily energy audit procedures submitted with the energy audit review packages. Energy audit procedures can be found here:

Energy Auditors must fully comply with the Energy Audit Standards that were approved by DOE on February 12, 2024, and updated to include WA WEB 10 on May 29, 2024.

- Pre-visit planning and desk viewing;
- A certified energy auditor performs an in-person meeting, including client education, and completes a full building screening for weatherization viability and hazards;
- Thorough exterior envelope inspection for SWS requirements, Health and Safety, TREAT, NEAT or MHEA entry, and BPI standards;
- Interior inspection for data entry, Health and Safety, lead tests, baseload usage measures (lighting, refrigeration, etc.), number and location of appliances, and diagnostic testing arrangements;
- Diagnostic tests are performed on all required appliances for efficiency, safety, and operating condition outlined in the NM EnergySmart Technical Standards;
- Blower door testing procedures are performed including air leakage and barrier assessments, zonal tests, ASHRAE 62.22016 determinations, and duct leakage tests;
- Final walk through with recap on client education, double check on field notes, pilot lights, house condition, additional tests if needed;
- All information is reviewed and entered into energy audit software. This includes verifying input reports against actual notes, comparing audit results with preliminary scope of work, review of measure and SIR ranking, incidental repair and health and safety items;
- The energy audit assumptions are checked against the assessor's knowledge, photos, and videos of the unit for accuracy.
- Energy Auditors will comply fully with the NM EnergySmart COVID Safety Response Plan by wearing all the required PPE, washing hands, spraying down surfaces, post cleaning of tools, and pre client screening, when applicable.

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

Fuel Switching

MFA has gained approval from DOE to issue state level fuel switching approvals. Subrecipients must follow the fuel switching procedures that include package submittal to MFA. Package elements include photos of the home and complete audit paperwork. The audit inputs and recommendations are reviewed for accuracy. Approval is not awarded until all fields are satisfactory and the switch is proven to be cost effective.

Fuel Switching Procedure:

1. Opportunity is first identified by the assessor/energy auditor
  - a. Client education is provided, and owners of the dwelling must agree to the fuel switch.
  - b. A determination is made that all codes can be complied with and associated costs by the agency.
  - c. The electrical panel must be able to accommodate the equipment for both electrical load and physical location if switching to electric. If upgrade is needed, costs are included as incidental repairs to the heating system replacement in the audit. Cumulative SIR must be 1 or higher.
2. The assessor obtains existing fuel use and cost from the owner of the dwelling either in utility bills or propane company.
3. All the audit procedures are followed as with any other audit.
4. The following is sent to MFA for review:
  - a. Photos of the unit, location where replacement will be, and of the existing heat source.
  - b. Complete energy audit including recommended measures, input report, field data, and other relevant information about the unit.
  - c. Estimated fuel usage based on a season's billing and service.
  - d. If audit libraries have been updated since the last request, they are provided with utility cost, escalation rate, and related utility charges including permits and connections needed if any.
  - e. Age and type of home.
5. All associated costs with the fuel switch must be included with the measure or as an incidental repair.
6. ~~\*Site built units require additional steps for the modeling heat pumps replacing propane fuel that are supplied with this plan\*~~
7. MFA reviews the documents, compares the field data with the photos, input reports and recommended measures for accuracy.
  - a. All entries within the audit must be accurate to determine if the switch is cost effective.
8. Any errors or discrepancies found are communicated to the assessor and the items are corrected prior to approval.
9. An approval is issued only if it is demonstrated that the individual fuel switch measure and the cumulative savings for the unit shows a savings to investment ratio (SIR) of 1 or greater.

Cooling Systems

10. ~~Existing evaporative coolers are to remain as the only cooling source;~~ Clients are provided education as to the potential higher costs of the heat pump in the event it desired be used for temporary emergencies.
11. Must include modeled electric use for the summer months associated with cooling if heat pump is used for cooling.

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

12. When window AC units are present as secondary systems to the evaporative cooler, the units must be included in the model for replacement by heat pump in addition to the evaporative cooler to determine cost effectiveness of the heat pump replacing both evaporative cooler and window units.

13. MFA uses a checklist that helps look for details when determining if all things have been considered for the particular switch.

Asbestos

In the event that dangerous friable materials (e.g. Lead based paint dust, disturbed asbestos, or hazardous organic materials such as mold) may become airborne due to depressurization testing, any testing requiring the use of a blower door may be omitted. Such conditions must be documented within the unit file including photographs. For the purposes of energy auditing and air sealing specifications, the Energy Auditor will assume a .5 cfm 50 square feet of exposed envelope area.

Software Used

To ensure eligible occupants of multifamily housing will receive cost effective weatherization services, each weatherized building will have a computerized energy audit, TREAT, which complies with 10 CFR 440.21(b) completed prior to the installation of any weatherization measures. This energy audit will be included in each unit file. For single-family units a NEAT audit will be completed. For mobile home units, a MHEA, or if the mobile home is structured more like a site-built unit, a NEAT audit will be completed.

Priority Lists

NM was approved to use priority lists December 6, 2022, for all building types. Agencies must follow the approved priority list procedures when it has been determined that the use of the priority list will be most advantageous to the home or project. MF projects must be approved by MFA prior to commencement of work. Priority list procedures are contained within the Energy Audit Procedures

**V.5.3 Final Inspection**

In accordance with WPN 224, MFA will ensure that all final inspections meet the criteria below.

Subrecipients may not report a unit as having been weatherized until all weatherization materials identified for installation at said unit have been installed and the subrecipient, or authorized representative, has performed a final inspection(s) of said unit, and certified that the work has been completed in a workmanlike manner and in accordance with the priority determined by the audit procedures required by 10 CFR 440.21. All final inspections will meet the requirements of the Standard Work Specifications, Technical Standards, and the NM Field Guide. Local code requirements for mechanical appliance installation are included.

All subrecipient's final inspections will continue to be performed by a certified Quality Control Inspector (QCI) independent from the initiation of the work order, assessment, or work completed. All three of New Mexico's subrecipients have certified Quality Control Inspectors and Energy Auditors on staff. The NM EnergySmart Program continues to encourage each agency to pursue more QCI Inspectors and Energy Auditors. The use of contractors for QCI and energy audits is encouraged and allowable.

The subrecipient must verify that all weatherization materials identified for installation at the particular unit have been installed in a workmanlike manner and in accordance with the priority determined by the auditing procedure as required by 10 CFR 440.21, meet the requirements of SWS, Scope of Work, and our Field Guides prior to reporting the completed unit. Said verification must include, at a minimum, the following verifications and tests:

- Detailed and thorough file inspection compared with work for consistency. The final inspector/QCI **MUST** verify all energy audit inputs.
- Evaluation of the original assessment, the original audit, work order, invoices, and contents of the file;
- The original field data collection, field notes, and input report must be reviewed to ensure the energy audit called for the correct measures. Missed opportunities must be addressed prior to unit passing inspection;
- Files are not to be closed if missed opportunities are found. This includes an evaluation of all potential funding sources to be sure that all eligible energy saving measures (ECMs) are installed.
- The final inspector must assess the energy audit and confirm the accuracy of the field site data collection, energy audit software inputs, and the measures called for on the work order. These must be verified against the approved energy audit procedures.
- All weatherization measures completed by agency's crew(s) or procured contractors;
- All mechanical work performed including: verification of new equipment size and rating; state inspector has been contacted for inspection, and required

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

diagnostic testing;

- Combustion Appliance Zone (CAZ) Required testing under worst case conditions (BPI Protocol) Required SWS tests must be completed or verified that HVAC contractor has completed;
- Post Retrofit Blower Door Depressurization Test, Zone Pressure Diagnostics (See Energy Audit Section for more detail); Minimum Ventilation Compliance Verification.
  - Multifamily projects are required to test the same units initially sampled for blower door. Further blower door testing may be performed by the QCI as needed but is not required.
- Visual inspection of all work completed for quality;
- Client satisfaction interview and dialogue that includes review of client education;
- If Mechanical Ventilation has been installed, then the inspector shall verify continuous and peak flow output of the unit through Flow Hood Testing. NOTE: For HRV/ERV installations which use the central supply and return ductwork, Flow Hood Tests may be required at all supply and return register locations. All mechanical ventilation must comply with ASHRAE 62.2 2016;

If Duct sealing was performed:

- Worst case depressurization test with air handler on and off;
- Pressure Pan Testing;
- System Balance Testing between rooms with ducts and unit (maximum 3pa pressurization) ;
- Visual inspection for plenum and end of leg boot sealing;
- Visual inspection for applied field guide methods;

The final inspection for each weatherized unit shall be performed by a certified subrecipient QCI, or a contracted MFA-approved certified QCI within 45 working days of the final day of weatherization work being completed by agency crew(s) or contractors. Any required rework shall be completed in a timely manner and must be verified by the original inspector. It is considered best practice to schedule the inspection as close to the completion of work as possible.

MFA's certified QCI staff or staff from Santa Fe Community College (SFCC) will inspect 5% of all completed units. In the event an Energy Auditor also needs to inspect the units due to the QCI requirement, or if through previous QCIs problems have surfaced that need follow up, MFA's Technical Manager will inspect 10% of the completed units for that subrecipient.

The QCI inspector may make minor adjustments to previously installed retrofits to obtain satisfactory inspection results. Such adjustments must not exceed one working hour per unit or within a reasonable time frame depending on the distance and will not be considered a "weatherization retrofit" as noted above. **The QCI inspector must not have performed weatherization work prior to the final inspection.**

Once completed, subrecipients must ensure that the client file contains a form that certifies the unit has had a final inspection, and that all work meets the required standards. The subrecipient then uploads detailed information on each measure installed in the unit, including final inspector name, estimated & actual cost, energy savings and SIR into MFA's online system. MF projects are uploaded by project with the same information for the entire project.

During the invoicing process, MFA's Technical Managers review the information on the units to determine the accuracy and technical implications of the data. If the entries raise questions or concerns, then the unit is not eligible for reimbursement until all questions and concerns are answered to MFA's satisfaction. The said units may be flagged to be included in MFA's QCI inspections.

Under no circumstances may a job be completed if there are unsafe appliances or conditions left in the home as a result of weatherization, or that funds available to the agency could remedy.

Disciplinary actions for inadequate inspection processes determined by 100% desk monitoring or the required 5% to 10% field monitoring will first involve exploring the options of QCI retraining for the inspector. If training is not a viable option or does not remedy the problem, the inspector will not be allowed to perform inspections for a specified period, depending on the severity of the infraction, until proof of adequacy is obtained.

Continued inspector inability or refusal to comply with policies is grounds for MFA to recommend suspension, termination, or otherwise apply special conditions to the inspector performing further QCI inspections for the program. The agency will be required to utilize other QCI inspectors to verify completed units.

During the technical monitoring process, the Technical Managers verify the certificates of each QCI and Energy Auditor of the agency being monitored.

The Energy Smart Academy and the Technical Managers are in communication as needed about upcoming certification expirations and the need for training review prior to recertification.

The monitoring process also observes the procedures of the QCI during a final inspection. Suggestions, comments, and best practice observations are communicated to the QCI, and an official letter is sent to the agency after review.

**As needed Final Inspectors will comply with the NM EnergySmart COVID Safety Response Plan by wearing all the required PPE, washing hands, spraying down surfaces, and client interviews.**

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

This program year, MFA may submit procedures for the QCI mentorship program to our DOE project officer. This will enable an individual who is in the process of obtaining the QCI certificate to conduct the inspection per DOE approved procedures.

Attached are final inspection forms, final diagnostic testing forms, and technical field monitoring forms.

## V.6 Weatherization Analysis of Effectiveness

MFA qualified staff, our in-house on-line reporting system and the Energy Smart Academy provide long-term stability of the program. The Academy, developed in partnership with Santa Fe Community College, has earned a growing reputation as one of the premier training centers in the Weatherization Assistance Program. The Academy is IREC accredited in the four training job categories of Retrofit Installer, Crew Leader, Energy Auditor, and QCI. MFA and our partners use these pieces to enhance communication and target resources where they are needed. Our process for communication will remain in place going forward and will be used to help align with the announced new DOE program requirements.

In order to assess effectiveness, the NM EnergySmart Online System (System) captures the unit production data on a monthly basis. The completed unit data is captured for each agency and shows the projected energy savings in MMBTUs for each auditor in the network. The System also shows the frequency with which each agency and auditor installs individual measures and also allows MFA to assess each Agency's performance in a number of areas. The system-level assessment allows MFA to select individual units for inspection. A separate unit inspection database collects information from inspected units. Monitoring data follows the path of information sharing that occurs through the online system.

MFA is using this online system to increase the value of energy burden in relation to the other priority categories to place emphasis on underrepresented groups that tend to have a greater energy burden than populations that are not underserved. MFA is also working with the training academy to recruit and hire individuals from all communities, including the underrepresented communities as part of a workforce solutions plan.

MFA uses the System to conduct a 100% desk audit of all units completed prior to paying subrecipient invoices. Prior to invoices being paid, the following is reviewed by the weatherization team for accuracy:

- Measures installed on each unit are compared to determine the relationship between estimated costs and actual costs;
- Energy saving measures are confirmed to have SIRs and corresponding MMBTU savings;
- The SIRs and MMBTU savings are compared with averages. If a particular measure appears to be unusually high, the agency is asked to provide back up;
- Total cost and projected energy savings are tracked for each measure and for the unit as a whole;
- Year the unit was built to determine if additional information is needed from the agency for compliance with lead based paint and SHPO;
- Square footage and structure type (mobile home or site built);
- For some measures more detailed information is collected including R values of added insulation, Manual J calculations of new heating systems, and air reductions relative to the initial blower door reading, air sealing target and the achieved reduction.

This System is also used to flag units that need additional unit inspection monitoring. Any unusual numbers, costs, or circumstances may trigger the inspection. These unit inspections become a portion of the required 5% to 10% Quality Control Inspections. During the unit inspection, the entire client file is compared to the entries for accuracy along with client interview regarding utility bill savings.

During the MFA unit inspection process of completed units, the techniques used to achieve such reductions, efficacy of installation methods, baseload measure assumptions, and other energy saving measures are observed and any findings, concerns, comments, and best practices are noted.

The data generated by the System or during technical monitoring and unit inspections stimulates dialogue between agency management, Green Initiatives Managers and the Energy Smart Academy. Stakeholders can quickly determine additional training where needed. Due to the specific nature of the System's reporting capability, specific training can be directed for specific auditors, inspectors and/or weatherization crews in order to resolve deficiencies in their skill set, and showcase best practices.

Monthly, a report is sent out to of the agencies detailing MMBTU savings, client monetary savings on average, wait lists in each county, total households weatherized for each funding source, average/total cost per unit, demographic information, deferrals, total unit entry for each client, and total numbers. This will enable the team to see how they compare with others and the national number of 29.3 MMBTUs per unit.

Energy Auditors are encouraged to practice the comparing of energy auditing estimates with utility bill usage. This helps the team realize how accurate their models are in comparison to actual usage and helps to spawn training where needed.

Over the last three years, the costs of materials have been observed to be increasing when reviewing invoices in the System. The costs of measures are reviewed on a regular basis prior to invoices being processed to compare with market costs of those particular measures. If something appears to be high, a detailed explanation is requested from the agency, or the agency's procurement may be examined for that item.

Continuous process and improvement is the goal of the combined training and monitoring programs. Through comprehensive training, staff continues to be cross trained and the basics are reviewed to widen the capabilities in addition to ensuring the existing staff understands the basics of the program on the most fundamental



**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

levels. Technical monitoring and regular conversation with the agencies help determine additional training needs.

MFA now has multiple staff members that use this system to generate multiple reports for the purpose of agency education, training, monitoring, and funder requests. These reports will be reviewed by the Green Initiatives Managers and dispersed to the agencies regularly. In addition to reports being made available to agencies and funders, the data will be used to target areas that can benefit from outreach to increase knowledge of the program.

At any point, a full report can be obtained for any subrecipient, funding source, or time period containing all the fields that have been entered into the system during the monthly invoicing.

If not already located in the Technical Standards or Administration Manual, the agencies answers to questions are reviewed by the Technical Review Committee that meets twice a month. These responses are entered into the appropriate manual and section during the normal updating process.

## V.7 Health and Safety

See attached Health and Safety Plan.

## V.8 Program Management

### V.8.1 Overview and Organization

The New Mexico Mortgage Finance Authority (MFA)

MFA was created by the New Mexico State Legislature in 1975 as a statewide government "enterprise" to provide financing for affordable housing to medium and low-income persons and receives no money from the state to operate. MFA is governed by a board of seven members. Four members are appointed by the Governor and three members serve by virtue of their state office: the State Attorney General, the Lt. Governor and the New Mexico State Treasurer. The Chairman of the Board is appointed by the Governor. Rules and regulations formulated by the MFA are approved by a Legislative Oversight Committee of the State Legislature. The committee is comprised of eighteen members.

By Executive Order 9701, the State Governor transferred all federally funded housing programs to MFA on January 14, 1997. The Weatherization Assistance Program (WAP) was included in this transfer. Consequently, MFA took over the administration of WAP during the ongoing plan for 1996/97. Shortly thereafter, MFA staff produced its first plan (1997/98). MFA does not administer the State Energy Plan nor LIHEAP.

MFA has assigned significant managerial resources to the Weatherization Assistance Program to ensure its successful administration. A list of MFA personnel with direct WAP responsibilities is provided below. MFA has integrated WAP as a core activity throughout its organization; e.g. Information Technology. The Accounting, Human Resource, Legal, and Marketing Departments are available to act on WAP activities and issues.

#### Weatherization Team

Weatherization Supervisor, Troy Cucchiara has been with MFA as technical manager since March 2014. Troy came to the position with over 8 years of weatherization experience with a technical background. He is responsible for overall direction and supervision of the program, leverage efforts, coordination with grantee staff; and the overall management of subrecipients. His responsibilities for the technical aspects of the program include training and technical assistance as well as health and safety issues and program compliance with all DOE technical requirements. His qualifications include 10 years of field experience, and he holds certificates for several areas in the field of weatherization including Energy Auditor and QCI Certification.

QCI and Technical Manager, Dimitri Florez has been assisting Troy since 2019 with managing the NM EnergySmart Program. Dimitri arranges technical monitoring visits and handles all onsite unit inspections. Dimitri manages most utility funders and carefully reviews each invoice for proper allocations between funding sources. Dimitri's qualifications include 6 years of field experience and he holds the Building Analyst, Energy Auditor, and Quality Control Inspector Certifications.

David Gutierrez is the weatherization program manager with three years of experience in code enforcement, zoning, and housing inspections with the City of Albuquerque. He has 17 years of housing experience including property management, LIHTC, HUD, HMIS, CoC, RAP, FEMA, Motel Vouchers, Displaced Tenants, and Rental Assistance. David is responsible for all reporting, purchases, programmatic monitoring, file organization, manual revisions, contracts, amendments, and risk assessments.

Program Manager David Trembath has 25 years of experience with contracts, including contract writing and review, contract compliance, as well as experience in Requests For Proposals and other forms of procurement. He will conduct programmatic monitoring visits to the provider agencies. David is also learning the EnergySmart system and will assist with invoices and reporting

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

Troy, Dimitri, David G. and David T. work closely to monitor subrecipients' activities. They will conduct a minimum of one financial and operations monitoring visit and one technical monitoring visit per year for each agency. They will also monitor a minimum of 5% of files and provide onsite unit inspections of the files reviewed. On a monthly basis the three will conduct 100% desk monitoring through our online system for all funding sources. A prescribed monitoring tool is used for all monitoring visits. The team provides training and technical assistance to our subrecipients as needed throughout the program year.

Leadership:

Kellie Tillerson, Director of Community Development, is responsible for the successful implementation of the weatherization program. She also provides direction to staff and promotes the weatherization efforts externally. Her oversight includes directing the activities and acceptable performance of the weatherization subrecipients and ensures that MFA and subrecipients are following all regulatory and contractual requirements of the program. She ensures the monitoring of subrecipients is following their contracted programs in accordance with regulations outlined in federal/state contractual agreements and MFA's Compliance Manuals. Ms. Tillerson works with staff in assisting the efforts to build their capacity through training and providing technical assistance on the program development. Ms. Tillerson also oversees the efforts to increase funding for the program.

John Garcia is the Assistant Director of Community Development at MFA. Mr. Garcia will assist Kellie Tillerson, the Director of Community Development, as needed and will assume her duties in the event of her absence.

Mr. Garcia is responsible for supervising the program managers for the HUD HOME and Veterans Homeowner Rehabilitation program, Home Improvement program (HIP), the Emergency Services program and the Restoring Our Communities program (ROC). John retired from the state of New Mexico after 25 years of service. His last position with the state was the Grants Management Bureau Chief for the Human Services Department. Over his career at the state, he has held the positions of EBT Program Manager, Benefit Management Track Lead for the SNAP and TANF eligibility system, Management Analyst, Child Support Enforcement Officer, and Income Support Specialist. He has a master's degree in business administration and holds a certificate in Project Management.

Administrative Support:

Indirect costs will be charged using the **de-minims rate of 15%** of Modified Total Direct Costs. Included indirect costs include the support of administrative staff.

The Controller and accountants, are responsible for reviewing monthly fiscal reports, preparing reimbursements, and maintaining all required financial records to account for Grantee and subrecipient expenditures and balances. They are also responsible for subrecipient financial management and quarterly reporting to DOE. The Administrative Support staff provides Marketing and Information Technology support to weatherization staff necessary to carry out the functions of the weatherization program.

MFA will comply with the record keeping requirements prescribed on section 10 CFR 440.24, and with the reporting requirements on section 10 CFR 440.25.

MFA's Policy Committee is responsible for overall management of the weatherization program. They provide oversight and effective and efficient management of the weatherization program and provide direction to weatherization staff along with the Director of Community Development. They promote the weatherization efforts externally

## V.8.2 Administrative Expenditure Limits

New Mexico's admin is set at 15% with MFA receiving 5% and the remaining 10% allocated to our subrecipients. MFA will NOT be requesting the additional admin funds for our existing subrecipients are already receiving 10% admin.

## V.8.3 Monitoring Activities

Monitoring Approach

Monitoring is a tool used to assist its subrecipients with their efforts to resolve problems encountered in the administration and operation of the NM EnergySmart Program, and to ensure compliance with all applicable Federal and State laws, rules, codes and regulations. To achieve this goal, Troy Cucchiara, Dimitri Florez, David Gutierrez and David Trembath will conduct all monitoring. For the program year 2025-2026 training and technical assistance funding in the amount of \$10,603.77 will be used for monitoring and \$1,900.37 of leveraging will be used. Administration funds used for monitoring are \$4,111.86 and will be 25% of the monitoring budget.

Desk Monitoring

MFA has included a component of fiscal monitoring within the monthly desk monitoring. Upon submission of invoices, the agencies will be asked to produce a detailed GL for each funding source. The program managers will then select one item per funding source to trace back to the origin to ensure that all costs are eligible.

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

Each month, agencies invoice for completed units that include data entry by the agencies for numerous fields. This enables MFA to perform the following:

- Inquire about the WA10 Online input reports and recommended measures inserted for units that have unusual circumstances, and random units.
- Completed Unit Reports that show a detailed view all funding sources, amounts, and savings for each measure with each unit.
- All units and associated measures are viewed in detail for compliance during invoicing.
- Total costs for labor and materials are viewed for reasonableness;
- SIR and energy savings in MMBTUs are compared to averages;
- Geographical patterns with production plan submitted by agency are reviewed;
- Based on the age of each unit, random selections are made for compliance of Lead Based Paint (LBP) rules and State Historic Preservation Office (SHPO) obligations;

Unit Inspections

Unit inspections include at minimum the below items:

- Homes are selected based off desk monitoring, geography, random selections, or other factors;
- Prior to home visit, the client file is inspected from front to back for full program compliance.
- Complete inspections are conducted on the unit following BPI QCI protocol;
- Minimum of 5% for all three agencies is conducted.
- Minimum of 10% when the QCI final inspector is the same person as the assessor/energy auditor;
- 10% QCI is performed when there are repeat findings or concerns.
- Multifamily receives 5% units from each MF project.

Technical Monitoring

The below items are part of technical monitoring:

- Review of scheduling procedures is conducted.
- Eligibility and intake are reviewed.
- Rental audit procedures are confirmed;
- Multifamily audit procedures and compared with field work;

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

- Energy audits for single families are reviewed.
- Qualifications & training of agency staff (includes new hires) are reviewed;
- T and TA progress is discussed;
- Overall weatherization of units is monitored by field visits;
- Field work methods and work in progress is reviewed.
- This includes a work-in-progress, energy audit assessment, and QCI final inspection.
- The agency's QCI methods are discussed and observed;
- Unit inspections can be additional to the technical monitoring.
- During all field visits, Health & Safety procedures and OSHA compliance is monitored.
- Equipment/inventory/material condition and calibration is inspected;
- Feedback & reporting is discussed with the agency;

Programmatic Monitoring

The following items are reviewed for programmatic monitoring:

- Program overview (client file review, work orders, etc.) ;
- Financial/administrative process;
- Expenditures and admin;
- Financial administration;
- Quality management assurance;
- Vehicles & equipment inventory and maintenance;
- Procurement procedures and packages;
- Insurance requirements.

Financial Monitoring

During the programmatic monitoring, the fiscal piece is reviewed and includes:

- Financial management/accounting systems and operations;
- Financial audits and audit compliance;

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

- ~~Fiscal tests including tracing item on GL to source if the monthly desktop review requires revision;~~
- ~~Fiscal tests on each funding source to all costs eligible if the monthly desktop review requires revision;~~
- ~~Random items selected from the selected month's GLs.~~
- Payroll and personnel;
- Grant specific GLs.

MFA staff coordinate all activities and provide clear and concise directions to comply with the applicable standards and regulations. Staff conduct field monitoring of subrecipient financial activities including financial audits, production and reporting requirements. Program staff also assist subrecipients to improve operations through training and technical assistance to correct noted problem areas.

Single Audits or Audited Financial Statements

In addition to the staff that conduct the monitoring, MFA's Accounting Department and Internal Auditors are available when needed to review subrecipient financial operations. Subrecipients financial audits are reviewed as part of their onsite monitoring. Financial audits are also reviewed at the time of audit submission when the financial audit is due for that year.

To complete the approval of the annual external financial audits, the first layer of review is by the Program Manager. The second layer of review and approval is either done by the Assistant Director of MFA's Community Development Department or MFA's Controller.

At a minimum, MFA staff conducts one onsite or virtual programmatic monitoring visit, one financial visit, and one in field technical monitoring visit each year. Comprehensive monitoring tools are used as part of the thorough review of each subrecipient. If necessary, a follow-up monitoring visit will be conducted to verify that corrective action has been initiated or completed. Through our online reporting system, staff conduct reviews on financial reporting and expenses.

General Monitoring Practices

Staff will perform field onsite technical monitoring visits to Southwestern Regional Housing Community Development Corporation (SRHCDC), Central New Mexico Housing Corporation (CNMHC), and Red Feather Development Group in the 2025/2026 Program Year. In the event travel is restricted due to future pandemics, monitoring visits may need to be conducted virtually and remain consistent with the approved virtual monitoring plan.

In addition to monitoring, MFA staff have developed their own QCI inspection policies. The team will perform certified QCI reviews of client files and inspect the corresponding units a minimum of 5%. This will occur on a continual basis to ensure that SWS, DOE guidance, and NM Standards are being followed. The team looks closely for missed opportunities, and client safety. Health and Safety approach with the best practice possible is encouraged. In the event quality is not up to standards, and it is determined that there is a pattern, comprehensive or specific training will be scheduled to correct the issues. Health and Safety deficiencies, depending on the severity, are corrected immediately, with preference being the same day.

Quality Control review of units and files consists of reviewing every detail for each file prior to the unit visit. The file should accurately tell the story of the weatherization work that took place at the unit. If one thing is out of place, it serves as an indicator to look for additional related items.

In the event subrecipients fail QCI inspections; they are given the opportunity to remedy the problem within a reasonable time period. This rework is not eligible for reimbursement with DOE funds. The unit may be re-inspected by MFA's QCI, depending on the nature of the failure. Photos or other proof of correction is required. The training Academy is notified of the area of weakness and modifies the classes if needed. In extreme cases, additional classes are scheduled for the agency.

When there are findings or concerns that surface during inspections, the subrecipient is asked to explain how they will improve in their correction plan. This may entail updating their policies and procedures, more frequent monitoring by MFA, or training to help the subrecipient understand how the problem occurred and how to prevent it.

MFA also requires subrecipients to be audited in accordance with section 10 CFR 440.23(d). For program year 2025/2026 only one of the NM EnergySmart subrecipients met the 2 CFR 200 threshold amount of \$1,000,000.00.

As a follow up to each visit, MFA staff provides the subrecipient with a written report that describes noncompliance or problem areas, suggested comments and best practices. The report is submitted to the subrecipient within 30 days of the visit and the subrecipient is required to respond within 30 days to MFA with a Corrective Action Plan addressing any findings, concerns, and recommendations. This Corrective Action Plan must include an identified target date for each deficiency. This is tracked by an online tracking system. Follow up communication through phone conversations, email, and necessary onsite visits is continual until the problem is resolved. MFA keeps the line of communication open to help the subrecipients achieve the ultimate goal of compliance and best practice.

The subrecipients are sent the updated monitoring instruments prior to the visit that will be used, since they are accountable for implementation of the program in accordance with the standards and procedures.

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

In all instances, MFA is committed to working closely with subrecipients to succeed. However, if after numerous attempts have been made towards compliance or if a subrecipient is either unwilling or unable to resolve a noncompliance issue, MFA would start to work toward defunding the agency. This is a last resort and will only be implemented in the most extreme cases.

When a problem is resolved to the mutual satisfaction of the subrecipient and MFA, staff will send a follow up letter to close the finding.

MFA looks for patterns of fraud within the agency documents, such as the general ledgers. If there is any suspicion of mismanagement, fraud, waste or abuse or if any significant problems are found, MFA will immediately notify the DOE Project Officer, and the Inspector General.

MFA will submit annual reports to the DOE Project Officer describing its monitoring efforts to date. The report will include at least the following:

- Number of monitoring visits to each subrecipient;
- General nature of the findings;
- A discussion of significant corrective actions.

MFA will also have all monitoring reports available, upon request, for DOE inspection. MFA will summarize and review its monitoring activities and findings for internal assessment of subrecipient needs, strengths and weaknesses and annual planning. This data will be incorporated in the New Mexico Consolidated Plan and Annual Performance report.

#### Credentials

MFA staff has substantial experience in monitoring NM EnergySmart and other Federal and State programs:

Troy Cucchiara is the weatherization Supervisor and a QCI for MFA. Troy oversees all aspects of the weatherization program including the programmatic, fiscal, technical, and QCI monitoring. He has been involved with the home retrofit industry for 26 years and has been an integral part of the Weatherization Assistance Program for different agencies since 2006. He has earned numerous certifications including Commercial Energy Auditor, Water Specialist IV, CBI Thermographer, Lead Certified Renovator, Lead Dust Sampling Technician, AHERA, OSHA 30, Building Analyst, Building Envelope, and Home Energy Professional Quality Control Inspector, Multifamily QCI, Energy Auditor, and has been a BPI Proctor for the Santa Fe Community College. Technical experience includes energy auditing, unit inspections, program management, water treatment design, inventory control, public speaking, staff training, and client education.

Dimitri Florez is the Technical Manager and QCI for MFA. Since 2019, he has been managing the NM EnergySmart Program with programmatic, fiscal, and mostly the technical aspect of weatherization. Dimitri schedules all technical monitoring visits, and onsite unit inspections. Dimitri's qualifications include 6 years of field experience and holds the Building Analyst, Energy Auditor, and Quality Control Inspector Certification in the field of weatherization.

Program Manager, David Trembath, has 25 years of experience with contracts, including contract writing and review, contract compliance, as well as experience in Requests for proposals and other forms of procurement. He will conduct programmatic monitoring visits to the provider agencies. David is also learning the EnergySmart system and will assist with invoices and reporting

David Gutierrez conducts all programmatic and fiscal monitoring. David has three years of experience in code enforcement, zoning, and housing inspections with the City of Albuquerque. He has 15 years of housing experience including property management, OSHA, Lead Awareness, LIHTC, HUD, HMIS, CoC, RAP, FEMA, Motel Vouchers, Displaced Tenants, and Rental Assistance.

#### Levels of Agency Performance

**High Performance or Exemplary Agencies:** By way of monitoring review, an agency has demonstrated performance standards that meet or exceed standards that are commonly observed in the following areas:

- No Health and Safety findings;
- No procedural findings;
- No financial audit material findings;

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

- In general, an agency's production is high relative to funding.
- No "at risk" elements are found in major categories for an agency;
- The agency provides comprehensive service utilizing the latest building science and renewable technology, in a cost-effective manner in accordance with NM EnergySmart Weatherization Assistance Program guidelines.

**Stable Agency Performance:** Typically, the frequency of monitoring will be (1) fiscal/operational visit and (1) technical visit per year by NM EnergySmart staff. The need for additional visits within the same year will be determined by the agency's program funding and production level and the timely responses to any outstanding monitoring findings. MFA expects every agency to meet standards of performance, have a well-established system for program administration and operations, with no more than one finding in the following areas:

- Compliance with major program requirements, such as, lead based paint procedures, cost allocation;
- No more than one program specific finding in the annual monitoring visit;
- No more than one fiscal specific finding in the annual monitoring visit;
- Staff is well trained in performance of specific job duties.
- Agency has complete and organized files.
- Evidence of prudent decision making as to the use of program resources;
- Complete scopes of work;
- NEAT/MHEA/TREAT documentation is current and consistent with billing;
- Staff is proficient in the use of auditing software.
- Evidence that NEAT/MHEA/TREAT is used with actual and true pre audit data (including costs) ;
- Evidence that NEAT/MHEA/TREAT is used effectively and thoughtfully in determining cost effective measures;
- Staff and contractors have demonstrated proficiency in technical applications, including diagnostics;
- Agency has a minimal number of procedural findings (as related to programs rules, policies and procedures) and health and safety findings from previous monitoring report;
- Agency complies with OSHA and MFA safety rules, as applicable;
- The agency maintains a professional working relationship with MFA.
- Past corrections are made and reported in a timely manner;
- Participate in NM EnergySmart Peer Exchange meetings;
- No "at risk" elements are found in major categories for an agency.

**Vulnerable Agency Performance:** If an agency's performance is deficient in some or all of the following levels of performance MFA will prepare a plan to help the agency clear the deficiencies and will provide additional monitoring within the same year to ensure the agency has a well-established system for program administration and operations, with no more than one finding in the following areas:

- Compliance with major program requirements such as lead based paint procedures, cost allocation plan/indirect cost rate, required

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

contractor information;

- No more than one program specific finding in the annual monitoring visit;
- No more than one fiscal specific finding in the annual monitoring visit;
- Staff are well trained in performance of specific job duties.
- Lack of prudent decision making as to use of program resources;
- Completes scope of work.
- NM Energy\$mart online reporting is current and consistent with billing;
- Staff is proficient in its use of the NM Energy\$mart online payment system;
- Evidence of the NM Energy\$mart online payment system is used with actual and true pre and post data (including costs);
- Evidence of the NM Energy\$mart online payment system is used effectively and thoughtfully in determining cost effective measures;
- Staff and contractors have not demonstrated proficiency in technical applications, including diagnostics;
- Agency has a number of and severity of procedural findings (as related to programs rules, policies and procedures) and health and safety findings from previous monitoring report;
- Agency does not comply with OSHA and MFA safety rules, as applicable;
- The agency does not maintain a professional working relationship with MFA;
- Past corrections were not made and reported in a timely manner;
- Agency does not participate in NM Energy\$mart Exchange meetings;
- Agency does not report as outlined in program manual; and
- Several “at risk” elements are found in major categories for an agency.

**At Risk Agency Performance:** At risk agencies will be monitored no less than twice annually. Other factors in the frequency of monitoring visits may be based upon the requirements of specific funding sources. These agencies may be identified as a result of a variety of factors that may include:

- Agency’s probation, i.e. an agency’s first year with the program;
- There is evidence of significant administrative or program substandard performance; for example, repetitive pattern of findings, failure to have copies of permits on file or lack of compliance with historical preservation rules;
- Agency is not in compliance with program policies, procedures and specifications.
- Agency has repeated health and safety findings.
- Agency staff members/crew has deficient technical skills;
- There has been a change in key staff.
- There has been a change in key weatherization subrecipients;
- Agency has deficient scopes of work (work plan is insufficient).
- Agency has program specific audit findings.
- Agency has fiscal findings.



**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

- Agency files are incomplete or disorganized.
- Agency staff is unresponsive to MFA requests and deadlines. For example, the agency consistently fails to provide monthly reports and contract closeouts in a timely manner.
- Agency production is low relative to funding

**V.8.4 Training and Technical Assistance Approach and Activities**

**See Attached T and TA Plan**

Percent of overall trainings

Comprehensive Trainings: 40.0

Specific Trainings: 60.0

Breakdown of T&TA training budget

Percent of budget allocated to Auditor/QCI trainings: 25.0

Percent of budget allocated to Crew/Installer trainings: 50.0

Percent of budget allocated to Management/Financial trainings: 25.0

**V.9 Energy Crisis and Disaster Plan**

**Objective:** The objective of the New Mexico disaster response plan is to implement response activities that ameliorate the effects of the disaster to affected lowincome persons with due consideration to the limited funds available during the program year.

**Definition:** A disaster is an event or development in the State declared by a Presidential or Gubernatorial order to be either a Federal or State emergency.

**Procedures:** Declaration of an energy crisis enables a subrecipient to place households affected by the crisis at the top of the weatherization waiting list.

Subrecipient must follow WPN 127 and complete all allowed measures by the energy audit. Partial weatherization is not allowed with DOE funds. Once

a QCI has approved the work, the crews can move to the next identified unit that qualifies. If at all possible, the subrecipient should complete the emergency units within the current program year.

The subrecipients must maintain a list of the units served during the crisis and provide the list of measures for each unit and the proposed date for full weatherization during invoice submission.

Criteria include:

1. Households must meet current income guidelines.
2. Priority will be given to elderly person, persons with disabilities, families with children, high residential energy users, and household with high energy burdens;
3. Priority will be determined through the program priority list for the particular disaster area.
4. Units weatherized 15 years before the present date, can receive additional assistance under "Energy Crisis".
5. Incidental repairs to an eligible unit will be allowed if the repairs are necessary to make the installation of weatherization materials effective;
6. Elimination of health and safety hazards will be allowed when it is necessary before the installation of weatherization materials.
7. Debris removal so a unit can be weatherized is considered an allowable cost but not an allowable cost for any units that will not be weatherized.

**U.S. Department of Energy**  
Weatherization Assistance Program (WAP)  
STATE PLAN / MASTER FILE WORKSHEET  
**Grant Number:** SE0001839, **State:** NM, **Program Year:** 2025  
**Recipient:** State of New Mexico-NMMFA

8. If DOE purchased vehicles are used to assist in disaster relief for debris removal or other allowable activities, the activity must be allocated in accordance with 2 CFR 200.405.
9. Disaster area households may be considered a priority over other households within a subrecipient's territory only if the households are free and clear of any insurance claim or other form of compensation resulting from damage caused by the disaster, and the household must also meet one of the other priorities used within this State Plan.
10. DOE funds may be used to pay subrecipient staff to perform functions such as securing materials, tools, equipment, vehicles, files, and records. DOE funds are NOT to be used to perform work in the community for disaster relief.

Draft

# Weatherization Grantee Health and Safety Plan

## *New Mexico Health and Safety Plan*

### ☒ POLICY SUBMITTED WITH PLAN

#### 1.0 – GENERAL INFORMATION

*Grantees are encouraged to enter additional information here that does not fit neatly in one of the other sections of this document.*

#### 2.0 – BUDGETING

*Grantees are encouraged to budget Health & Safety (H&S) costs as a separate category and, thereby, exclude such costs from the average cost per unit cost (ACPU) limitation. This separate category also allows these costs to be isolated from energy efficiency costs in program evaluations. Grantees are reminded that, if H&S costs are budgeted and reported under the program operations category rather than the H&S category, the related H&S costs must be included in the calculation of the ACPU and cost-justified through the approved energy audit.*

Select which option is used below.

Separate Health and Safety Budget ☒

Contained in Program Operations ☐

#### 3.0 – HEALTH AND SAFETY EXPENDITURE LIMITS

*Pursuant to [10 CFR 440.16\(h\)](#), Grantees must set H&S expenditure limits for their Program, providing justification by explaining the basis for setting these limits and providing related historical experience.*

*Low percentages should include a statement of what other funding is being used to support H&S costs, while larger percentages will require greater justification and relevant historical support. It is possible that these limits may vary depending upon conditions found in different geographical areas. These limits must be expressed as a percentage of the ACPU. For example, if the ACPU is \$5,000, then an average expenditure of \$750 per dwelling would equal 15 percent expenditures for H&S.*

*15 percent is not a limit on H&S expenditures but exceeding this amount will require ample justification. These funds are to be expended by the Program in direct weatherization activities. While required as a percentage of the ACPU, if budgeted separately, the H&S costs are not calculated into the per-house limitation. DOE strongly encourages using the table below in developing justification for the requested H&S budget amount. Each H&S measure the Grantee anticipates addressing with H&S funds should be listed along with an associated cost for each measure, and by using historical data the estimated frequency that each measure is installed over the total production for the year.*

*It is also recommend reviewing recent budget requests, versus expenditures to see if previous budget estimates have been accurate. The resulting “Total Average H&S Cost per Unit” multiplied by the Grantee’s production estimate in the Annual File should correlate to the H&S budget amount listed in the Grantee’s state plan.*

*Should a Grantee request to have more than 15 percent of Program Operations used for health and safety purposes, DOE will conduct a secondary level of review. DOE strongly encourages use of this H&S template and matrix to help expedite this process.*

*WPN 22-7 reinforces the requirement that all H&S expenditures are documented in each client file with the specific reason, cost, and funding source and clarifies that client education materials and H&S related training are not allowable H&S expenses but are Training and Technical Assistance budget items.*

Agencies are expected to budget for health and safety funds to allow for all allocated units within the program year to receive weatherization. Agencies must keep their per unit average for health and safety below **\$1,331.00**. For health and safety costs that are estimated to be greater than \$3,500, agencies must obtain prior approval from MFA prior to proceeding with work.

## 4.0 – INCIDENTAL REPAIR MEASURES

*If Grantees choose to identify any H&S measures as incidental repair measures (IRMs), they must be implemented as such under the Grantee's weatherization program in all cases – meaning, they can never be applied to the H&S budget category. In order to be considered IRMs, the measure must fit the following definition and be cost justified along with the associated efficiency measure.*

*Incidental Repairs means those repairs necessary for the effective performance or preservation of weatherization materials. Such repairs include, but are not limited to, framing or repairing windows and doors which could not otherwise be caulked or weather-stripped and providing protective materials, such as paint, used to seal materials installed under this program. ([10 CFR 440 "Definitions"](#))*

Incidental Repairs means those repairs necessary for the effective performance or preservation of weatherization materials.

Incidental repairs include:

- Glass replacement
- Door Replacement
- Structural repairs to maintain the integrity of weatherization materials.
- Skirting for mobile homes
- Flue and venting replacement
- Dryer vents
- T and P for water heaters
- Fuel supply line repair
- Electrical repairs
- Modifications to allow for condensing furnace drainage.
- Minor roof repair <12 square feet
- Cover for evaporative coolers.
- Lock latch
- Wall repair
- Electrical costs for fan installation
- Thermostats
- Electrical panel upgrade for heat pumps

Health and safety measures may be listed as incidental repair only if the entire building still receives an SIR of 1 and this decision may not be made in the field. Incidental repairs are included in the per unit cost limitation and must be cost justified with the SIR for the package of measures. If incidental repairs are so exhaustive that the building no longer receives a cumulative SIR of 1, the agency may use weatherization readiness funds for the item that causes the high costs of IR.

General heat waste measures are included in the energy audit as itemized costs and do receive an SIR above 1.

Items that have the potential of receiving an SIR on their own such as doors, must be run as an ECM first. When the item is not cost effective, then it must be run under air sealing if it would normally be an incidental repair to

air sealing. Otherwise, the item may be run as an incidental repair if the entire home receives an SIR above 1. For all HVAC units, the agencies must run the item as an ECM first and exhaust all potential eligible leveraged funding sources to determine if an SIR of 1 is achieved prior to using H&S funds.

## 5.0 – DEFERRAL/REFERRAL POLICY

*Deferral of services may be necessary if H&S issues cannot be adequately addressed according to WPN 22-77 guidance. The decision to defer work in a dwelling is difficult but necessary in some cases. This does not mean that assistance will never be available, but that work must be postponed until the problems can be resolved and/or alternative sources of help are found. If, in the judgment of the auditor, any conditions exist which may endanger the health and/or safety of the workers or occupants, the unit should be deferred until the conditions are corrected. Deferral may also be necessary where occupants are uncooperative, abusive, or threatening. Grantees must be specific in their approach and provide the process for clients to be notified in writing of the deferral and what conditions must be met for weatherization to continue. Grantees must also provide a process for the client to appeal the deferral decision to a higher level in the organization.*

Grantee has developed a comprehensive written deferral/referral policy that covers both H&S, and other deferral reasons?

Yes ☒ No ☐

Where can this deferral/referral policy be accessed?

The Administration Manual, Section 6. This resides on the Grantee website and is also distributed to the Service Providers annually or when there are updates.

## 6.0 – HAZARD IDENTIFICATION AND NOTIFICATION FORM(S)

*Documentation forms must be developed that include at a minimum: the client's name and address, dates of the audit/assessment and when the client was informed of a potential H&S issue, a clear description of the problem, a statement indicating if, or when weatherization could continue, and the client(s) signature(s) indicating that they understand and have been informed of their rights and options.*

Documentation Form(s) have been developed and comply with guidance?

Yes ☒ No ☐

## 7.0 – HEALTH AND SAFETY CATEGORIES

For each of the following H&S categories identified by DOE:

- Explain whether you concur with existing guidance from WPN 22-77 and how that guidance will be implemented in your Program, if you are proposing an alternative action/allowability, or if the identified category will not be addressed and will always result in deferral. Alternatives must be comprehensively explained and meet the intent of DOE guidance.
- Where an Action/Allowability or Testing is “required” or “not allowed” through WPN 22-77, Grantees must concur, or choose to defer all units where the specific category is encountered.
- “Allowable” items under WPN 22-77 leave room for Grantees to determine if the category, or testing, will be addressed and in what circumstances.
- Declare whether DOE funds or alternate funding source(s) will be used to address the particular category.
- Describe the explicit methods to remedy the specific category.
- Describe what testing protocols (if any) will be used.
- Define minimum thresholds that determine minor and major repairs.
- Identify minimum documentation requirements for at-risk occupants.
- Discuss what explicit steps will be taken to educate the client, if any, on the specific category if this is not explained elsewhere in the Plan. Some categories, like mold and moisture, require client education.
- Discuss how training and certification requirements will be provided for the specific category. Some categories, like Lead Based Paint, require training.
- Describe how occupant health and safety concerns and conditions will be solicited and documented.

Grantees may include additional H&S categories for their particular Programs. Additional categories must include, at a minimum, all of the same data fields as the DOE-provided categories. Two additional tables have been created to utilize.

7.1 – Air Conditioning and Heating Systems						
Concurrence, Alternative, or Deferral						
Concurrence with Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral <input type="checkbox"/>				
Air Conditioning Unallowable Measure <input type="checkbox"/>		Heating Unallowable Measure <input type="checkbox"/>				
Funding						
DOE <input checked="" type="checkbox"/>	LIHEAP <input checked="" type="checkbox"/>	State <input checked="" type="checkbox"/>	Utility <input checked="" type="checkbox"/>	Other <input checked="" type="checkbox"/>		
How do you address unsafe or non-functioning primary heating/cooling systems?						

Draft

## Heating Systems

**All homes must contain a safe, operable, primary heating system for the entire dwelling unit after weatherization is complete.**

System repair, replacement, or installation is allowed of red-tagged, inoperable, or nonexistent heating systems in all climate zones.

- Manual J must be used for sizing of the equipment when replacing.
- Flue and chimney inspection for code
- Complete testing consistent with the NM Technical Standards testing protocol within the CAZ.
- Depressurization consideration in conjunction with other combustion appliances in worse case and natural conditions.
- Inspection and testing procedures for solid fuel appliances (i.e., woodstoves and fireplaces) include requirement that Grantees have specific testing policies and action levels.
- Solid fuel burning appliances must:
  - Adhere to local code including the venting.
  - Include a CO alarm installed in the combustion zone.
  - Client education and danger signs of what to do if the alarm were to sound.
  - Worst case CAZ depressurization testing
  - Be simulated at 300 CFM for worse case testing of other appliances.
  - Replacement is allowed for primary units but not secondary units.
- Repair and replacement of inoperable or unsafe combustion appliances is allowed, including the installation of direct-vent, sealed combustion appliances.
  - Repair and cleaning should be done before replacement is considered.
  - Proper venting to the outdoors, including gas dryers is required.
    - Correction of venting is allowed when testing or visual inspection indicates a problem.
    - This may be listed under incidental repair when it meets the definition of WPN 12-9.
- No work is permitted if the completed unit's primary heat source is an unvented gas heater. Replacement with a vented unit is an allowable H & S expense.
  - Unit must be sized to heat entire dwelling unit. And comply with the audit requirements of 10 CFR 440.21 (e) (2)
- **Building permits must be secured and other applicable building codes followed for all space heater work.** This is considered a program operation cost per 17-7 Attachment A.

All fuel-burning appliances in mobile homes, except ranges, ovens, illuminating appliances, clothes dryers, solid fuel-burning fireplaces and solid fuel-burning stoves, must be installed to provide for the complete separation of the combustion system from the interior atmosphere of the manufactured home (i.e., to draw their combustion air from outside).

- Masonry chimneys used by vented space heaters will be properly lined in compliance with the International Fuel Gas Code (IFGC). New equipment must meet local code requirements.

## Cooling Systems

Air conditioning system replacement, repair, or installation is allowed in homes of at-risk occupants or where climate conditions warrant. Climate conditions that would warrant this allowance are areas that have an average of 800 CDDs or higher using a base 70. If weather data is unavailable the agency must use the weather file or data that most closely resembles the climate of the potential replacement. For other towns or areas with less than 800 CDD, medical eligibility from a third-party medical professional proving at risk is required for any occupant.

At risk occupants are defined as an occupant that is over the age of 60, has respiratory ailments, allergies, pregnant, or other unique health concerns. The cooling system must be run as an ECM first to determine if the unit is cost effective and Manual J must be used for the sizing of equipment.

Service Providers must provide T&TA to clients when installing a cooling unit when no previous unit existed.

An example statement of medical eligibility:

Re: Air Conditioner Replacement or Installation

Name: \_\_\_\_\_, DOB: \_\_\_\_\_, age \_\_\_\_\_ years, is a patient under my care. S/he has a respiratory condition that increases her/his risk for heat-related illness during a heat wave.

As her/his health care provider, I strongly advise that s/he use an air conditioner at home during a heat wave to prevent serious heat-related illness and possibly death. If you have any questions or concerns, please feel free to contact me.

(Signature of health care provider)

<b>How do you address unsafe or non-functioning secondary heating systems, Including unvented secondary space heaters?</b>
<ul style="list-style-type: none"> <li>○ Secondary unvented units must conform to the safety standards of ANZI Z21.11.2 and must not have an input rating in excess of 40,000 Btu/hour. Replacement is not allowed, however the unit may be repaired, removed, or rendered inoperable. Deferral is required if this is not possible. <ul style="list-style-type: none"> <li>○ Must not be located in, or obtain combustion air from sleeping rooms, bathrooms, toilet rooms, or storage closets except: <ul style="list-style-type: none"> <li>▪ One listed wall-mounted space heater in a bathroom or bedroom if permitted by the authority having jurisdiction and: <ul style="list-style-type: none"> <li>• Does not have an input rating exceeding 6,000 Btu/hour for bathroom and not exceeding 10,000 Btu/hour for bedroom.</li> <li>• Equipped with an oxygen-depletion sensing safety shut-off system.</li> <li>• Bathroom or bedroom have adequate combustion air.</li> </ul> </li> </ul> </li> </ul> </li> <li>○ No unvented combustion appliances may remain, even as secondary units, in manufactured homes.</li> </ul>
<b>Indicate Documentation Required for At-Risk Occupants</b>
<p>To determine at risk, the client must show medical provider proof in the form of test results or letter describing respiratory ailments, allergies, pregnancy, or other conditions determined to put the client at risk by the medical provider.</p>
<b>Testing Protocols</b>
<p>Testing protocol is described in the NM Technical Standards pages 98-109.</p> <p>Testing includes at minimum:</p> <ul style="list-style-type: none"> <li>• Combustion gases (carbon monoxide, oxygen, etc.) under worse case,</li> <li>• Flue temperature,</li> <li>• Temperature rise,</li> <li>• Static pressure,</li> <li>• Limit switch,</li> <li>• Gas pressure test,</li> <li>• Gas leaks,</li> <li>• Flue condition,</li> <li>• Combustion air supply,</li> <li>• Spillage under worse case,</li> <li>• Efficiency,</li> <li>• Blower speed where applicable,</li> <li>• Room to room balancing,</li> <li>• Other testing determined by a licensed HVAC professional.</li> </ul> <p>All systems must be checked for operations and performance. This includes determining if the system can be installed as an ECM using the energy audit, inspecting the chimney/flue, and testing the CAZ for depressurization.</p> <p>Solid fuel appliances must be inspected for visual evidence of soot on the surrounding areas.</p>
<b>Client Education</b>



Clients are educated on the existing levels and dangers of CO, maintenance needs, basic operation, air blocking, disposal of bulk fuel tanks, how to recognize depressurization, and thermostat use. If the assessor determines a client is unable to use a thermostat, then it will not be installed. Clients must receive information in writing describing reasons for deferral if deferral is the only option. A copy of this must be kept in the client file.

When heat pumps are used as a health and safety heating fuel switch, and the clients are utilizing evaporative cooling, they must sign off on a form stating their understanding that the electric bills may increase if the heat pump is used in addition to or instead of an evaporative cooler. Clients must be informed that the heat pump does not feel the same as an evaporative cooler when used. Agencies will explain to the clients that windows are not to be left open when the heat pump is in use, and to keep the thermostat at a constant temperature.

#### Training

Energy Auditor, Crew Leader, QCI as comprehensive training and specified HVAC classes as needed. All HVAC installers must have a New Mexico MM 03 or MM 98 for multifamily license.

All agencies will be required to have field staff receive training on cold climate air source heat pumps and must achieve an EPA 608 certification for heat pump installation.

## 7.2 - Asbestos - All

### What is the blower door testing policy when suspected Asbestos Containing Material (ACM) is identified?

Blower door should be done with pressurization only. If friable asbestos is suspected, blower door testing will not be allowed. **All energy auditors must be able to identify friable asbestos.** Abatement is not allowed.

### 7.2a – Asbestos - in siding, walls, ceilings, etc.

#### Concurrence, Alternative, or Deferral

Concurrence with Guidance ☒

Alternative Guidance ☐

Results in Deferral ☐

#### Funding

DOE ☐

LIHEAP ☒

State ☐

Utility ☐

Other ☒

**How do you address suspected ACM's in siding, walls, or ceilings that will be disturbed through the course of weatherization work?**

If ACM is suspected within the walls, ceilings or siding, the energy auditor must determine if the material is friable **and if there will be disturbance of that material during weatherization work**. Blower door testing will not be allowed if the substance is friable. If the ACM will be disturbed, the cost of using a licensed professional must be included in the cost of that measure. If the cumulative SIR for the home is under 1, the home must be deferred. It is recommended to drill through the interior when possible to avoid any disturbance of ACM. Siding may be removed and reinstalled if the siding is in good condition.

If weatherization work for a single-family occurs in the area where asbestos was previously identified to be present, a certified asbestos contractor trained in asbestos abatement is required. Agencies must adhere to OSHA and Solid Waste safe disposal regulations when asbestos is present. For clarification, weatherization work includes (but not limited to):

- Any work that requires cutting into or removing asbestos containing material
- Roof replacements/repair
- Mechanical ventilation measure installation requires larger surface within ceiling/walls
- Window replacement
- Door replacement

Ceiling, wall, and siding repairs

#### Testing Protocols

Inspect exterior wall, ceiling and other surface and subsurface for asbestos siding prior to drilling or cutting. Agencies will assume asbestos is present when suspected and defer the unit unless testing proves otherwise. Testing is an allowable H&S expense and must be collected by a certified tester.

#### Client Education

Inform the client that suspected asbestos siding is present and what precautions will be needed, and what the test results show. This must be done in writing, and if tests are conducted, the client must be notified of results.

#### Training and Certification Requirements

Safe practices for siding removal and replacement are part of installer training. How to identify asbestos containing materials is part of energy auditor training. ACME provides asbestos AHERA Training Course and is required for all energy auditors.

### 7.2b – Asbestos - in vermiculite

#### Concurrence, Alternative, or Deferral

Concurrence with Guidance ☒ Alternative Guidance ☐ Results in Deferral ☐

#### Funding

DOE ☒ LIHEAP ☒ State ☐ Utility ☐ Other ☒

#### How do you address suspected ACMs in vermiculite that will be disturbed through the course of weatherization work?

When vermiculite is present, unless testing determines otherwise, take precautionary measures as if it contains asbestos, such as not using blower door tests and utilizing personal air monitoring while in attics. Proper respiratory protection must be used while in areas containing asbestos. Blower door testing of any kind will not be allowed when vermiculite is present. Encapsulation by an appropriately trained asbestos control professional is allowed. Removal is not allowed.

#### Testing Protocols

Assess whether vermiculite is present. Asbestos Hazard Emergency Response Act of 1986 (AHERA) certified prescriptive sampling is allowed by a certified tester.

#### Client Education

Clients should be instructed not to disturb suspected asbestos containing material. Asbestos safety information should be provided to the client. Formally notify client if test results are positive for asbestos and signed by the client. Client must receive in writing that conditions must be met prior to any weatherization activities.

#### Training and Certification Requirements

Auditors are required to have Energy Auditor training on how to recognize vermiculite, AHERA or other appropriately trained/certified asbestos control professional training for encapsulation.

### 7.2c – Asbestos - on pipes, furnaces, other small, covered surfaces

#### Concurrence, Alternative, or Deferral

Concurrence with Guidance ☒ Alternative Guidance ☐ Results in Deferral ☐

#### Funding

DOE ☒ LIHEAP ☒ State ☐ Utility ☐ Other ☒

#### How do you address suspected ACM's (e.g., pipes, furnaces, other small surfaces) that will be disturbed through the course of weatherization work?

Assume asbestos is present in covering materials. When friable asbestos is suspected, blower door testing will only be allowed after encapsulation by a trained professional. Removal may be allowed by an AHERA asbestos control professional on a case-by-case basis.

H&S costs directly associated with testing and encapsulation. Removal is not allowed.

#### Testing Protocols

After ACM is assessed for presence, AHERA testing, and collection is allowed by a certified tester.

#### Client Education

Clients should be instructed not to disturb suspected asbestos containing material. Asbestos safety information should be provided to the client. Formally notify client if test results are positive for asbestos and signed by the client. Client must receive in writing that conditions must be met prior to any weatherization activities.

#### Training and Certification Requirements

AHERA course for testing and asbestos control professional training for abatement. This includes how to identify asbestos containing materials and what constitutes friable asbestos.

### 7.5 – Biologicals and Unsanitary Conditions (odors, mustiness, bacteria, viruses, raw sewage, rotting wood, etc.)

#### Concurrence, Alternative, or Deferral

Concurrence with Guidance ☒ Alternative Guidance ☐ Results in Deferral ☐

Unallowable Measure <input type="checkbox"/>				
<b>Funding</b>				
DOE <input checked="" type="checkbox"/>	LIHEAP <input checked="" type="checkbox"/>	State <input type="checkbox"/>	Utility <input type="checkbox"/>	Other <input checked="" type="checkbox"/>
<b>What guidance do you provide Subgrantees for dealing with biological and/or unsanitary conditions in homes slated for weatherization?</b>				
Remediation of conditions that may lead to or promote biological concerns and unsanitary conditions is allowed, however, addressing bacteria and viruses is not an allowable cost. Agencies must contact MFA for the use of Weatherization Readiness Funds prior to issuing a deferral. If all options are exhausted, deferral may be necessary in cases where a known agent is present in the home that may create a serious risk to occupants or weatherization workers that cannot be mitigated. This is like Mold and Moisture guidance in section 7.16.				
<b>Testing Protocols</b>				
Sensory inspection, visual inspection, client feedback.				
<b>Client Education</b>				
Inform client of observed conditions. Provide information on how to maintain a sanitary home and steps to correct deferral conditions.				
<b>Training</b>				
Agencies are trained as part of energy auditor and crew leader training in addition to field training on how to recognize conditions and when to defer. Worker safety when coming in contact these conditions is a huge priority.				

<b>7.6 – Building Structure and Roofing</b>				
<b>Concurrence, Alternative, or Deferral</b>				
Concurrence with Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral <input type="checkbox"/>		
<b>Funding</b>				
DOE <input checked="" type="checkbox"/>	LIHEAP <input checked="" type="checkbox"/>	State <input type="checkbox"/>	Utility <input type="checkbox"/>	Other <input checked="" type="checkbox"/>
<b>What guidance do you provide Subgrantees for dealing with structural issues (e.g., roofing, wall, foundation) in homes slated for weatherization?</b>				
Agencies must utilize Weatherization Readiness and all funding sources available to remedy rehabilitation issues before deferring a unit. NM now has funding sources available such as CSLRF that can address many of these issues. Agencies are encouraged to defer as little as possible. DOE Health and Safety funds will not be used to fix structural issues beyond the thresholds outlined in this plan.				
<b>How do you define “minor” or allowable structure and roofing repairs, and at what point are repairs considered beyond the scope of weatherization?</b>				

12 square feet as is the maximum allowed for minor repair and the threshold for Weatherization Readiness or deferral for all homes except for flooring in mobile homes. The threshold for mobile home flooring is 32 square feet. Circumstances that warrant exceeding these thresholds will be considered on a case-by-case basis. An agency generated waiver to MFA will need to be first obtained with adequate justification. Repairs that are needed and can't be remedied through the use of other funding sources, Weatherization Readiness, or eligible activities listed within this plan must result in the unit being deferred.

**If priority lists are used, and these repairs are designated as Incidental Repairs, at what point is a site-specific audit required?**

Site built audits will be used at any point there will be ECMs that the priority list does not cover. Site built audits may be run to determine the cumulative SIR of a building if it is reasonable for the assessor to believe the incidental repairs are extensive enough to warrant that action.

**Client Education**

The agency is to notify client of structurally compromised areas. The proper steps for the client to take in order for weatherization work to occur plus how to prevent future deterioration is communicated to the client verbally and in writing.

**Training**

Code compliance, energy auditor, crew leader, and installer, specifically how to identify structural and roofing issues. Carpentry through Interplay is available to agencies for basic understanding of structural issues.

## 7.7 – Code Compliance

### Concurrence, Alternative, or Deferral

Concurrence with Guidance ☒ Alternative Guidance ☐ Results in Deferral ☐

### Funding

DOE ☒ LIHEAP ☒ State ☒ Utility ☒ Other ☒

**What guidance do you provide Subgrantees for dealing with code compliance issues in homes receiving weatherization measures?**

Correction of pre-existing code compliance issues is not an allowable cost *other* than where weatherization measures are being conducted. State and local (or jurisdiction having authority) codes must be followed while installing weatherization measures. Condemned properties and properties where “red tagged” health and safety conditions exist that cannot be corrected under this guidance should be deferred if other funding sources or Weatherization Readiness cannot be used.

**What specific situations commonly trigger code compliance work requirements for your network? How are they addressed?**

The most common code compliance triggers are electrical issues, electrical upgrade for mini-splits, water heater and heating system replacements. Code compliance determined by the state inspectors for each item must be adhered to when replacing any mechanical appliance. These issues are addressed by obtaining a proper permit, replacing the unit, or conducting the work to code, and requesting inspection after work is complete.

The specific code must be cited and written clearly in the client file.

### Client Education

Inform client of observed code compliance issues. If deferral is necessary, information must be provided in writing that describes the conditions that must be met for weatherization to begin.

### Training

Code compliance for auditors. All field crew are trained as to when to contact the licensed contractor for that agency with code questions.

7.8 – Combustion Gases				
<b>Concurrence, Alternative, or Deferral</b>				
Concurrence with Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>		Results in Deferral <input type="checkbox"/>	
<b>Funding</b>				
DOE <input checked="" type="checkbox"/>	LIHEAP <input checked="" type="checkbox"/>	State <input type="checkbox"/>	Utility <input type="checkbox"/>	Other <input type="checkbox"/>
<b>Testing Protocols</b>				

Draft

- ◆ The following health and safety measures **must be performed on all combustion appliances** of weatherized homes. Staff must be training to simulate and recognize **worse case depressurization** when testing combustion equipment. These are performed at the **assessment level**, **work in progress end of day**, and **quality control final** inspection.
- ◆ Homes may not be left in an unsafe condition due to appliance failure of any kind.
  - Measurement of **ambient carbon monoxide** concentrations should be done. If any ambient level of CO **above 9 ppm** is found, the source must be identified, and the problem corrected.
    - The energy auditor should enter the dwelling with their CO measurement instrument running so that they can check the ambient CO concentration throughout the dwelling. An ambient air test for CO should be taken on coal, wood, unvented heaters and gas cook stoves.
  - A **CO test of undiluted flue gases** must be done on **all vented combustion appliances in worse case depressurization where applicable**. If a CO level **above 100 ppm** as measured is found in the undiluted flue gas sample, corrective action must be taken to reduce the CO to acceptable levels. If readings are detected above the minimum levels, no weatherization work is to be done until the problem is corrected.
  - A **gas leak detection test** must be taken on all natural and LP gas appliances and supply lines. All gas leaks must be repaired before any work is done.
  - **Spillage** on all vented natural gas, LP gas and oil appliances must be performed under **worst-case depressurization** conditions to ensure adequate venting.
  - An **inspection of the vent system** must be completed to ensure that the proper size and type of pipe is used, the condition of the vent pipe is satisfactory, the clearance meets applicable codes, and the vent system is unobstructed.
  - **Identify the combustion air source** and make sure it is unobstructed and sufficient, as defined by NFPA code.
- ◆ Replacement is an allowable H&S measure if unsafe conditions whose remediation is necessary to perform weatherization and the appliance run through the energy audit to determine if it can be justified as an ECM measure.
- ◆ Documentation justifying replacement with a cost comparison between replacement and repair must be maintained in the client file.
- ◆ A detailed description of these tests can be found in Section 1200 of the NM EnergySmart Technical Standards.
- ◆ The local agency is responsible for any potential health and safety problems that will be compounded if prescribed conservation measures are installed. For example, if a furnace is emitting unacceptable levels of CO, it is likely that tightening the home would increase the problem. Therefore, this problem must be fixed before any air sealing is completed.

**How are crews instructed to handle problems discovered during testing, and what are the specific protocols for addressing hazards that require an immediate response?**

**Emergency Situations, Immediate Follow-up Required**

Some safety problems may warrant discontinuing the combustion appliance testing or shutting off the appliance until the repairs can be made. Whenever a technician questions the safety of a situation, they should consult a supervisor. The local natural gas or propane supplier should be called in whenever possible. Examples of this type of situation are:

1. Propane or natural gas leak: Propane can be smelled more than three feet from the leaking fitting or verified by gas tester.
2. Clogged or disconnected flue: A clogged or disconnected flue that cannot be fixed, causing significant spillage of combustion products into a heated space or working area of the technician.
3. Back drafting or significant spillage: Any back drafting of combustion products in combination with carbon monoxide indications, which cannot be fixed.
4. Cracked furnace heat exchanger: Any visually identified cracked heat exchanger leaking combustion byproducts.
5. Carbon monoxide levels in the heated space above 35 ppm in the ambient air.
6. CO detected within the heating appliance greater than 100ppm.
7. Other hazards: Any other situation or combination of situations that the technician or supervisor judges hazardous to the health of the client or others.

**Non-Emergency, One-day Follow-up Recommended**

Some situations may not warrant discontinuing testing or shutting down the heating system but are serious enough to require attention within twenty-four hours. Examples of this type of situation are:

1. If carbon monoxide measured in the heated space exceeds the 9 ppm.
2. There is inadequate draft or spillage.
3. A furnace with no limit switch, or a limit switch that is disconnected.

**Non-Emergency, Five-day Follow-up Recommended**

All other safety-related follow-ups must begin within five days. Examples of this type of situation are:

1. Draft or spillage in an unheated area that does not comply with the procedures in Section 12860.
2. A furnace limit switch that does not shut the gas off by 225°F.
3. A cracked heat exchanger is suspected, but there are no other apparent problems with the furnace.

**Client Education**

Client is provided with combustion safety and hazards information, including the importance of using exhaust ventilation when cooking and the importance of keeping burners clean to limit the production of CO. Clients are informed of any high levels of other gasses and fuel leaks.

**Training**

Agencies learn how to perform appropriate testing, determine when a building is excessively depressurized, and the difference between air free and as-measured CO action levels during the Energy Auditor training. This is also covered in HVAC, Crew Leader, and QCI.

**7.9 – Electrical**

**Concurrence, Alternative, or Deferral**



Concurrence with Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral <input type="checkbox"/>
<b>Funding</b>		
DOE <input checked="" type="checkbox"/>	LIHEAP <input checked="" type="checkbox"/>	State <input type="checkbox"/> Utility <input checked="" type="checkbox"/> Other <input checked="" type="checkbox"/>
<b>What guidance do you provide Subgrantees for dealing with electrical hazards, including knob &amp; tube wiring, in homes slated for weatherization?</b>		
Minor upgrades and repairs necessary for weatherization measures where the health or safety of the occupant is at risk are allowed. Agencies must provide sufficient over-current protection and damming prior to insulating over knob-and-tube wiring. When repairs needed are over the threshold of \$3,500, agencies must use Weatherization Readiness Funds before deferring the unit.		
<b>How do you define “minor” or allowable electrical repairs, and at what point are repairs considered beyond the scope of weatherization?</b>		
Minor threshold is determined by cost and cumulative SIR. If the resulting cost of the electrical work causes the home to no longer achieve the SIR of 1 the home will need to be deferred. If the cost of the work is greater than \$3,500, prior approval must be obtained.		
<b>If priority lists are used, and these repairs are designated as Incidental Repairs, at what point is a site-specific audit required?</b>		
Site specific audit is required if the repairs can result in more ECMs being installed that are not part of the priority list.		
<b>Client Education</b>		
Provide information to client on over-current protection, overloading circuits, basic electrical safety/risks.		
<b>Training</b>		
Code for energy auditors and crew leaders covers identification of electrical hazards. Agencies have the ability to use the Pathway created by Interplay to learn more of basic electrical training.		

## 7.10 – Formaldehyde, Volatile Organic Compounds (VOCs), Flammable Liquids, and other Air Pollutants

<b>Concurrence, Alternative, or Deferral</b>		
Concurrence with Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral <input type="checkbox"/>
<b>Funding</b>		
DOE <input checked="" type="checkbox"/>	LIHEAP <input checked="" type="checkbox"/>	State <input type="checkbox"/> Utility <input type="checkbox"/> Other <input checked="" type="checkbox"/>
<b>What guidance do you provide Subgrantees for dealing with formaldehyde, VOCs, flammable liquids, and other air pollutants identified in homes slated for weatherization?</b>		
Removal of pollutants is allowed and is required if they pose a risk to workers. It is preferred the client remove these items prior to weatherization work. If pollutants pose a risk to workers and removal cannot be performed by the client or agency, the unit must be deferred.		
<b>Testing Protocols</b>		
<b>Client Education</b>		

Inform client of observed condition and associated risks. Provide client written materials on safety and proper disposal of household pollutants. If deferral is warranted, the client must be provided in writing with the proper steps that must be met prior to weatherization.

#### Training

How to recognize potential hazards and when removal is necessary as part of field training. Healthy Homes training will be provided this program year to help identify these hazards.

### 7.11 – Fuel Leaks

*(please indicate specific fuel type if policy differs by type)*

#### Concurrence, Alternative, or Deferral

Concurrence with Guidance ☒ Alternative Guidance ☐ Results in Deferral ☐

#### Funding

DOE ☒ LIHEAP ☒ State ☐ Utility ☐ Other ☒

#### Remediation Protocols

All exposed lines are tested from utility coupling into, and throughout the home. When there is a suspected fuel leak, it is verified with spray solution for bubble inspection. When confirmed a leak is present, it is considered an emergency with immediate follow-up required.

1. Determine if location of leak falls on client side of meter or supplier side.
2. Call the appropriate party (gas company, propane company, licensed HVAC) to assess the situation.
3. When the leak is determined to be on the client side of the meter, the severity of the leak and repair is communicated to the agency and client. If the leak is on the supplier/ gas company side, the leak is repaired and retested. If the leak is on the client side, the severity and cost of the leak will determine if it is within the scope of the program. Weatherization will not continue until the leak is repaired.

#### How do you define allowable fuel leak repairs, and at what point are repairs considered beyond the scope of weatherization?

If the amount of repair exceeds the threshold limit of \$1,500, the agency may request approval for the use of Weatherization Readiness Funds. Deferral must be issued to the client if the use of WRF or other funding sources are not able to remedy the situation.

#### Client Education

Clients are notified verbally and in writing of the leak location and advised to not use combustible appliances until the leak is corrected. If the line to the home closed until the leak is repaired, the clients are informed of the estimated repair timeframe.

Clients are advised that there will be more visits that same day from either the fuel supplier company or a licensed HVAC professional to remedy the situation. Clients are also advised if deferral is needed, and the next steps involved.

#### Training

Energy Auditor, QCI, Crew Leader, and HVAC for Energy Auditors.

### 7.12 – Gas Ovens / Stovetops / Ranges

#### Concurrence, Alternative, or Deferral

Concurrence with Guidance ☒ Alternative Guidance ☐ Results in Deferral ☐

Funding				
DOE <input checked="" type="checkbox"/>	LIHEAP <input checked="" type="checkbox"/>	State <input checked="" type="checkbox"/>	Utility <input type="checkbox"/>	Other <input checked="" type="checkbox"/>
<b>What guidance do you provide Subgrantees for addressing unsafe gas ovens/stoves/ranges in homes slated for weatherization?</b>				
All gas ranges are to be tested and inspected for gas leaks, condition, carbon monoxide, and burner condition. When using DOE funds, replacement tune and clean are allowed. The use of LIHEAP or State funds may also be allowed when the appliance is no more than 32" wide.				
Testing Protocols				
# 1. Check for CO in ambient air upon arrival. If greater than 9 ppm, determine the source and correct the problem before proceeding. 2. Inspect the gas range installation for code compliance. Refer to the latest edition of the National Fuel Gas Code (NFPA 54), Household Cooking Appliances. 3. Check for gas leaks. If leaks are found, repair and document them before proceeding. 4. Check the flexible range connector for the date ring. If the connector does not have a date ring and/or is brass, replace the connector. The connector must connect outside of the cabinet and must pass through the wall of the range cabinet. 5. Inspect and test range top burners according to NM SWS Section 2.0201.2e Gas Range Burners. 6. For the oven bake burner (do not test a separate broil burner): a. Remove cooking utensils from oven. Make sure foil or other materials are not obstructing the holes in the oven floor. b. Turn on burner to the maximum temperature, but not to "broil". c. Insert the probe into the oven vent far enough to get an undiluted exhaust gas sample. d. The CO emissions increase and then peak just after burner start up; they then fall to a momentary plateau before the burner shuts down as part of the duty cycle. The reading CO ppm must be taken during this stable plateau. Record this "plateau" reading in the client file. e. If the reading at steady state exceeds 200 ppm or 800 ppm air-free, then: I. Clean any rust and soot buildup on the spreader plate caused by flame impingement. II. Clean the burner if needed. III. Check for obstructed secondary air. If it is obstructed, remove the obstruction and educate the client how to keep from obstructing the burner. IV. Check the primary air adjustment and adjust if necessary or clear away any restrictions. V. Check to see that the burner is in alignment; it may require leveling the entire appliance. VI. Check the orifice size to ensure they are the right type and size in regard to LPG or natural gas. If the orifices need to be changed or adjusted, do so with the burner and the pilot orifices. 7. With a manometer (water column gauge), check that the gas pressure is correct. If the pressure regulator requires replacement, do so.				
Client Education				
Clients are informed of any problems associated with the unit, including CO levels, gas leaks, condition and cleanliness of unit, use of ventilation fan when cooking, and the dangers of carbon monoxide.				
Training				
Energy Auditor, QCI, Crew Leader.				

7.13 – Hazardous Materials Disposal [Lead, Refrigerant, Asbestos, Mercury (including CFLs/fluorescents), etc.] (please indicate material where policy differs by material)				
<b>Concurrence, Alternative, or Deferral</b>				
Concurrence with Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral <input type="checkbox"/>		
<b>Funding</b>				
DOE <input checked="" type="checkbox"/>	LIHEAP <input checked="" type="checkbox"/>	State <input type="checkbox"/>	Utility <input type="checkbox"/>	Other <input checked="" type="checkbox"/>
<b>Client Education</b>				
Client must be informed in writing of hazards being handled in the home.				
<b>Training</b>				
OSHA 30, local disposal requirements, and any health risks associated with the use of these materials.				
<b>Disposal Procedures and Documentation Requirements</b>				
Hazardous materials that are a result of weatherization work or generated as result of weatherization work shall be disposed of according to all local laws and regulations. Documentation of these activities must be kept in the client file. The person who replaces the mercury containing bulb or thermostat is responsible for proper disposal. Bulbs can be disposed in recycling bins at most hardware stores that sell the items. Mercury containing thermostats are less common but are still in existence. These are placed in recycle bins located with the vendor that provides thermostats and similar items.				

7.14 – Injury Prevention of Occupants and Weatherization Workers (Measures such as repairing stairs and replacing handrails)				
<b>Concurrence, Alternative, or Deferral</b>				
Concurrence with Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral <input type="checkbox"/>		
<b>Funding</b>				
DOE <input checked="" type="checkbox"/>	LIHEAP <input checked="" type="checkbox"/>	State <input type="checkbox"/>	Utility <input type="checkbox"/>	Other <input checked="" type="checkbox"/>
<b>What guidance do you provide Subgrantees regarding allowable injury-related repairs (e.g., stairs, handrails, porch deck board)?</b>				
Workers must take all reasonable precautions against performing work on homes that will subject workers or occupants to health and safety risks. Minor repairs and installation may be conducted only when necessary to effectively weatherize the home; otherwise, these measures are not allowed.				
If the installation of handrails or other environmental modifications are considered an emergency to the client, then CSLRF Funds may be used.				
<b>How do you define “minor” or allowable injury prevention measures, and at what point are repairs considered beyond the scope of weatherization? Quantify “minor” or allowable injury prevention measures.</b>				
Minor is described as less than 10 square feet of work.				
<b>Training</b>				
OSHA 30 and other hazard identification training included in Energy Auditor or Installer and OSHA 10 for crew leaders and installers.				

7.15 – Lead Based Paint				
Concurrence, Alternative, or Deferral				
Concurrence with Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral <input type="checkbox"/>		
Funding				
DOE <input checked="" type="checkbox"/>	LIHEAP <input checked="" type="checkbox"/>	State <input type="checkbox"/>	Utility <input checked="" type="checkbox"/>	Other <input type="checkbox"/>
Safe Work Protocols				

Draft

Each Service Provider must give notification to the occupants of homes to be weatherized regarding the potential hazards of lead paint and lead paint dust if the home was built prior to 1978. Lead based surface coverings (paint, varnishes, roofing, etc.) can exist in other forms than just paint. EPA's publication "Renovate Right: Important Lead Hazard Information for Families, Child Care Providers and Schools" must be given to an adult occupant of the affected home. For occupied homes, the weatherization staff, crew, or contractor must have an adult tenant or homeowner sign an acknowledgement after receiving the pamphlet. The pamphlet can also be sent by certified mail with receipt to be placed in the customer file.

Crews must follow EPA's Lead RRP when working in pre-1978 housing unless testing confirms the work area to be lead free.

Lead-Safe Weatherization (LSW) includes weatherization worker protection, general LSW work practice standards, and lead dust containment standards. Please refer to the latest weatherization program standard for details.

Only costs directly associated with testing and lead safe practices are allowable H&S costs.

- ◆ **Level 1 Containment. LESS THAN SIX (6) SQUARE FEET OF INTERIOR OR LESS THAN TWENTY (20) SQUARE FEET OF EXTERIOR WORK**
  - Level 1 containment is required in pre-1978 homes when less than 6 square feet of interior painted surface per room or 20 square feet of exterior painted surface will be disturbed.
  - Level 1 containment consists of methods that prevent dust generation and contains all debris generated during the work process. The containment establishes the work area which must be kept secure.
- ◆ **Level 2 Containment. MORE THAN OR EQUAL TO SIX (6) SQUARE FEET OR MORE THAN OR EQUAL TO TWENTY (20) SQUARE FEET OF EXTERIOR WORK**
  - Level 2 containment is required when Weatherization activities will disturb equal to or more than 6 square feet of interior surface per room or equal to or more than 20 square feet of exterior surfaces in homes built prior to 1978. Level 2 containment consists of methods that define a work area that will not allow any dust or debris from work area to spread. Level 2 containment requires the covering of all horizontal surfaces, constructing barrier walls, sealing doorways, covering HVAC registers with approved materials, and closing windows to prevent the spread of dust and debris.
  - If an EPA certified lead test demonstrates there is no lead present, level 2 containment will not be required.
  - Measures requiring level 2 containment other than areas that are equal to or more than 6 square feet of interior surface per room or equal to or more than 20 square feet of exterior surfaces may include:
    - Drilling holes in interior walls.
    - Drilling holes in exterior walls, removing painted siding.
    - Cutting attic access into ceiling or knee walls.
    - Planing a door in place.
    - Replacing door jambs and thresholds.
    - Replacing windows or doors.
    - Furnace replacements.
    - Additionally, Level 2 containment must ALWAYS be used where any of the following is conducted (even if the activities will disturb less than the hazard levels of 6 square feet of interior or 12 square feet of exterior surfaces within the Level 1 category):
      - Window replacement.
      - Demolition of painted surface areas.
      - Using any of the following: Open flame burning or torching; machines to remove paint through high-speed operation without HEPA exhaust control; or operating a heat gun at temperatures at or above 1100 F. Note that the use of a drill, reciprocating saw, or other power tool is considered a "machine" for removing paint. As examples: Cutting an attic hatch inside the dwelling or interior drilling of holes for the installation of insulation require level two containment.
- ◆ There must be adequate documentation in the client file to demonstrate that lead safe weatherization measures were performed when necessary. Documentation should include photos of the site and containment set up, measures taken, and a list of materials used. The final inspector for each unit must also certify that LSW procedures were used and properly implemented.
- ◆ New Mexico Weatherization will adhere to EPA lead safe rules as written in the "Lead; Renovation, Repair, and Painting Program" Final Rule (LRRPP Final Rule), as directed by DOE.
- ◆ In cases where the subgrantee cannot safely weatherize a home due to lead paint hazards, the subgrantee may defer the work. Such deferral will be considered by the state on a case-by-case basis.

Service Providers may not weatherize dwellings where there are cases of documented or suspected lead poisoning. Additionally, they shall not weatherize homes where there is an extraordinary lead paint hazard and there are no means to abate the hazard, including insufficient funds or insufficient training to properly address the hazard.

<b>Testing Protocols</b>
EPA approve testing kits must be used to determine presence or absence of lead, and the costs of test must be economically feasible. Job site cleaning is verified by the Certified Renovator. Lead safe work practices are verified during monitoring. If lead is present and the job is large enough for Weatherization Readiness Funds to be used, agencies must obtain a risk assessment for lead.
<b>Client Education</b>
Clients are given the Renovate Right pamphlet and are notified of the presence of lead and location. If deferral is necessary, clients must be notified in writing describing what steps must take place prior to weatherization.
<b>Training and Certification Requirements</b>
All employees and contractors working on these homes (pre-1978) must be Certified Renovators and receive training to install measures in a lead-safe manner according to SWS and EPA protocols. This training is the RRP Course offered through the Energy Smart Academy.
<b>Documentation Requirements</b>
Renovate Right must be signed and kept in each client file, certified renovator certification, lead testing information including photos of tests and site set up, location of lead presence, and notification of lead presence.

### 7.16 – Mold and Moisture

(Including but not limited to drainage, gutters, down spouts, extensions, flashing, sump pumps, dehumidifiers, landscape, vapor retarders, moisture barriers, etc.)

<b>Concurrence, Alternative, or Deferral</b>		
Concurrence with Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral <input type="checkbox"/>
<b>Funding</b>		
DOE <input checked="" type="checkbox"/>	LIHEAP <input checked="" type="checkbox"/>	State <input type="checkbox"/> Utility <input type="checkbox"/> Other <input checked="" type="checkbox"/>
<b>What guidance do you provide Subgrantees for dealing with moisture related issues (e.g., drainage, gutters, down spouts, moisture barriers, dehumidifiers, vapor barrier on bare earth floors) in homes slated for weatherization?</b>		

The Weatherization Assistance Program is not a mold remediation program. The use of DOE funds for the removal of mold and other related biological substances is not an allowable health and safety expense. If necessary, Weatherization Program services may need to be deferred until the existing mold problem can be corrected or referred to another agency for funding of remedial action.

All homes should be checked for previous or existing moisture problems.

- Visual assessment of exterior drainage and other moisture danger areas is required.
- A moisture assessment must be conducted with special attention to the following signs:
  - Evidence of condensation on windows and walls indicated by stains or mold.
  - Standing water, open sumps, open wells, dirt floors, water stains, etc. in basements or crawlspaces. Also, check to see if firewood is stored in the basement and whether laundry is hung to dry during the winter months.
  - Leaking supply or waste pipes.
  - Attic roof sheathing that shows signs of mold or mildew.
  - Active roof leaks.
  - Dryer fan and bath exhaust fan ducting that is nonexistent, damaged or constricted, too long, or not connected to outdoors.
  - Presence of unvented space heaters.
- In the course of weatherization, measures that help reduce the humidity levels in the house may be installed. Examples of these measures are venting dryers to the outside, venting existing bath or kitchen exhaust fans or installing moisture barriers on dirt floors. Repair of moisture problems that might 1) result in health problems for the client, 2) damage the structure over the short- or long-term, or 3) diminish the effectiveness of the weatherization measures, must be done before the weatherization job is completed.
- Moisture problems can be reduced or eliminated by ventilating areas where excessive moisture is produced, such as bathrooms and kitchens. This should include installation of a high quality properly sized exhaust fan in the subject area and informing the client of the related moisture issues and the proper operation and use of the fan. Other methods include:
  - Venting dryers to the outside of the dwelling.
  - Exhaust ventilation
  - Sealing the foundation.
  - Providing positive drainage away from the foundation.
  - Repairing the roof, flashing, gutter, and downspouts.
  - Educating the client about the sources of moisture that they can control.
  - Removal of unvented space heaters.
- If an existing moisture, mold or mildew problem is found, the agency must determine if the moisture problem can be fixed under the scope of weatherization or if there should be a deferral of service because of the severity of the problem (typically 10 square feet or more of affected surface).
  - If it is determined that the problems are too severe under the scope of weatherization, a Deferral of Service form shall be signed at the time of inspection and left with the client and a copy placed in the client file.
  - Client education must be given to the client to inform them of the health and safety problems associated with mold or mildew and the possible self-help solutions they can perform at a later date.
  - The agency should try to refer the client to other programs or agencies that may be able to assist in resolution of the problem.
- If surface preparation that includes measures such as cleaning mold from windows prior to apply caulking or other similar items, it must be charged to the corresponding ECM, and not health and safety.
- Testing is not an allowable cost; agencies are encouraged to use moisture meters but is not required.
- Weatherization Readiness Funds may be used to prevent deferral.

**How do you define “minor” or allowable moisture-related measures, and at what point is work considered beyond the scope of weatherization?**

12 Square feet or more will trigger deferral.

**Client Education**

All clients are provided written documentation of the presence of mold, moisture, and if deferral is necessary. Clients are provided information on proper moisture control such as repairing roof leaks, drainage, and water flow towards the property. If deferral is necessary, clients must be notified in writing describing what steps must take place prior to weatherization.

**Training**



How to recognize drainage, moisture, or mold issues is included with Energy Auditor and QCI.

7.17 – Pests				
Concurrence, Alternative, or Deferral				
Concurrence with Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral <input type="checkbox"/>		
Funding				
DOE <input checked="" type="checkbox"/>	LIHEAP <input checked="" type="checkbox"/>	State <input type="checkbox"/>	Utility <input type="checkbox"/>	Other <input type="checkbox"/>
What guidance do you provide Subgrantees for dealing with pests and pest intrusion prevention in homes slated for weatherization?				
Pest removal is allowed only where infestation would prevent weatherization. Infestation of pests may be cause for deferral where it cannot be reasonably removed or poses health and safety concern for workers. Screening of windows and points of access is allowed to prevent intrusion.				
Define Pest Infestation Thresholds, Beyond Which Weatherization Is Deferred				
Testing Protocols				
Assessment of presence and degree of infestation and risk to worker				
Client Education				
Inform client of observed condition, associated risks, and deferral policy.				
Training				
How to assess presence and degree of infestation, associated risks, and need for deferral.				

7.18 – Radon				
Concurrence, Alternative, or Deferral				
Concurrence with Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral <input type="checkbox"/>		
Funding				
DOE <input checked="" type="checkbox"/>	LIHEAP <input checked="" type="checkbox"/>	State <input type="checkbox"/>	Utility <input type="checkbox"/>	Other <input checked="" type="checkbox"/>
What guidance do you provide Subgrantees around radon?				

<ul style="list-style-type: none"> <li>○ Provide the client with EPA's consumer guide to radon.</li> <li>○ PER SWS requirements, crawlspaces with exposed dirt must be covered with a 6-mil vapor permeable ground cover. In dwellings where radon may be present, precautions should be taken to reduce the likeliness of making radon concentrations higher.</li> <li>○ Based on the BEX report, every home is required to receive the following package of measures if applicable, regardless of radon zone where located:             <ul style="list-style-type: none"> <li>▪ Cover exposed dirt floors within the pressure/thermal boundary with a sealed soil gas retarder</li> <li>▪ Cover sump well/pits with airtight covers</li> <li>▪ Implement ventilation as required by ASHRAE 62.2-2016</li> </ul> </li> <li>○ Provide an updated sample template for the occupant's informed consent which includes the required information and updated references.</li> <li>○ Radon mitigation is not allowed by DOE.</li> </ul>
<b>Testing Protocols</b>
Testing is allowed in locations with high radon potential but is not recommended or practiced. These include Rio Arriba, Taos, Colfax, Mora, San Miguel, Santa Fe and Bernalillo Counties.
<b>Client Education</b>
<p>Clients are provided A Citizens Guide to Radon and informed of the risks. They must sign an informed consent form prior to receiving weatherization services. Informed consent form is required be kept in the client file. This form must include:</p> <p style="padding-left: 40px;">The results of the IAQ Study and the small risk of increasing radon levels when tightness is improved, list of precautionary measures that WAP installs, and the benefits of weatherization such as energy savings, improved home comfort, and increased safety.</p>
<b>Training and Certification Requirements</b>
Training is provided to assessors and crew as to what radon is, and how it occurs. What factors may make radon worse are observed. Staff is trained on what weatherization measures may be helpful such as vapor barrier installation and mechanical ventilation. Weatherization staff is expected to be familiar with the zonal map located <a href="http://www.epa.gov/radon/pdfs/zonemapcolor.pdf">http://www.epa.gov/radon/pdfs/zonemapcolor.pdf</a> .
<b>Documentation Requirements</b>
Citizen's Guide to Radon documentation that client has signed is kept in the client file, along with the informed consent form.

## 7.19 – Safety Devices: Smoke and Carbon Monoxide Alarms, Fire Extinguishers

<b>Concurrence, Alternative, or Deferral</b>				
Concurrence with Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral <input type="checkbox"/>		
<b>Funding</b>				
DOE <input checked="" type="checkbox"/>	LIHEAP <input checked="" type="checkbox"/>	State <input type="checkbox"/>	Utility <input type="checkbox"/>	Other <input type="checkbox"/>
<b>What is your policy for installation or replacement of the following?</b>				

Smoke Alarms: Installation of smoke/CO detectors is allowed where detectors are not present or are inoperable. Installation of CO alarms is required in every home regardless of location or fuel sources. Replacement of functional smoke and CO alarms is allowed that are past the manufacturer's stated lifetime (usually 10 years), or the batteries of those that are operational but need replacement batteries.

All installations must follow manufacturer directions and SWS requirements.

- ◆ All smoke alarms must be in compliance with NFPA 72.
- ◆ All smoke alarms must be in accordance with UL 217.

Draft

Carbon Monoxide Alarms: Installation of smoke/CO detectors is allowed where detectors are not present, hard wired, or are inoperable. Replacement of operable smoke/CO detectors is not an allowable cost. All installations must follow manufacturer directions and SWS requirements.

- ◆ Where operable units are not present at least one CO alarm must be installed outside of each sleeping area as stated in section two of the SWS. Following the manufacturer's recommendations for locating and installing the alarm. Typically, alarms are installed where the clients spend most time, such as near bedrooms. If an entire multifamily building is to receive weatherization services, a CO alarm should be installed in each unit of the complex.
  - Combustion appliances are defined as any piece of equipment (such as a water heater, cook stove, or heating system) that burns a fuel such as wood, kerosene, oil, natural gas, or propane.
  - Unvented space heaters are expressly prohibited in weatherized homes unless they are compliant with ANSI Z21.11.2 with an alarm system indicating high CO levels.
- ◆ All installed CO alarms must:
  - Be in compliance with NFPA 720.
  - Be UL 2034 listed.
  - Have an electrochemical sensor with a 5-year warranty.
  - Be a plug-in type with a battery backup or battery-operated units with a 5-year warranty.
  - Have a sensor life monitor that alarms after 5 years or at the expiration of the useful sensor life.
  - Have a digital LCD display.
  - Sample ambient air at least every 2 minutes.
  - Have an alarm of 85 decibels at 10 feet.
  - Be capable of displaying: the current CO level detected from 35ppm to 500 ppm CO, the peak level detected, the total time peak level was recorded.
- ◆ Customer education is a vital part of protecting households from the dangers of CO. Ensure that client education regarding the potential hazards of combustion appliances is delivered.
- ◆ The cost of the CO alarm or combination CO and smoke alarm is a health and safety material and labor cost.
- ◆ Upon final inspection, the client will be interviewed and questioned on the usage of the alarm. Review by the final inspector will be necessary for clients that were not present during the initial installation or clients with unclear ideas of how the unit works.
  - The unit cannot be reported as complete if there are no residents that understand how the unit works and what to do in the event it was to sound an alarm.

Fire Extinguishers: Providing fire extinguishers is allowed only when solid fuel is present.

#### Testing Protocols

Operation checks on all existing alarms.

Client Education
Provide client with verbal and written information on use of smoke/CO detectors and fire extinguishers where allowed. Clients must receive adequate education on operation of alarm during final inspection in addition to assessment and work in progress.
Training
Where to install detectors. Local code compliance. Code for Energy Auditors class.

7.20 – Occupant Health and Safety Concerns and Conditions		
Concurrence, Alternative, or Deferral		
Concurrence with Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral <input checked="" type="checkbox"/>
Funding		
DOE <input checked="" type="checkbox"/>	LIHEAP <input checked="" type="checkbox"/>	State <input type="checkbox"/> Utility <input type="checkbox"/> Other <input checked="" type="checkbox"/>
<b>What guidance do you provide Subgrantees for soliciting the occupants' health and safety concerns related to components of their homes?</b>		
<p><b><u>General</u></b></p> <p>When a person's health may be at risk and/or the work activities could constitute a health or safety hazard, the occupant at risk will be required to take appropriate action based on severity of risk. <u>Temporary relocation of at-risk occupants may be allowed on a case-by-case basis.</u> Failure or the inability to take appropriate actions must result in deferral.</p>		
<b>What guidance do you provide Subgrantees for determining whether occupants suffer from health conditions that may be negatively affected by the act of weatherizing their home?</b>		
<p><b><u>General</u></b></p> <ul style="list-style-type: none"> <li>• All client applications must include a field for clients to include suspected health and safety concerns.</li> <li>• Health and safety issues should be addressed as part of the client education process, both verbally and by distributing educational pamphlets during the audit "walk-through." This can be particularly effective as the auditor notices and discusses potential hazards.</li> <li>• All Health and Safety Forms signed by the client must include a check box acknowledging that the weatherization work that will be performed will not worsen suspected health and safety concerns.</li> <li>• Screening of occupant health conditions must be documented using the "Occupant Pre-existing or Potential Health Condition Screening Form" required by WPN 22-7.</li> </ul>		
<b>What guidance do you provide Subgrantees for dealing with potential health concerns when they are identified?</b>		

**General**

- Weatherization services must be provided in a manner that minimizes risk to clients.
- Dwellings with unvented (vent-free) combustion appliances used as a primary heat source, may not be weatherized until such appliances are properly vented to the outdoors (according to the appropriate code) or removed. Refer to Section 8430 and DOE Guidance 17-7 for more information.
- Building owners and clients must be notified of any health or safety problems that require deferring the weatherization work. Documentation of this notification must be included in the client file.
- It is preferred that Subgrantees minimize or restrict the use of materials that may be hazardous to the client.
- Special precautions must be taken if the occupant of the home has respiratory ailments, allergies, is pregnant, or has unique health concerns.
- Subgrantees should try to protect all clients from respirable particles, such as paint or insulation dust, during the weatherization process.
- Two-part foam must be done in well-ventilated areas.
- Weatherization personnel shall not smoke cigarettes, cigars, or pipes in a client's home or outdoors within 25 feet of the client's home.
- If strong smelling chemicals, such as formaldehyde, are detected in the client's home, service provider should not perform any weatherization measures that would reduce the natural air leakage of the dwelling until the hazards are remedied.
- At a minimum, auditors and weatherization personnel should inform property owners of safety problems, code problems, and other health and safety issues. These items might include:
  - Hazardous levels of carbon monoxide.
  - Raw sewage leaking from waste plumbing pipes.
  - Mold and moisture.
  - Friable asbestos.
  - Radon gas.
  - Lead safe weatherization requirements.

**Client Education**

Provide client information of any known risks. Client must be informed in writing of known risks to the client due to pre-existing health conditions. Client must also be provided contact information in writing. If deferral is necessary, clients must be notified in writing describing what steps must take place prior to weatherization.

Documentation Form(s) have been developed and comply with guidance?      Yes ☒      No ☐

**7.21 – Ventilation and Indoor Air Quality****Concurrence, Alternative, or Deferral**

Concurrence with Guidance ☒      Alternative Guidance ☐      Results in Deferral ☐

**Funding**

DOE ☒      LIHEAP ☒      State ☐      Utility ☐      Other ☐

<b>Identify the Most Recent Version of ASHRAE 62.2 Implemented (optional: identify Addenda used)</b>
<p>All units must comply with ASHRAE 62.2 2016. Prior to work beginning and during the initial assessment, clients will first receive proper education as to why it is important for the home to have adequate ventilation. If after given ample opportunity to receive the services, the client refuses mechanical ventilation, and there are no other solutions that comply with ASHRAE 62.2 2016, then the deferral process will begin. Protocols have been incorporated into the following areas of our training agenda:</p> <ul style="list-style-type: none"> <li>○ Energy audit process</li> <li>○ Air quality assessment</li> <li>○ ASHRAE 62.2 <ul style="list-style-type: none"> <li>Ventilation and Acceptable Indoor Air Quality shall be used for the installation of ventilation systems, both local ventilation and whole-building ventilation.</li> </ul> </li> </ul> <p>Actions to prevent zonal pressure differences greater than 3 pascals across a closed door if one exists are required.</p>
<b>Testing and Final Verification Protocols</b>
ASHRAE 62.2 -2016 evaluation, fan flow, installed equipment and follow up testing are required to ensure compliance.
<b>Client Education</b>
Provide client with information on function, use, cleaning, and maintenance of ventilation system and components. This includes the location of the service switch. Disclaimers that ASHRAE 62.2 does not account for high polluting sources or guarantee indoor air quality should be included. Client must receive equipment manuals.
<b>Training</b>
ASHRAE 62.2 -2016 training required including proper sizing, evaluation of existing and new systems, depressurization tightness limits, critical air zones, etc. Energy Auditor, Crew Leader, QCI

<b>7.22 – Window and Door Replacement, Window Guards</b>				
<b>Concurrence, Alternative, or Deferral</b>				
Concurrence with Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral <input type="checkbox"/>		
<b>Funding</b>				
DOE <input type="checkbox"/>	LIHEAP <input type="checkbox"/>	State <input type="checkbox"/>	Utility <input type="checkbox"/>	Other <input checked="" type="checkbox"/>
No funding is used as health and safety for these items.				
<b>What guidance do you provide to Subgrantees regarding window and door replacement and window guards?</b>				
<p>Replacement, repair, or installation of windows and doors is not an allowable health and safety cost, but door replacement may be allowed as an incidental repair or an efficiency measure if cost justified. If windows and doors present a health and safety concern, agencies must look to other funding sources to take care of the problem.</p>				

Testing Protocols
NA
Client Education
Lead Based Paint Risks
Training
Guidance Awareness

7.23 – Worker Safety (OSHA, etc.)				
Concurrence, Alternative, or Deferral				
Concurrence with Guidance <input checked="" type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral <input type="checkbox"/>		
Funding				
DOE <input checked="" type="checkbox"/>	LIHEAP <input checked="" type="checkbox"/>	State <input type="checkbox"/>	Utility <input type="checkbox"/>	Other <input type="checkbox"/>
How do you verify safe work practices? What is your policy for in-progress monitoring?				
<p>Jobsites are visited during the technical monitoring and crews are observed using PPE and following OSHA standards such as safe ladder use. SDS sheets are inspected for updates and location during the technical field monitoring.</p> <p><u>OSHA's Hazzard Communication Standard</u></p> <p>NM agencies have been compliant with OSHA's Hazzard Communication Standard utilizing Safety Data Sheets that have replaced the MSDS since PY 2015. Each vehicle is equipped with the SDS sheets for the commonly used chemicals.</p> <p><u>OSHA's Confined Space Requirement</u></p> <p>The assessor must test for oxygen, carbon monoxide, hydrogen sulfide, and combustible gasses prior to entry and decide if the space is a permit required space based off OSHA guidance 1910.146. Agencies are required to keep documents in each client file that describes if confined spaces such as attics and crawl spaces require a safety permit and designated competent person during entry of a confined space.</p>				
Training and Certification Requirements				
OSHA 10, OSHA 30, and use of PPE				

7.24 – <Add in Topic>				
Concurrence, Alternative, or Deferral				
Concurrence with Guidance <input type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral <input type="checkbox"/>		
Funding				
DOE <input type="checkbox"/>	LIHEAP <input type="checkbox"/>	State <input type="checkbox"/>	Utility <input type="checkbox"/>	Other <input type="checkbox"/>
Remediation Protocols				
Testing Protocols				
ASHRAE 62.2 -2016 evaluation, fan flow, and follow up testing are required to ensure compliance.				
Client Education				
Training				



--

7.24 – <Add in Topic>				
Concurrence, Alternative, or Deferral				
Concurrence with Guidance <input type="checkbox"/>	Alternative Guidance <input type="checkbox"/>	Results in Deferral <input type="checkbox"/>		
Funding				
DOE <input type="checkbox"/>	LIHEAP <input type="checkbox"/>	State <input type="checkbox"/>	Utility <input type="checkbox"/>	Other <input type="checkbox"/>
Remediation Protocols				
Testing Protocols				
Client Education				
Training				

Draft

**TRAINING AND TECHNICAL ASSISTANCE (T&TA)  
PLAN NEW MEXICO**

**1.0 – GENERAL INFORMATION**

COMMENTS THAT DO NOT GENERALLY FIT INTO THE AVAILABLE TABLES BELOW

The descriptions within this template will address both online and in-person classes.

**2.0 – OVERALL T&TA PLAN**

**YOUR OVERALL T&TA PLAN MUST INCORPORATE SUGGESTIONS AND FEEDBACK THE FOLLOWING ELEMENTS.**

**FEEDBACK FROM INTERNAL AND EXTERNAL REVIEWS, EXAMPLES INCLUDE:**

- FEEDBACK FROM DEPARTMENT OF ENERGY (DOE) PROJECT OFFICER (PO) MONITORING VISITS
- INTERNAL STATE AUDITS
- GRANTEE MONITORING OF THE SUBRECIPIENTS
- OFFICE OF INSPECTOR GENERAL (OIG) REPORTS
- AMERICAN CUSTOMER SATISFACTION INDEX FEEDBACK, AND
- OTHER. EXAMPLES INCLUDE:
  - TRAINING FEEDBACK
  - TRAINING RETENTION ACTIVITIES

Scheduled training is determined by the existing number of staff in each of the four categories, the desired number in each category, monitoring results, agency feedback, and unit inspections. The training schedule is changed to reflect feedback from the DOE Project Officer or other monitoring visits. Contractual requirements bind Subrecipients to the training schedule.

In addition to training in house staff, the network's intention is to use T&TA funding to train qualified contractors in as many areas of the state feasible.

**DOE Monitoring Feedback:**

DOE scheduled a programmatic monitoring in January 2025; however, the monitoring was cancelled/postponed until further notice.

**State Audit Feedback:**

MFA requires a yellow book financial audit that follows all GAGAS standards for all Subrecipients. Single audits are required for entities that receive over \$1,000,000. One of the three entities will be receiving over this amount and therefore will be required to provide their single audits for MFA review. The audited financial statements and auditors report are reviewed my MFA upon completion. Areas that are considered findings are discussed with the Subrecipients to help find suitable solutions or training. The area of finding is followed up by MFA during the annual monitoring visit.

**Monitoring of Subrecipients:**

MFA closely communicates with Subrecipients on a consistent basis. MFA can assess training needs through the process of desk monitoring, desk monitoring, invoice approval, 5% to 10% quality control site visits, annual onsite programmatic and technical monitoring. The training needs are communicated immediately to the Subrecipients when they are determined and then to the Energy Smart Academy (ESA).

Notations, concerns, and findings resulting from a monitoring or inspection visit may but not always lead to comprehensive or specific training for the agency or individual in question.

When technical issues are discovered, the results are sent to the ESA with a request for training in the area of concern. This may result in changes in the agency training plan. If the problem is severe enough, the individual(s) will be required to complete training prior to working on any more homes.

**EXISTING OR PLANNED ACCREDITED TRAINING CENTER PARTNERSHIP OR WORKING RELATIONSHIP.**

Energy Smart Academy, Santa Fe Community College, 6401 Richards Avenue, Santa Fe, NM 87508  
<https://www.energysmartacademy.com/online-courses.html>  
 Southwest Building Science Training Center, 3051 S. 45<sup>th</sup> St. Phoenix, Arizona 85040  
<https://swbstc.org/>

**PREPARATIONS FOR FUTURE/UPCOMING PROGRAM REQUIREMENTS, EXAMPLES INCLUDE:**

- **UPDATED STANDARD WORK SPECIFICATIONS (SWS)**
- **MIGRATION TO ONLINE WEATHERIZATION ASSISTANT**
- **INCLUSION OF SPECIFIC LANGUAGE FROM WEATHERIZATION PROGRAM NOTICES (WPN)**
- **HEALTH AND SAFETY GUIDANCE CHANGES**
- **ENERGY AUDIT PROCEDURES**
- **PLANNING FOR NEW CATEGORIES OF FUNDINGS SUCH AS WEATHERIZATION READINESS**

In addition to following WAP Program Notices, MFA staff stay in close contact with NASCSP, Energy Out West, HPC, NM Energy and Minerals, and other industry experts. Information gathered from phone meetings, conferences, emails, and updates is regularly dispersed to the Subrecipients and the Energy Smart Academy (Academy). If the industry changes or updates warrant a change in training or policies, those changes will be implemented soon after communication or training has taken place.

- Relevant WPNs and memos are sent out to the network within a day of release.
- Changes are discussed during our technical calls every two weeks.
- Agencies are contacted individually to discuss how changes can be made.

**WHAT PROTOCOLS ARE IN PLACE WHICH ENSURE UNTRAINED STAFF ARE NOT LEFT WITHOUT SUPERVISIONS DURING FIELD OPERATIONS?**

Untrained staff do not complete any work without supervision of trained staff. Although it is encouraged to hire certified staff from the network it is not frequently possible, therefore, it is not a requirement for applicants to have certification prior to hiring. Each Subrecipient is required to have a training plan for each job position.

Upon hire, the employee is required to complete the online training curriculum for their position after each agency's individual new employee probationary period. In addition, Subrecipients all have internal training/shadowing on the job mentoring plan.

Each new staff member is responsible for attending and passing all the courses required for their job category and encouraged to within one year of being hired. MFA watches this process and communicates with the agency about the employees' progress.

For individuals that struggle with language barriers, there are Spanish/English courses available to help the student comprehend the job duties.

**Contractor Training**

MFA allows the use of T&TA funds to train the staff of contractors who will be working with the program in all applicable job areas, and for both specific and comprehensive categories. This helps ensure that untrained staff is not left unattended at the job sites. Training is not required for contractors but may be a condition of

continued work with the program if issues are discovered upon inspection. Agencies must ensure the following is met:

- Retention agreement with contractor as part of the MOU or contract that states a minimum and reasonable number of projects or timeframe set by the agency. These agreements must not exceed one year.
- Agencies must have procurement standards that align with 2 CFR 200. MFA will monitor agencies to their own procurement standards.
- During the procurement process of contractors, agencies must include the training opportunities in their advertisements.
- If contractors are reimbursed for training, the invoice issued must be clear what line items are training and what line items are overhead. Agencies must ensure training for the same activity is not billed for more than once.
- All reimbursement policies must be included in the contract and binding agreement with the contractors.
- Contractor's completed training certifications must be provided to MFA to ensure all applicable guidelines such as WPN 22-4 are met.
- When agencies are submitting invoices for contractor T&TA reimbursement, the amounts must be in the T&TA category. Contractor invoices for the training must be provided to MFA at the time and must reflect Subgrantee labor rates, or other available data.
- Travel and other expenses must be based on actual costs, GSA per diem rates, or Subgrantee policy rates.
- Agencies must have contractor specific limits for reimbursement.

It is expected that the use of contractors will increase by 200% for HVAC and installers. Most of the contractors need for training will be field work of installers and HVAC technicians.

It is an allowable expense for contractors to be reimbursed for labor, and other expenses related to training such as mileage and lodging only if the above conditions are met.

**PARTNERSHIPS WITH THE STATEWIDE HOME PERFORMANCE INDUSTRY ON TRAINING ISSUES; IF APPLICABLE.**

NA

**HOW DOES ANALYSIS CONDUCTED, AS DETAILED IN SECTION V.6 OF THE ANNUAL APPLICATION, INFLUENCE THE DEVELOPMENT OF T&TA ACTIVITIES AND PRIORITIES?**

To assess effectiveness, the NM EnergySmart Online System (System) captures the individual unit production data monthly. The completed unit data is captured for each agency and shows the projected energy savings in MMBTUs for each auditor in the agency in addition to other important details about the unit.

Not only does this screen ineligible costs, but it allows for one and one conversation with the auditor, final inspector, or data entry person that yields opportunities for training that person. Each month, invoicing precipitates conversation between MFA and the agencies that can result in further conversation at technical meetings or training.

This information is useful in that it can compare agency to agency, and auditor to auditor. Though the climatic conditions are vastly different from the northern part of the state to the southern, these comparisons can be helpful in determining weaknesses and individual training needs.

The System also shows the frequency with which each agency and auditor installs individual measures and

allows MFA to assess each agency's performance that is not tied to climatic differences.

Reports are discussed during peer exchanges and are helpful for agencies to see the different needs between climates, and how multifamily differs from single family.

The form of desk monitoring allows units to be flagged for future inspection if a particular house appears to be a good candidate for inspection and training. All correspondence that results from the desk monitoring yields opportunities for training.

### **3.0 – WORKFORCE CREDENTIALS**

**DESCRIBE THE FOLLOWING ASPECTS OF YOUR T&TA PLAN RELATED TO WORKFORCE CREDENTIALS.**

**FEDERALLY REQUIRED CREDENTIALS. EXAMPLES INCLUDE:**

- **ENVIRONMENTAL PROTECTION AGENCY LEAD RENOVATION, REPAIR, AND PAINTING PROGRAM**
- **HOME ENERGY PROFESSIONALS QUALITY CONTROL INSPECTOR CERTIFICATION**

**Installer/Crew Leader**

In addition to hiring in-house installers and crew leaders, the agencies will be utilizing some contractors for installer duties but will be keeping the crew leaders within the agency staff except for the multifamily provider who may train one contractor for this role.

**EPA RRP**

Crew Leaders, Energy Auditors, and QCI Inspectors are required to have received and passed the EPA Renovation, Repair and Painting course offered by the academy within timeframes set by each agency.

**Recertifications needed: 8**

**New Certifications needed: 12**

**Energy Auditor**

BPI Energy Auditor is required before obtaining a QCI. We do not require new assessors to successfully pass the tests, however, new assessors must receive the online class upon hire of that position.

**Online Energy Auditor**

This 36-hour class covers the following topics:

Basic building science, intro to weatherization, basic health and safety, construction details, data gathering, baseload, heating and cooling equipment, diagnostic testing, auditing software and more.

Additional classes that Energy Auditors will take as they progress:

OSHA 10, Lead RRP, AHERA for Inspectors, Advanced Auditing Software, Infrared for Home Retrofits.

Students wishing to take the Energy Auditor written exam may take it in person or through remote proctoring. Students taking the BPI EA Field exam usually will have a day of prep at the EnergySmart Academy before their scheduled exam.

**The candidate must first complete Building Science Principles and Building Analyst prior to taking the exam and it is recommended prior to enrolling in Energy Auditor courses.**

**Recertifications needed: 0**

**New Certifications needed: 5**

**The network will be employing the promote from within approach and will aim for ten new certifications because of the BIL funding. There has already been one addition. Since this is over a five year period, the goal for this program year is to obtain three more new certifications utilizing both BIL and 2023-2024 funding allowing NM will have a total of 13 BPI Certified Energy Auditors full time in the weatherization network by the end of the program year.**

**Quality Control Inspector****Online Quality Control Inspector Preparation Class**

This class covers everything needed to take the BPI Quality Control Inspector online exam and is 15 hours long. There is an Energy Auditor Certification as a prerequisite for this class.

**Recertifications needed: 0**

**New Certifications needed: 5**

There are currently no certified energy auditors that also do not have their QCI in NM. Two agencies practice cross training and the assessor/QCI performs both functions. One agency subcontracts out the QCI program requirement. Therefore, the need for QCI is the same as for energy auditors for program year 2025-2026. The goal is for three or more people to successfully pass this exam after obtaining their Energy Auditor.

### **OSHA**

**Recertifications needed: 1**

**New Certifications needed: 7**

#### **GRANTEE/STATE REQUIRED CREDENTIALS. EXAMPLES INCLUDE:**

- **BUILDING PERFORMANCE INSTITUTE BUILDING ANALYST**
- **GRANTEE-DEVELOPED CERTIFICATIONS**

*Optional certifications will be available for individuals and contractors within the agencies for various installer and crew leader activities. The system outlined below has been developed by the DOE toolkit and the Academy and can be a source of state certifications for weatherization. These badges map exactly to the Field Guide tasks.*

1. **MFA** works with each agency to designate one trusted QCI, EA or CL (Grader) at the agency who can approve badges for **Installer** tasks. A Crew Leader who is already working with Installers in the field is the easiest choice.
2. **The Grader** then has a Zoom call or in-person meeting with Academy staff, to go over the tasks, work guide and rubrics for grading.
3. While working, once an Installer can successfully complete a task (2-3 times), based on the steps in the visual guide, the **Installer** can ask the **Grader** to evaluate him / her, using the appropriate rubric.
4. **The Grader** will evaluate the task, fill out the grading rubric, then he/she will sign and send it to ESA.
5. ESA will then **award a badge** to the candidate. The badge can be shared by email, social media, or downloaded as a certificate.
6. Although contractors who work with the program are encouraged to obtain their full credentials, they have the option of working with agency staff to obtain badges in areas designated by each agency.

#### **SUBRECIPIENT/LOCAL REQUIRED CREDENTIALS. EXAMPLES INCLUDE:**

- **LICENSING INCLUDING HVAC, ELECTRICAL, CONTRACTOR**

All Subrecipients that are not exclusive to working on Native Lands are required to have contractor licenses issued by the Regulation and Licensing Department of the State of NM for the buildings in which they perform the work. Single family agencies need the GB02, mobile home crossover, and multifamily agencies are required to have the GB98 license.

The mechanical/plumbing licenses (MM04) are optional; however, the agencies have and maintain their mechanical license. Journeyman and electrical licenses should be obtained by the agencies as required.

#### **INDUSTRY REQUIRED CREDENTIALS. EXAMPLES INCLUDE:**

- **EQUIPMENT/MATERIAL MANUFACTURE CERTIFICATION**
- **VENDOR CERTIFICATION**  
(E.G. EQUIPMENT/MATERIAL MANUFACTURE CERTIFICATION, VENDOR CERTIFICATION)

No industry credentials are required; however, we are exploring if certifications are required for specific heat pump installations.

#### PROCESS FOR MAINTAINING WORKFORCE CREDENTIALS

**Subrecipients are responsible for ensuring everyone within their organization maintains each of their earned credentials.** As a credential is approaching the expiration date, the individual holding that certification will schedule review classes if necessary and arrange for the recertification process and testing with the testing center that oversees that credential. In most cases that is the Academy.

As part of Training Needs Assessments and monitoring, MFA obtains the number of recertifications needed in each category from each agency, names of individuals, and expiration dates.

MFA is notified when the credential is successfully renewed.

#### HOW CREDENTIALS ARE TRACKED

During the annual renewal or RFP period, the Subrecipients are required to provide existing credentials with expiration dates for each person. This is also reviewed during monitoring, discussed during our bi-weekly calls, and individual ongoing discussion with each agency.

## 4.0 – TRAINING

GRANTEES HAVE TWO OPTIONS TO DESCRIBE THEIR TRAINING.

- A) USE THE EMBEDDED SPREADSHEET\* TO IDENTIFY AND DESCRIBE THE TRAINING SCHEDULE FOR GRANTEE AND SUBRECIPIENT STAFF. INCLUDE TECHNICAL AND NON-TECHNICAL TRAINING.
- B) OR USE THE FIELDS BELOW TO IDENTIFY AND DESCRIBE THE TRAINING SCHEDULE FOR GRANTEE AND SUBRECIPIENT STAFF. INCLUDE TECHNICAL AND NON-TECHNICAL TRAINING.

GRANTEE'S ARE TO INCLUDE THE FOLLOWING IN THEIR DESCRIPTIONS REGARDLESS OF WHAT OPTION IS BEING USED TO DESCRIBE THEIR TRAINING PLAN:

- SPECIFY WHETHER ATTENDANCE IS MANDATORY, AND THE RAMIFICATIONS FOR NON-COMPLIANCE.
- SPECIFY IF THE T&TA PLAN SPANS MULTIPLE PROGRAM YEARS (PY), INDICATE WHICH TRAININGS ARE INTENDED IN THE CURRENT PY AND WHICH ARE PLANNED FOR FUTURE PYs.

\* THE EMBEDDED SPREADSHEET, IF COMPLETED AT THE END OF THE YEAR TO RECORD DELIVERED TRAINING, CAN BE USED AS DOCUMENTATION FOR THE REQUIRED ANNUAL T&TA REPORT. DOUBLE CLICK TO OPEN SPREADSHEET. ENTER INFORMATION AND CLOSE. IT WILL AUTOMATICALLY SAVE YOUR INFORMATION

#### PROGRAMMATIC/ADMINISTRATION TRAINING

- FINANCIAL (I.E. 2 CFR 200)
- MANAGEMENT (I.E. 10 CFR 440)

#### Financial training

2 CFR 200 training is offered annually or more frequently if requested this training covers how to understand the code, cost allocation plans, indirect costs, and procurement.

#### Procurement and Program Management

Training made available through the Litmos and EERE websites are encouraged for all new program staff and especially management. MFA will schedule additional procurement training as needed with each or all agencies. ED2GO will be used by the SFCC to enhance the existing skills of each agency throughout the year.



**COMPREHENSIVE TECHNICAL TRAINING ALIGNED TO THE JOB TASK ANALYSIS (IDENTIFY AT WHAT INTERVALS WORKERS WILL RECEIVE REGULAR, COMPREHENSIVE TRAINING AS REQUIRED BY WEATHERIZATION PROGRAM NOTICE (WPN) 15-4)**

- QUALITY CONTROL INSPECTOR
- ENERGY AUDITOR
- CREW LEAD
- RETROFIT INSTALLER/TECHNICIAN

Comprehensive training is normally offered when requested by the Energy Smart Academy. Each agency consults with MFA prior to signing up for the classes about what would be most appropriate based off the most recent desk monitoring, monitoring, unit inspections, or phone conversations. The Comprehensive training classes should be determined at least one month prior to scheduling the class. Follow up on agency skills and conversations happen on a continual basis. Agencies must send MFA all certifications obtained from staff and contractors for comprehensive training.

MFA, the Academy and Subrecipients work together to develop comprehensive training for new individuals as they are hired. As agencies hire new staff, the training centers are contacted to schedule training in their job category. Examples of this include Retrofit, Crew Leader, Building Analyst Technician/Professional, Building Science Principles, OSHA 10, Lead Based Paint Installer, and QCI.

In addition to specific course modules, the Academy has the capability of providing Specific training and even additional Comprehensive training as needed to resolve issues from MFA or DOE monitoring. Training that results from a monitoring finding must be completed within the timeframe specified in the monitoring response letter.

The schedule minimizes production downtime and allows sufficient opportunities for Subrecipients to complete mandatory trainings in a timely manner. The Academy provides classroom space and a well-equipped lab to optimize skills acquisition across all training levels through a combination of lecture, hands-on demonstration and field training. The Training Academy is fully equipped with a mobile rig, a diagnostic cabin, and demonstration units for insulation, attic air sealing, mobile home training, combustion appliances and an online training platform. Access to an expanded staff of specialists will allow additional training in OSHA, Lead Renovator/Dust Sampling, and HVAC.

**SPECIFIC TECHNICAL TRAINING**

- TOPICS IDENTIFIED DURING MONITORING VISIT(S)
- ENERGY MODELING
- HEALTH & SAFETY. ALL H&S TOPICS IN WPN 22-7 REQUIRE SOME LEVEL OF TRAINING FOR ALL AFFECTED WORKERS, THE FREQUENCY OF THIS TRAINING IS A GRANTEE DECISION. EXAMPLES INCLUDE:
  - AIR CONDITIONING AND HEATING SYSTEMS
  - ASBESTOS
  - BIOLOGICAL AND UNSANITARY CONDITIONS
  - BUILDING STRUCTURE AND ROOFING
  - CODE COMPLIANCE
  - COMBUSTION GASES
  - ELECTRICAL
  - FORMALDEHYDE, VOLATILE ORGANIC COMPOUNDS (VOCs), FLAMMABLE LIQUIDS, AND OTHER AIR POLLUTANTS
  - FUEL LEAKS
  - GAS RANGE/OVENS
  - HAZARDOUS MATERIALS DISPOSAL

<ul style="list-style-type: none"> <li>○ INJURY PREVENTION OF OCCUPANTS AND WEATHERIZATION WORKERS</li> <li>○ LEAD BASED PAINT</li> <li>○ EPA'S LEAD RENOVATION, REPAIR &amp; PAINTING PROGRAM (RRP)MOLD/MOISTURE</li> <li>○ PESTS</li> <li>○ RADON</li> <li>○ SAFETY DEVICES</li> <li>○ VENTILATION AND INDOOR AIR QUALITY             <ul style="list-style-type: none"> <li>▪ AMERICAN SOCIETY OF HEATING REFRIGERATION AND AIR-CONDITIONING ENGINEERS (ASHRAE)</li> </ul> </li> <li>○ WINDOW REPAIR, DOOR REPAIR</li> <li>○ WORKER SAFETY             <ul style="list-style-type: none"> <li>▪ OSHA</li> </ul> </li> <li>○ ADDITIONAL TOPICS AS DESCRIBED IN HEALTH &amp; SAFETY PLAN</li> <li>● CLIENT EDUCATION (TRAINING WORKERS TO CONDUCT CLIENT EDUCATION). EXAMPLES INCLUDE:             <ul style="list-style-type: none"> <li>○ ENERGY SAVINGS STRATEGIES</li> <li>○ PROGRAM-SPECIFIC INFORMATION. EXAMPLES INCLUDE:                 <ul style="list-style-type: none"> <li>▪ WHAT TO EXPECT</li> <li>▪ ADDITIONAL RESOURCES</li> </ul> </li> <li>○ HEALTH &amp; SAFETY ISSUES</li> </ul> </li> </ul>
<p style="text-align: right;">Specific training offered:</p> <p>Electrification Hands on Lab          Cold Climate Air Source Heat Pump installation and design          Infrared Thermography          OSHA 10 hours for Construction, OSHA 30 for Construction          Lead RRP          Ride-Alongs for all job tasks          AHERA (Asbestos)          HVAC          Electrician Training          Electrical training offered through Interplay.          Residential Construction offered through Interplay.          Plumbing offered through Interplay.          Radon          Health Home Evaluator          Solar offered through Interplay          Utility Analysis          Building Science Principles          Version 10 Weatherization Assistant Online          Administrative and Business Training          Basic academic skills offered through Litmos.          Project Management          Transitioning to Supervisor</p>
<p style="text-align: center;"><b>CONFERENCES. EXAMPLES INCLUDE:</b></p> <ul style="list-style-type: none"> <li>● <b>ENERGY OUT WEST</b></li> <li>● <b>BUILDING PERFORMANCE ASSOCIATION/NATIONAL HOME PERFORMANCE CONFERENCE</b></li> <li>● <b>NATIONAL ASSOCIATION FOR STATE AND COMMUNITY SERVICE PROVIDERS</b></li> <li>● <b>NATIONAL COMMUNITY ACTION PARTNERSHIP</b></li> <li>● <b>NATIONAL ENERGY &amp; UTILITY AFFORDABILITY COALITION</b></li> </ul>
<p>Energy OutWest, BPA/NHPC, NASCSP, NCAP, and NEUAC conferences are allowable training under the NM EnergySmart Program. Agencies must use their Specific training budget for these conferences. Agencies may be limited on the amount of funds available for the conferences because of the Comprehensive majority</p>

requirement, and possible mandatory ride alongs resulting from unit inspections. Therefore, it is important that each agency carefully consider what staff will be attending each conference and which conference will be most beneficial for the individuals attending.

Conference training can be made available to contractors only after the agency has given an opportunity to all in-house staff to attend and there are specific T&TA funds remaining for that agency. Contractors will follow the same protocol as the agency staff if T&TA funds are used and will be required to fully attend each session available.

Since this is a highly sought after use of training funding, it is considered a valuable commodity. **Agencies are expected to make full use of information gathered from the conferences. This includes attendance at all classes, updates, and sessions in addition to utilizing as much networking with other states as possible.** Agencies must submit a list to MFA of who will be attending each conference and a statement that everyone will attend all the classes that he or she has selected. No conference reimbursements will be released without proof of all class attendance. If an individual chooses not to attend a class or does not obtain the necessary proof of attendance, the agency may not receive full reimbursement for that individual. T and TA funds may not be used to pay anyone attending a conference that does not attend the accompanying classes or sessions. If conference activities such as hotel and flight costs have been paid for in advance by MFA and an individual is unable to attend the classes offered by the conference, MFA will not ask for reimbursement of those costs from the agency if there is justification for missing the classes.

**OTHER, PLEASE SPECIFY:**

## **5.0 – TECHNICAL ASSISTANCE**

DESCRIBE THE TECHNICAL ASSISTANCE ACTIVITIES INCLUDED IN THE T&TA BUDGET CATEGORY.

### **PROGRAMMATIC/ADMINISTRATION SUPPORT**

In addition to the Training Program, MFA meets with Subrecipients regularly throughout the year to discuss emergent issues. This type of communication helps maintain consistency in the services provided throughout the state. Each of these meetings will serve a core group of the weatherization workforce, in addition to including a gathering of program directors to discuss the program. These meetings will include a Program Director round table and, when necessary, staff discussion covering a specific topic, including fiscal, administrative, technical intake and client education issues. The goal of the program is to have two in person peer exchanges and numerous virtual meetings with all agencies.

Agencies reach out to MFA on a regular basis with administrative questions. It is our practice to provide accurate answers within a timely manner to prevent mistakes and keep production flowing.

Agency to agency peer exchanges is allowable provided MFA approves the purpose and amount of T&TA used.

### **TECHNICAL SUPPORT**

The NM Energy\$mart program has a Technical Committee which meets twice a month. The committee is composed of lead technical weatherization staff from each of the Subrecipients, MFA's Energy\$mart staff and the training academy staff. The purpose of the Technical Committee is to identify challenges and share the best practice among the agencies.

NM has been reaching out to other states with similar climates for the purpose of state-to-state peer exchanges. This will be considered specific training and will involve mostly technical and some program staff from participating agencies.

#### Web-Based NEAT and MHEA Transition

We are hoping to be fully transitioned during the beginning of the program year. NM EnergySmart will continue implementing NEAT and MEAH through the DOE approved WAWeb energy audit system.

There will be constant oversight from MFA's Program Managers for training, consulting, and review during monthly desk monitoring. during the first few months that will start off as training and consulting and end up being a portion of monthly desk monitoring.

### **HEALTH & SAFETY SUPPORT ACTIVITIES**

Health and Safety is continuously assessed and discussed throughout the year during monthly technical calls, desk monitoring, and unit inspections. Dialogue also takes place on an as needed basis between the field staff and MFA's technical managers (AKA Green Initiative Managers) with health and safety questions, comments or issues noticed from monthly reporting or day-to-day routine assessments. All this communication can result in Comprehensive or Specific training that can be anything from structured classroom setting to "ride alongs" where the instructor accompanies the crew on an actual job site.

At any point if an agency or individual feels more health and safety training is needed, MFA and the agency will work together to find the most viable option for that request.

All Subrecipient field staff will be required to complete OSHA 10 training within the first six months of employment. These courses will be construction safety courses configured to weatherization with Job Hazard Analysis and existing accident and injury logs of the Subrecipients. If contractors do not have their OSHA certifications, these courses will be made available to them.

When agencies are monitored, both the Health and Safety of the agency culture for staff is examined and the health and safety practices for the clients. This includes desk monitoring and day-to-day interactions with the agencies.

#### **MONITORING**

**WHAT PERCENTAGE OF T&TA FUNDING IS ALLOCATED TO MONITORING? (IF DEFINED IN SECTION B OF THE BUDGET DETAILS WITHIN THE ANNUAL APPLICATION, INCLUDE THAT WITHIN YOUR DESCRIPTION BELOW.)**

Administration funds used for monitoring are \$4,111.86 and will be 25 % of the monitoring budget. T and TA funding used will be \$10,603.77 for monitoring.

#### **OTHER, PLEASE SPECIFY**

DESCRIBE OTHER TECHNICAL ASSISTANCE ACTIVITIES HERE

## **6.0 CLIENT EDUCATION**

**DESCRIBE WHAT CURRENT AND PLANNED CLIENT EDUCATION MATERIALS AND/OR ACTIVITIES ARE INCLUDED IN THE T&TA BUDGET CATEGORY. ONLY THOSE PAID FOR WITH T&TA FUNDS NEED TO BE MENTIONED.**

**NOTE: THIS DOES NOT INCLUDE TRAINING WORKERS TO DELIVER CLIENT EDUCATION. THIS SHOULD BE DESCRIBED IN THE TRAINING SECTION, ABOVE.**

CLIENT EDUCATION ACTIVITIES PRIOR TO, DURING AND AFTER WEATHERIZATION WHICH ADDRESS THE WEATHERIZATION PROCESS AND ENERGY SAVINGS DETAILS

In tandem with a well-trained workforce, a well-informed consumer will help make the best choices in maximizing the effect of weatherization measures. Understanding measures to be implemented at home is key to garnering homeowner and occupant cooperation during installation and afterward.

The SWS has been thoroughly examined for all client education points. A list of all sections that specifically spell out what needs to be delivered to the clients has been given to the Subrecipients and the Subrecipient utilization of these topics is currently part of what monitoring and unit inspections include.

#### CLIENT EDUCATION ACTIVITIES REGARDING H&S ISSUES AS INDICATED IN WPN 22-7

- AIR CONDITIONING AND HEATING SYSTEMS
- ASBESTOS
- BIOLOGICAL AND UNSANITARY CONDITIONS
- BUILDING STRUCTURE AND ROOFING
- CODE COMPLIANCE
- COMBUSTION GASES
- ELECTRICAL
- FORMALDEHYDE, VOLATILE ORGANIC COMPOUNDS (VOCs), FLAMMABLE LIQUIDS, AND OTHER AIR POLLUTANTS
- FUEL LEAKS
- GAS RANGE/OVENS
- HAZARDOUS MATERIALS DISPOSAL
- INJURY PREVENTION OF OCCUPANTS AND WEATHERIZATION WORKERS
- LEAD BASED PAINT
- EPA'S LEAD RENOVATION, REPAIR & PAINTING PROGRAM (RRP)MOLD/MOISTURE
- PESTS
- RADON
  - AGENCIES MUST FOLLOW WPN 22-7 AND EXPLAIN POTENTIAL RISK OF INCREASING RADON LEVELS WHEN BUILDING TIGHTNESS IS IMPROVED, PROVIDE A LIST OF PRECAUTIONARY MEASURES, WEATHERIZATION BENEFITS, AND CONFIRM THAT "A CITIZEN'S GUIDE TO RADON" WAS RECEIVED.
- SAFETY DEVICES
- VENTILATION AND INDOOR AIR QUALITY
  - AMERICAN SOCIETY OF HEATING REFRIGERATION AND AIR-CONDITIONING ENGINEERS (ASHRAE)
- WINDOW REPAIR, DOOR REPAIR
- WORKER SAFETY
  - OSHA
- ADDITIONAL TOPICS AS DESCRIBED IN HEALTH & SAFETY PLAN
- USE OF HEAT PUMP

Health and safety client education is provided by the intake staff, the energy auditor, the crew leader, installers, and final inspectors of the program. Everyone covers different areas and, in many cases, overlap with each other depending on the client's needs and level of understanding. The following list are topics that may be covered during client education:

- Lead Based Paint – every home.
- Suspected asbestos containing materials.
- Radon- **every home must receive notification.**
- Combustion venting
- Carbon monoxide- almost every home
- Mold and mildew
- Plumbing and gas leaks

- Pests
- Existing air quality issues
- Electrical hazards
- Kitchen range safe use
- Dryer lint trap cleaning of 1/4" mesh
- ASHRAE fan use- most homes
- COVID-19 – as needed.
- Heat pump operation and use-
- Multifamily clients are provided with education through the property management that has received it from the agency.

Draft

## V.10 Dispute Resolution

### Subgrantee General Guidelines.

To resolve weatherization disputes, consider alternative dispute resolution methods like mediation, arbitration, or follow a formal grievance process, potentially involving MFA and/or the Department of Energy (DOE). All client complaints will be recorded in writing within the agency that is working or has worked with the client, Community Development Department, Weatherization Supervisor, Quality Control Inspectors, Program Managers, and Technical Managers. Alternative dispute resolutions are recommended when client complaints remain unresolved.

**Considerations:** Agencies should consider the use of alternative dispute resolution procedures, including arbitration and mediation procedures, to assist in resolving client complaints.

- **Mediation:** A neutral third party helps parties reach a mutually agreeable solution.
- **Arbitration:** A neutral third party makes a binding decision after hearing both sides.

If further assistance is needed, MFA will provide a formal response to the client. This response may include a plan of action, an answer to a question, or contain more questions for the client. Under no circumstances will MFA advise the client that work can be done under the program; this action will be completed by the agency that is working with the client.

### Grantee General Guidelines.

Pursuant to the authority of the Consumer Financial Protection Bureau (CFPB), MFA is responsible for maintaining a comprehensive Consumer Complaint Policy and Procedure for resolving consumer complaints related to the financial products it offers, and the services related to those products it provides. The standards set out in this policy represent minimum requirements based on applicable legal and regulatory guidance and are intended to prevent violation of federal regulations related to consumer protection and mortgage lending. MFA's Consumer Complaint policy and procedure is separate from MFA's Fraud, Waste & Abuse Reporting. MFA will provide the public with MFA's Consumer Complaint process as well as the link to submit a Consumer Complaint. The Consumer Complaint form will be available to consumers through MFA | MFA's Website at <http://housingnm.org/resources/consumercomplaints>. Consumer Complaint tracking and resolution will be achieved through the steps outlined in this policy and the use of MFA's Consumer Complaint Tracking database.

- a) Consumer Complaints may come to MFA in many forms, including but not limited to:
- 1) MFA website - <http://housingnm.org/resources/consumercomplaints>.
  - 2) Phone Calls

- 3) Letters (Regular Mail)
- 4) Certified Mail
- 5) E-mail
- 6) Voice Mail
- 7) Legal Action
- 8) Official MFA Social Media Account Comments

**b)** Regardless of the intake, all consumer complaints will be tracked through MFA | MFA's Complaint Tracking and Reporting database. The database will include:

- 1) Receipt date and source
- 2) Consumer contact information
- 3) Research and results
- 4) Consumer response type and date
- 5) Corrective actions taken
- 6) Resolution code

**c)** The Compliance Manager will serve as MFA's complaint monitoring point of contact (POC). As the POC, the Compliance Manager will be responsible for intake, data input, monitoring the status of complaints, compliance with requirements related to resolution and providing reporting to Management when complaints are received. In addition, the Compliance Manager will be responsible for assigning the complaint to the appropriate department Director or Manager via the Complaint Tracking Database for resolution as required. When a department Director or Manager receives notification that a complaint has been reported in relation to their department, they have the responsibility of investigating the nature and credibility of the Consumer Complaint.

**d)** All MFA Employees subject to this policy will be provided training of the process for handling consumer complaints upon hire and annually thereafter.

**e)** MFA is committed to the highest standards of compliance with consumer protection and fair lending laws and requires Management, Employees, and third-party vendors to follow this policy in accordance with CFPB requirements.

**f)** Consumer complaints received by MFA staff shall be:

- 1) Brought to the attention of the Board of Directors at the discretion of the Executive Director/CEO, who shall consider the severity, accuracy, and



verifiability of the allegations of any complaint report when making this determination.

- 2) Included in the agency monitoring results letter as an attachment that describes the nature of the complaint, resolution, and status of the complaint.

Draft

## **V.11 Investigating Allegations of Fraud, Waste and Abuse**

All MFA Members, Management, Employees, contractors, sub-contractors, grantees, sub-recipients, and business associates must maintain the highest ethical standards in conducting company business. It is MFA's intent that all Members, Management, Employees, contractors, sub- contractors, grantees, sub-recipients and business associates will conduct business with honesty and integrity and comply with all applicable laws and regulations in a manner that excludes considerations of personal advantage or personal gain, and not seek or accept for themselves any gifts, favors, entertainment, or payments, without a legitimate business purpose.

All MFA Members, Management, Employees, contractors, sub-contractors, grantees, sub-recipients, and business associates should avoid any situation that involves or may involve a conflict between their personal interests and the interests of MFA.

- 1. Third Party Complaints.** MFA is responsible for reporting any indication of fraud, waste, abuse, or potentially criminal activity pertaining to any federal or state funds received in any form by MFA and/or provided by MFA to any contractors, sub-contractors, grantees, sub- recipients, and business associates. Any MFA Member, Management, or Employee who acquires information or receives a complaint of suspected fraud, waste, abuse or potentially criminal activity by any contractor, sub-contractor, grantee, sub-recipient, or business associate of MFA in regard to federal or state funds provided and/or administered by MFA, shall promptly report the information to MFA's General Counsel. Upon receipt of such information, MFA's General Counsel shall, after appropriate notice and involvement of the Policy Committee, promptly notify the appropriate Inspector General or responsible State Official.

Reported activities will be investigated by MFA, which may include a third-party investigative services provider if deemed necessary. Upon completion of the investigation MFA will take appropriate action should the reported activities be substantiated and determined to be fraudulent, unethical, illegal or in violation of Housing New Mexico | MFA's Code of Conduct or Third-Party Code of Conduct.

- 2. Internal Complaints.** It is the responsibility of all Employees to report suspected fraud, unethical, or illegal activities or activities which MFA's Code of Conduct, as committed by any MFA Member, Management, or Employee. All reports are anonymous unless the individual making the report chooses otherwise. To ensure anonymity and encourage compliance with best practices MFA has contracted with a third-party service provider to receive reports of fraud, waste, and abuse, and/or unethical or illegal activities. Individuals may report such activities anonymously by:

All reported activities received through the Report IT hotline/website, by written or verbal communication or via telephone are directed to the Human Resources Director who will coordinate review with General Counsel. All reported activities will be treated the same and will be promptly investigated by MFA, which may include a third-party investigative services provider if deemed necessary. Upon completion of

the investigation MFA will take appropriate action, including the involvement of Policy Committee and the Board, as necessary, should the reported activities be substantiated and determined to be fraudulent, unethical, illegal or in violation of MFA's Code of Conduct.

MFA will not enter into a professional services contract for a special audit, performance audit or attestation engagement regarding the financial affairs and transactions of MFA and relating to financial fraud, waste, or abuse in government without the prior written approval of the NM State Auditor. Such engagement will be conducted in accordance with 2.2.2 NMAC and the State Audit Rule Section 2.2.2.15. This requirement is only for MFA-related internal investigations, not sub-recipient investigations.

If the individual making the report chooses not to remain anonymous, he/she will be made aware of the outcome of the investigation. All individuals who make reports will be protected from discharge, demotion, discrimination, or other type of retaliation. Allegations of retaliation may be reported to (877) 778-5463 or at [www.reportit.net](http://www.reportit.net). Reports of retaliation also will be promptly investigated by MFA, which may include engagement of a third-party investigative services provider if deemed necessary. Upon completion of the investigation MFA will take appropriate action if the reported retaliation is substantiated. Complete information on how to report fraud, waste & abuse and unethical or illegal activities can be found on Report It flyers posted within MFA's premises and on MFA's website at [www.housingnm.org](http://www.housingnm.org).

Reports of fraud, waste and abuse received by MFA staff shall be brought to the attention of the Board of Directors at the discretion of the Executive Director/CEO, who shall consider the severity, accuracy, and verifiability of the allegations of any report when making this determination.

3. **Mandatory Disclosures** 2 CFR 200.113 MFA staff, Subrecipients, and subcontractors must promptly disclose in writing credible evidence of fraud, conflict of interest, bribery, or gratuity violations to the Department of Energy's Office of Inspector General and MFA.

4. **U.S. Department of Energy Hotline**

Suspected fraud, waste, or abuse to the Department of Energy can be reported through the following options:

- Phone: (800) 541-1625 or (202) 586-4073
- Email: [ighotline@hq.doe.gov](mailto:ighotline@hq.doe.gov)
- Postal Mail: U.S. Department of Energy  
Office of Inspector General  
ATTN: Hotline  
1000 Independence Avenue, SW  
Mail Stop 5A-235  
Washington, DC 20585

# Tab 3

**TO:** Housing New Mexico | MFA Board of Directors

**Through:** Contract Services Committee – April 8, 2025

**Through:** Policy Committee – April 1, 2025

**FROM:** Troy Cucchiara, Dimitri Florez

**DATE:** April 16, 2024

**SUBJECT:** Approval of 2024-2025 State Plan Modification, Re-allocation of SERC funds.  
DOA #21 – State Plan Approval and allocation of DOE Funds  
DOA #23 – Selection of Service Providers

---

**Recommendation:**

Staff recommend approval to modify the Department of Energy (DOE) 2024-2025 State Plan to add a third service provider as the unspent Sustainable Energy Resources for Consumers (SERC) funds are re-allocated.

**Background:**

International Center for Appropriate and Sustainable Technology (ICAST), the multifamily service provider for the Weatherization Energy\$mart program, was unable to spend the SERC funds awarded and ICAST is no longer a WAP service provider. In December 2024, the Board approved these funds to be allocated to two Energy\$mart single family service providers for multifamily projects. Recently, DOE has informed Housing New Mexico that these funds do not have to be used on multifamily projects.

**Discussion:**

The SERC funding was to be used for solar panel installation, energy management systems, and electrification for multifamily projects. To help New Mexico meet the obligations of this grant, DOE reached out to us in early March to discuss the extension of the grant and to allow these funds to be used for single family homes. Upon DOE's request, Housing New Mexico revised the grant application to include the single-family providers and specifies the funds will be used on single family homes, as well as a new timeline that runs through September 2025.

Allocation Method

These re-allocation amounts were determined by using the same formula that is used for the annual funding. County demographics and climate are among the factors considered when determining how many units can be completed in each area with the corresponding funding. The counties are assigned to each service provider based on territories specified in the Energy\$mart RFP.

**Previously Approved Allocations and Units**

<b>Funding Source</b>	<b>Balance</b>	<b>Central</b>	<b>Southwest Regional</b>	<b>Red Feather Development</b>
DOE SERC	\$1,702,473.64	\$493,000.00	\$1,209,473.64	\$0

<b>Funding Source</b>	<b>Total Units</b>	<b>Central</b>	<b>Southwest Regional</b>	<b>Red Feather Development</b>
DOE SERC	200	58	142	0

**Revised Allocations and Units**

<b>Funding Source</b>	<b>Balance</b>	<b>Central</b>	<b>Southwest Regional</b>	<b>Red Feather Development</b>
DOE SERC	\$1,702,473.64	\$1,140,739.76	\$458,560.55	\$103,173.33

<b>Funding Source</b>	<b>Total Units</b>	<b>Central</b>	<b>Southwest Regional</b>	<b>Red Feather Development</b>
DOE SERC	150	101	40	9

**Summary:** Housing New Mexico | MFA is recommending approval to re-allocate the balance of the SERC funding to all three existing single family service providers.

# Tab 4



# MEMO

**TO:** MFA Board of Directors

**Through:** Contracted Services Committee – April 8, 2025  
**Through:** Policy Committee – April 1, 2025

**FROM:** John Garcia, Assistant Director of Community Development

**DATE:** April 16, 2025

**SUBJECT:** Regional Housing Authority (RHA) Commissioner Renewals

## Recommendation

Staff recommends approval of the Regional Housing Authority commissioner renewals to move them forward to the Governor's office.

## Background

The Regional Housing Law (11-3A-29 NMSA 1978) mandates that the Mortgage Finance Authority (MFA) as the oversight body for certain Regional Housing Authority (RHA) activities. This includes a specific provision in Section 11-3A-6 E, which requires that all recommendations for renewals and appointments of RHA commissioners be reviewed and approved by Housing New Mexico | MFA's Board of Directors before being forwarded to the Governor's boards and commissions office.

## Criteria to Serve

11-3A-6 D – The threshold requirements for commissioners of RHAs are that commissioners have expertise and experience in housing construction, real estate, architecture, law, banking, housing finance, business, property management, accounting, residential development, public housing programs, community development, social services, or health care.

## Discussion

### Eastern Regional Housing Authority (ERHA)

The terms of four (4) of the commissioners for ERHA will expire on July 1, 2025; one commissioner resigned, and one has chosen not to renew. The other two commissioners will continue to serve and wish to be re-appointed. Housing New Mexico | MFA will work with ERHA to fill the vacancies.



**Northern Regional Housing Authority (NRHA)**

The term of one commissioner for NRHA will expire on July 1, 2025; the commissioner wishes to continue serving and to be re-appointed. In addition, three commissioners have resigned, and Housing New Mexico|MFA is currently working with NRHA to fill these vacancies.

**Western Regional Housing Authority (WRHA)**

The terms of three (3) commissioners for WRHA will expire on July 1, 2025; one has chosen not to renew and two will continue to serve and wish to be re-appointed. Housing New Mexico|MFA will work with WRHA to fill these vacancies.

Housing New Mexico|MFA contacted the RHA commissioners whose terms will expire on July 1, 2025, to determine which commissioners wish to continue to serve on their respective RHA Boards. Recommendations for renewals are included in the attached letter for the Governor's office. The letter requests for commissioner re-appointments to ERHA, NRHA and WRHA. Attached to the letter is a table indicating the existing and pending renewal commissioners. Unfortunately, there are no recommendations for new commissioners at this time.

**Summary**

Staff requests approval of the Regional Housing Authority commissioner renewal recommendations to move forward to the Governor's office.

April 16, 2025

The Honorable Michelle Lujan-Grisham  
Governor of the State of New Mexico  
490 Old Santa Fe Trail, Room 400  
Santa Fe, NM 87501

Re: Re-appointments to Regional Housing Authority Board of Commissioners

Dear Governor Lujan-Grisham,

The Regional Housing Law (11-3A-29 NMSA 1978) mandates that the New Mexico Mortgage Finance Authority (MFA) as the oversight body for certain Regional Housing Authority (RHA) activities. This includes a specific provision in Section 11-3A-6 E, which requires that all recommendations for renewals and appointments of RHA commissioners be reviewed and approved by Housing New Mexico's Board of Directors before being forwarded to the Governor's boards and commissions office. MFA has confirmed the commissioners' intent to serve another term and hereby respectfully submits without reservation the names of the existing commissioners, shown on the attached page for your consideration for reappointment to the respective RHAs.

If you have any questions, please contact John A. Garcia at 505.767.2252 or by email; [jgarcia@housingnm.org](mailto:jgarcia@housingnm.org). I look forward to working with your appointments to the Regional Housing Authorities Board of Commissioners.

Sincerely,

Isidoro Hernandez  
Executive Director/CEO

Copy: John A. Garcia  
New Mexico Boards and Commissions - [melissa.salazar3@state.nm.us](mailto:melissa.salazar3@state.nm.us)



## Eastern Regional Housing Authority Board of Commissioners Appointed by Governor

Current Commissioner	Term	Status
Mr. Michael O'Hara 1498 Challenger Alamogordo, New Mexico 88310 (575) 430-6345 michael.ohara575@gmail.com	Term expires: 07/01/2027	Active
Ms. Terri Douglass 4806 Eisenhower Road Roswell, New Mexico 88201 (575) 317-6176 terri.douglass@gmail.com	Term expires: 07/01/2027	Active
Ms. Sylvia Bueno Post Office Box 1841 Artesia, New Mexico 88210 (575) 770-5313 No Email	Term expires: 07/01/2025	Recommendation for reappointment
Ms. Ella Turner 1117 West Taos Street Hobbs, New Mexico 88240 (575) 318-4761 / (575) 392-6636 No Email	Term expires: 07/01/2025	Resigned
Ms. Pamela R. Clarke 1702 Corte Alegre Alamogordo, New Mexico 88310 (575) 430-1515 pamclarke1702@gmail.com	Term expires: 07/01/2025	Resigned
Mr. Alfred Velasquez, Jr. Post Office Box 885 Roswell, New Mexico 88202 (575) 622-2058 / (575) 317-2813 alveljr@cableone.net	Term expires: 07/01/2025	Recommendation for reappointment
Ms. Nadia Sikes 400 Cottonwood Drive Alamogordo, New Mexico 88310 (575) 491-7910 nmsikes@gmail.com	Term expires: 07/01/2028	Active

## Northern Regional Housing Authority Board of Commissioners Appointed by Governor

Current Commissioner	Term	Status
Ms. Nichole R. Sandoval-Belt 498 Sunrise Parkway Farmington, New Mexico 87401 (505) 486-0994 nsbelt@houseloan.com	Term expires: 07/01/2028	Active
Ms. Donna Vigil 471 Vegas Drive Las Vegas, New Mexico 87701 (505) 429-0174 dovigil@gmail.com	Term expires: 07/01/2028	Active
Rev. Garland McCoy Moore 1601 Terrace Loop Grants, New Mexico 87020 (505) 290-7076 / (505) 285-5998 garlandmoore1@gmail.com	Term expires: 07/01/2025	Recommendation for reappointment
Ms. Lauren Marie Reichelt 1122 Industrial Park Road Española, New Mexico 87532 (505) 929-2589 lmreichelt@rio-arriba.org	Term expires: 07/01/2025	Resigned
Ms. Bernadine E. Trujillo Post Office Box 584 Questa, New Mexico 87556 (575) 770-8423 trujillo.berna@gmail.com	Term expires: 07/01/2027	Active

## Western Regional Housing Authority Board of Commissioners Appointed by Governor

Current Commissioner	Term	Status
----------------------	------	--------

Ms. Irene Galvan 102 East Street Lordsburg, New Mexico 88045 (575) 202-7110 pelona1971@hotmail.com	Term expires: 07/01/2026	Active
--	--------------------------	--------

Ms. Lynne Featheringill 101 S. Arizona Street Silver City, New Mexico 88061 (575) 313-4188 /(575) 388-1243 No Email	Term expires: 07/01/2028	Active
---	--------------------------	--------

G. Vincent Barrett, Ph.D Post Office Box 1244 Elephant Butte, New Mexico 87935 (575) 644-2306 gvincent4@hotmail.com	Term expires: 07/01/2027	Active
--	--------------------------	--------

Ms. Jacqueline "Jackie" Muncy 11 US Highway 380 Bingham, New Mexico 87832 (575) 491-2859 rjmuncy2@gmail.com	Term expires: 07/01/2025	Resigned
---	--------------------------	----------

Ms. Carol Ann Anaya 1012 Los Lentos, N.E. Los Lunas, New Mexico 87031 (505) 315-3170 carolanaya70@gmail.com	Term expires: 07/01/2025	Recommendation for reappointment
---	--------------------------	----------------------------------

Ms. Martha Ann Peru Salas 720 Bard Street Bayard, New Mexico 88023 (575) 956-3749 marthasalas1973@gmail.com	Term expires: 07/01/2025	Recommendation for reappointment
---	--------------------------	----------------------------------

# Tab 5

## 2025 RENTAL AWARD SUMMARY

<b>Project Name &amp; Address</b>	West Mesa Ridge A 701 Coors Blvd. NW, Albuquerque, Bernalillo County, NM 87121			
<b>Proposed Awards</b>	\$2,000,000	HOME	Rate	0%
	\$3,000,000	New Mexico Housing Trust Fund (NMHTF)	Rate	3.0% Fixed
<b>Borrowers</b>	<b>West Mesa Ridge A CIC Limited Liability Limited Partnership (to be formed)</b> will be owned .0049% by CIC West Mesa Ridge A LLC (to be formed), as Managing General Partner, owned .0051% by YES West Mesa Ridge A LLC (to be formed), as Co-General Partner, and 99.99% by US Bank Community Development Corporation, as Initial Limited Partner.			
<b>Management</b>	<b>Monarch Properties</b> was chartered in Texas in 1982 and is currently overseen by Jack MacGillivray, CPM. With corporate headquarters in Albuquerque, NM, the company excels at 3rd party, full-service management of multi-family communities with presence in Texas, New Mexico and Oklahoma. Total units under management have consistently averaged more than 8,400 with 280+ team members employed. Ownership entities in Monarch's portfolio include conventional, privately held communities, government agencies and partnerships.			
<b>Developers</b>	<p><b>Chelsea Investment Corporation (Chelsea)</b> is a real estate company focused on the financing and development of affordable housing. Incorporated in 1984 by James J. Schmid, who still serves as CEO, Chelsea is a vertically integrated company with asset management, construction, and community investment affiliates. Having developed over 12,205 units throughout the western United States, at a total cost in excess of \$3 billion, Chelsea holds the level of experience necessary to develop affordable housing in today's complex financing environment. Chelsea has developed infill, rural, inclusionary, senior, special needs, and mixed-use projects with a variety of non-profit partners, such as Father Joe's Villages, Serving Seniors, Housing Development Partners, Alpha Project, Weingart Center Associates, and Southern California Housing Collaborative.</p> <p>Chelsea has successfully integrated Affordable Housing Program, Affordable Housing and Sustainable Communities, Multifamily Housing Program, Community Development Block Grant, HOME, Infill Infrastructure Grant, Transit-Oriented Development, Mental Health Services Act, Project Based Vouchers and redevelopment housing set-aside funds into many projects, in addition to the 4% and 9% low income housing tax credits and tax-exempt bond financing. In one project alone, Chelsea utilized loan and grant subsidies from 14 different funding sources.</p> <p><b>YES Housing, Inc.</b> is a New Mexico 501(c)(3) non-profit Community Housing Development Organization (CHDO) established in 1990. YES Housing, Inc. is currently led by President and CEO Augustine (Chris) Baca who is the founding member of YES Housing, Inc. with over fifty-one (51) years of housing experience. For over thirty (30) years, YES Housing, Inc. has been involved in or is currently participating in the development of nearly forty (40) affordable multifamily rental properties, consisting of 2,600+ units throughout New Mexico, Texas and Arizona with projects in Albuquerque, Las Cruces, Farmington, Clovis, Los Alamos, Deming, Phoenix (AZ), Hobbs, San Elizario (TX), Roswell, Gallup, Belen, Alamogordo and Tularosa. Financing sources utilized for these projects may include city/local funds, HOME, New Mexico Housing Trust Fund, National Housing Trust Fund, 4% &amp; 9% Low Income Housing Tax Credits and other conventional financing as applicable.</p> <p>Chelsea's CPA audited financials for FYE 12/31/2022 show unrestricted cash of \$4.66M, total assets of \$31.67M, a net worth of \$22.2M, a debt-to-worth ratio of 0.43 to 1:00, and a net income of \$926K. Chelsea's CPA audited financials for FYE 12/31/2023 show unrestricted cash of \$6.42M, total assets of \$33.85M, a net worth of \$31.2M, a debt-to-worth ratio of 0.08 to 1.00, and a net income of \$9.4M. Chelsea's internally prepared interim financial statement dated 07/31/2024 shows unrestricted cash of \$4.3M, total assets of \$32.3M, a net worth of \$31.56M, a debt-to-worth ratio of 0.02 to 1:00, and a net income (loss) of (\$901K).</p> <p>YES Housing Inc.'s CPA audited financials for FYE 12/31/2022 show unrestricted cash of \$10.7M, total assets of \$184M, a net worth of \$94.2M, a debt-to-worth ratio of 0.96 to 1:00, and net income (loss) of (\$3.6M). NMHCDC's CPA audited financials for FYE 12/31/2023 show unrestricted cash of \$5.94M, total assets of \$202M, a net worth of \$102M, a debt-to-worth ratio of 0.98 to 1.00, and a net income of \$1.1M. CIC's internally prepared interim financial statement dated 06/30/24 shows</p>			

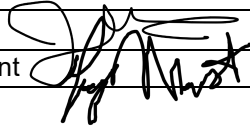

	unrestricted cash of \$4M, total assets of \$71M, a net worth of \$37.9M, a debt-to-worth ratio of 0.87 to 1:00, and a net income of \$10.5K.
<b>Project Type &amp; Size</b>	New Construction of a 128-unit multifamily development to be located on a 6.37-acre site. 128 units (100% of the project) will serve households with children with preference being given to active and retired military households. Twenty-nine units will be income restricted to households earning 80% or less of Area Median Income (AMI), 3 units will be income restricted to households earning 70% or less of AMI, 64 units will be income restricted to households earning 60% or less of AMI, 16 units will be income restricted to households earning 50% or less of AMI and 16 units will be income-restricted to households earning 30% or less of AMI.
<b>Project Description</b>	<p>West Mesa Ridge A has been awarded project-based Section 8 vouchers from Albuquerque Housing Authority to assure that specified residents will only pay 30% of their income towards rent payments and further enhance affordability. Depending household size, West Mesa Ridge A will serve families earning from \$16,800 for one person to \$55,950 for a family of four (<i>based on 2023 HUD Median Incomes</i>).</p> <p>The project will consist of six garden style three-story buildings containing one, two, and three-bedroom units. The first floor of one building will contain a leasing office, activities coordinator office, community room, computer room, and laundry facilities. Additionally, the project will be improved with a picnic area, playground, basketball court, and have 220 surface parking spaces. Potential future phases may be built east and south of the Subject. The project's construction will meet MFA Design Requirements, achieve a LEED-H Silver green building standard, meet NM Smoke-Free at Home standards, and incorporate Universal Design features. The adjacent neighborhood is a mix of commercial development (medical facilities, various retail centers, grocery stores, banks, worship centers, and restaurants), community facilities (West Mesa High School and the West Mesa Aquatic Center), industrial development, other multi-family properties, and single-family home neighborhoods. The properties adjacent to the site include YRC Freight, a commercial/industrial trucking company, West Mesa High School, and a commercial strip center building at the corner of Coors and Glen Rio.</p> <p>One of the site's notable features is a large pedestrian overpass bridge, which connects the neighborhoods east of Coors with this site, the high school, the aquatic center, and the other businesses' locations on the west side of Coors. A primary design concept of this master-planned development will be to continue and strengthen the pedestrian connections made by the bridge. For this reason, the eastern portion of the site has been identified for commercial development and will create a pedestrian connection into the multi-family residential portions of the property. The site is zoned MX-M where the proposed master-planned development would be made allowable..</p> <p>A Kinetic Valuation Group market study dated 08/27/2024 generally defines the Subject's Primary Market Area (PMA) as generally consisting of southwest Albuquerque. The general PMA boundaries for the Subject are defined as follows: North- Montano Road Northwest, South- Dennis Chavez Boulevard, East- Rio Grande River, and West- Atrisco Vista Boulevard. The market study advises that due to very high demand for quality affordable housing and stable occupancy rates in the area, the Subject is marketable as proposed. The area surrounding the Subject is a mixed-use area. The site has good visibility from the west side of Coors Boulevard, south side of Glenrio Road and east side of 64th Street Northwest. Views to the north consist of an industrial building and to the east are commercial buildings, in fair to average condition. Views to the south consist of a used car lot and vacant land. Views to the west consist of West Mesa High School, in average condition.</p> <p>According to the market study, all of the LIHTC comparables within the referenced report are fully occupied and three maintain waiting lists. The market rate properties have stabilized occupancies and all have higher rents than the Subject's proposed rents. This is a good indicator of demand of affordable housing in the Albuquerque. Upon completion, the Subject will provide excellent quality, affordable housing in Albuquerque. The market study demand analysis shows the subject site will reach a stabilized occupancy of 95.0% within 8-10 months of opening. This absorption period is based on an average absorption rate of approximately 13 to 16 units per month. The analysis also shows a Capture Rate of 2.3%, which is considered low and indicative of a deep base of potential support for the project. The project is expected to maintain a 5% vacancy rate or below.</p>



<b>Environmental &amp; Site</b>	<p>A Phase I Environmental Site Assessment as completed by Western Technologies has been supplied for the subject property, and no abnormal environmental findings were present at the time of observation that would present any further risk to Housing NM/MFA.</p> <p>As required by HOME (24 CFR part 58), the project must be determined to be in compliance with HUD Environmental Review before site control and/or execution of loan documents.</p>
<b>Site and Neighborhood Standards (HOME and NHTF New Construction only)</b>	<p>The project will be required to meet HUD's Site and Neighborhood Standards prior to the acquisition of the property.</p>
<b>Project Financials, Projections and Assumptions, and Subsidy Layering Review</b>	<p>This project was underwritten utilizing Housing NM/MFA's standard 7% vacancy rate, which is considered conservative due to the low vacancy rates and accompanying waiting lists at nearby affordable housing properties. The applicant has provided a detailed 15-year cash flow projection for the project, which assumes a total annual income of \$1,793,010. The developers estimate \$604,507 in total operating expenses less reserves and social services (i.e., \$4,723 per unit per year), which is within Housing NM/MFA's standard underwriting range of \$4,300 to \$5,800 and is deemed reasonable by Housing NM/MFA staff.</p> <p>The project's Debt Service Coverage Ratio (DSCR) starts at 1.18 to 1.00 in year one, increasing to 1.45 to 1.00 in year 15. The initial ratio falls below Housing NM/MFA's underwriting standards of a range between 1.20 – 1.40 to 1:00 in year one, but it attains 1.20 to 1.00 in year two of operation. The cash flow projection maintains growth from year two through year 15, reaching 1.45 to 1.00 in year 15. Although the DSCR lands outside of Housing NM/MFA's maximum of 1.40 to 1.00 in years 13 through 15, the average DSCR over the 15-year proforma is 1.31 to 1.00.</p> <p>The interest rate for California Bank &amp; Trust's first mortgage loan is assumed to be 6.10% (5.70% adjusted upwards by 50 basis points for underwriting). If, for any reason, the rate increases too much to accommodate required DSCR, then the first mortgage permanent loan can be reduced and that portion of it replaced by a cash flow loan from Chelsea Investment Corporation or Yes Housing, Inc..</p> <p>Currently, it appears that 60% (\$3,701,556) of the \$6,199,038 developer fee will be deferred. Generally, a deferral in fee could be used to replace a portion of the first mortgage loan and would mitigate any possible interest rate risk that may occur between commitment and inception of the permanent loan. Deferral of the developer fee is usually allowable by the investor, provided that cash flow can repay the deferred fee by the end of the 15-year LIHTC compliance period. Current projections indicate the Subject would fully pay off the deferred developer fee by the end of year 14.</p> <p>Based on the investor's letter of interest, the project is currently underwritten using a credit price of 87 cents on the dollar, which is within the average range for recent LIHTC projects. Every one (1) cent drop in that price would create the need for an additional \$239K in deferred developer fee or cash flow loan from CIC.</p> <p><b>Subsidy Layering Review</b></p> <p><u>HOME</u>- Housing NM/MFA's Housing Development Department's underwriting guidelines, performed for the HOME loan request, show this project is not over-subsidized per HUD regulations.</p>

<b>Affordability Requirements</b>	<p><b>HOME:</b> Eight HOME units consisting of: Three 1-bedroom apartment units, Three 2-bedroom apartment unit, and two 3-bedroom apartment units. Two 1-bedroom units will be reserved for households at or below 50% AMI and restricted to Low HOME rents, and one 1-bedroom, three 2-bedroom, and two 3-bedroom units will be reserved for households at or below 60% AMI and restricted to High HOME rents, for which a Land Use Restriction Agreement (LURA) will be filed in Bernalillo County. The affordability period is 40 years: 20 years as required by HOME rules standards and 20 years for Housing NM/MFA's extended affordability period (i.e. in concurrence with the loan term). The affordability period starts on the date of acceptance by HUD of a final HOME project completion report and ends 40 years later.</p> <p><b>NMHTF:</b> Ninety-six (96) units income-restricted to households earning 60% or less of AMI for which a Land Use Restriction Agreement (LURA) will be filed in Bernalillo County. The NMHTF affordability period is 40 years; 20 as required by Affordable Housing Act Rules and 20 for Housing NM/MFA's extended affordability period (i.e., in concurrence with the loan term) and starts on the date the Certificate of Occupancy is issued.</p>
<b>Repayment and Disbursement</b>	<p><b>HOME:</b>  <u>Payments:</u> No payments during the construction period, which is not to exceed 24 months; thereafter, 479 equal principal payments during the permanent loan period, based on an 80-year amortization, with all outstanding principal due with the final payment at the maturity date. Outstanding principal due at the earlier of maturity, refinance, or sale of the project.  <u>Disbursement:</u> Allow up to three draws: two during the construction period and the third upon submission of a final project completion report to HUD.</p> <p><b>NMHTF:</b>  <u>Payments:</u> Interest only monthly during the construction period not to exceed 24 months; 479 equal principal and interest payments during the permanent loan period, based on a 40-year amortization, with all outstanding principal due with the final payment at the maturity date. Outstanding principal and interest due at the earlier of maturity, refinance, or sale of the project.  <u>Disbursement:</u> Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.</p>
<b>Special Conditions</b>	<ol style="list-style-type: none"> <li>1. All loans are subject to Housing NM/MFA's final underwriting for project feasibility if needed. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e. interest rate &amp; amortization) may be revised in line with projected cash flow at closing;</li> <li>2. Any changes or additions to the following development team members listed in the loan application must be approved by Housing NM/MFA: developer, contractor, management company, consultant, or architect;</li> <li>3. Financing commitments acceptable to Housing NM/MFA prior to funding on all funding sources;</li> <li>4. Approval of plans/construction monitoring/draws by Housing NM/MFA's Architectural Services Representative or a third party acceptable to Housing NM/MFA (i.e. hired by Housing NM/MFA, investor, or primary construction lender) and shared with Housing NM/MFA. Cost to be paid by applicant;</li> <li>5. Other conditions as may be determined by staff; and</li> <li>6. Subject to availability of funds.</li> </ol> <p><b>Additional Conditions: HOME Loan</b></p> <ol style="list-style-type: none"> <li>7. Loan to be in second lien position;</li> <li>8. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met;</li> <li>9. If other than minimal funds used during construction (i.e. \$50,000 or less), Chelsea Investment Corporation and Yes Housing, Inc. must provide a guarantee during the construction period;</li> <li>10. If HOME CHDO (Community Housing Development Organization) funds are to be used, Yes Housing, Inc. must be approved by Housing NM/MFA as a CHDO, and any transfers of ownership must be in accordance with HUD's CHDO rules.</li> </ol>

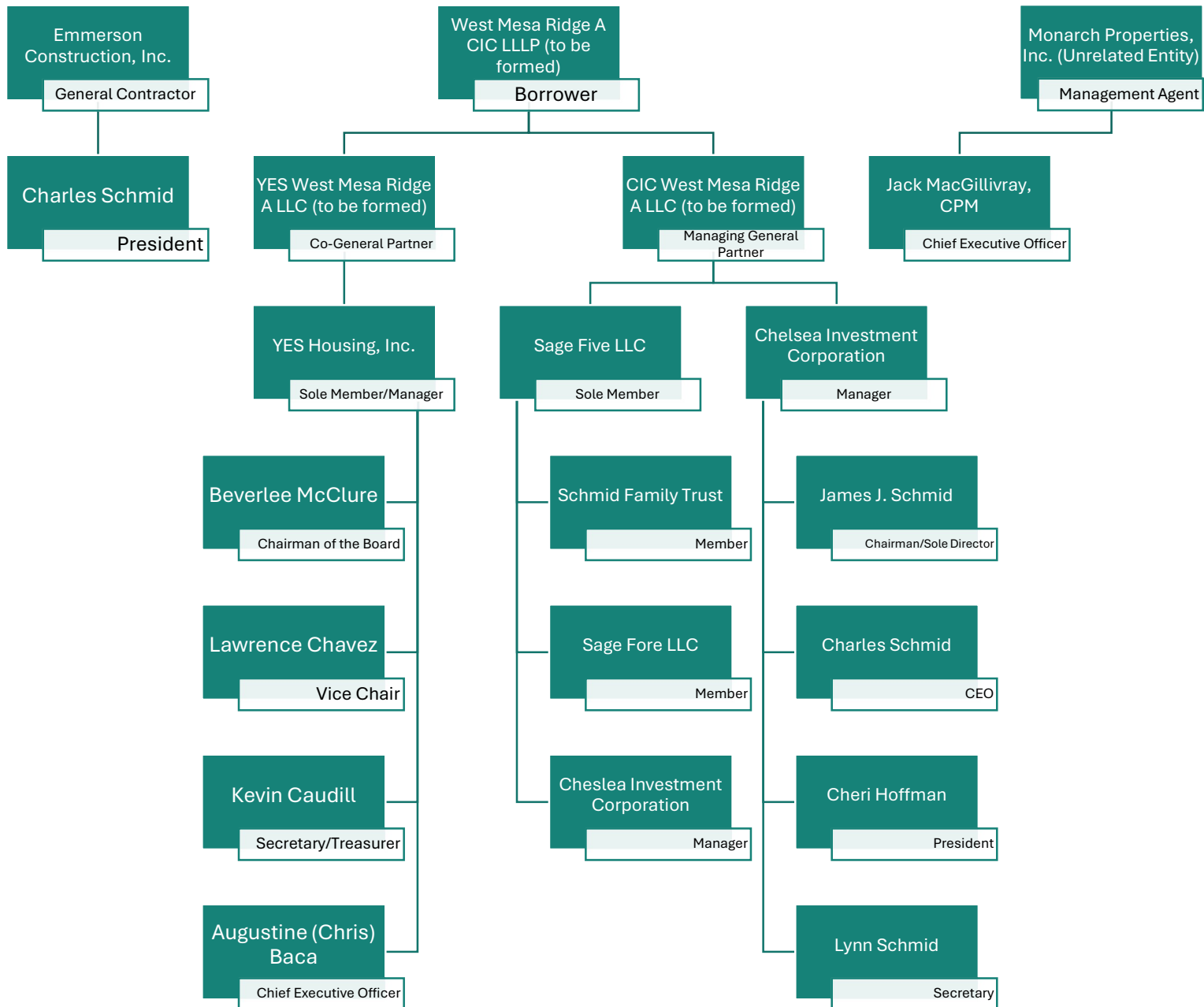
	<p><b>Additional Conditions: NMHTF</b></p> <p>11. Loan to be in third lien position; and</p> <p>12. Yes Housing, Inc. and Chelsea Investment Corporation, must provide a guarantee during the construction period.</p>
<b>Housing NM/MFA Commitments to Other Projects</b>	<p><b><u>YES Housing, Inc.:</u></b></p> <p>2023 HOME – Calle Cuarta – \$915,000  2023 NMHTF – Calle Cuarta – \$1,000,000  2023 NHTF – Calle Cuarta – \$400,000  2022 LIHTC (9%) – Vista Montano Apartments – \$657,130  2022 HOME – Vista Montano Apartments - \$140,000  2022 NMHTF – Vista Montano Apartments - \$2,000,000  2022 NHTF – Vista Montano Apartments - \$400,000  2022 Primero – Vista Montano Apartments - \$1,000,000  2022 Ventana – Vista Montano Apartments - \$750,000  2021 LIHTC (9%) – West Berry - \$74,040  2012 LIHTC (4%) – City Park Central - \$1,110,000  2012 LIHTC (4% / 9%) – Lobo Canyon Apartments - \$1,100,000  2011 NMHTF – Lobo Canyon Apartments - \$500,000  2012 HOME – Mesa del Norte - \$433,334  2012 NMHTF – Mesa del Norte - \$366,011  2010 LIHTC (4% / 9%) – Casa Hermosa - \$496,414  2010 LIHTC (9%) – Del Paso Apartments - \$976,328  2010 Neighborhood Stabilization Program – La Hacienda - \$2,198,538  2009 LIHTC (4%) – Mesa Del Sol - \$1,000,342  2006 LIHTC (4% / 9%) – Summit Apartments - \$217,980  2006 LIHTC (9%) – La Promesa Senior Housing - \$555,533  2006 NMMFA Insured Loan – La Promesa Senior Housing - \$1,318,999</p> <p><b><u>Chelsea Investment Corporation</u></b></p> <p>2012 HOME – Casa Hermosa Apartments - \$531,870  2016 HOME – Roselawn Manor CIC, LLLP - \$333,334  2018 512C/Risk Share – Roselawn Manor Apartments - \$1,032,728  2018 HOME – Mission La Posada Apartments - \$359,167  2020 HOME – Sunray Lobo Canyon - \$385,532  2020 NHTF – Sunray Lobo Canyon CIC, LLP - \$399,000</p> <p><sup>(1)</sup> Risk Share loans carry 10% MFA risk  <sup>(2)</sup> Bonds are non-recourse to MFA  <sup>(3)</sup> Loan Balances as of 12/31/2024</p>
<b>Combined Housing NM/MFA Exposure</b>	<p>\$14,463,513 (excludes LIHTC, grants and loans pending approval)</p>

<b><u>Risk Factors</u></b>	<ol style="list-style-type: none"> <li>1. <b>Market – Low</b> (Strong demand for proposed property in PMA)</li> <li>2. <b>Construction – Medium</b> (construction material pricing remains high, however, the development team is experienced plus the investor and main construction lender will provide additional oversight and controls)</li> <li>3. <b>Developer – Low</b> (Many years of affordable housing experience paired with financial strength and stability)</li> <li>4. <b>Guarantor – Low</b></li> <li>5. <b>General Partner/Managing Member – Low (i.e. the developer)</b></li> <li>6. <b>Community Opposition – Low</b></li> <li>7. <b>Financing – Medium</b> (as long as market conditions for interest rates &amp; LIHTC pricing do not fluctuate too much, the project is feasible. However, in the event of adverse market conditions the project would not move forward. Final underwriting is required before loan closing to ensure viability before final commitment)</li> </ol>		
<b>Summary &amp; Recommendation</b>	The proposed project presents a favorable risk profile and is recommended for approval.		
<b>Prepared by</b>	Joshua Howe, Development Loan Manager II		Date April 1, 2025
<b>Reviewed by</b>	George Maestas, Director of Housing Development		Date 4/02/2025

Development Cost Budget		
West Mesa Ridge A	Gross Sq. Footage:	127,611
Albuquerque	TOTAL COST	COST/GSF
<b>ACQUISITION COSTS</b>		
Land Acquisition	\$ 1,818,873	\$ 14.25
Building Acquisition	\$ -	\$ -
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 1,818,873</b>	<b>\$ 14.25</b>
<b>CONSTRUCTION HARD COSTS</b>		
Demolition	\$ -	\$ -
Accessory Structures	\$ -	\$ -
Site Construction	\$ 6,346,407	\$ 49.73
Buildings and Structures	\$ 20,483,671	\$ 160.52
Off-Site Improvements	\$ -	\$ -
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 26,830,078</b>	<b>\$ 210.25</b>
<b>OTHER CONSTRUCTION COSTS</b>		
Contractor Overhead	\$ 536,602	\$ 4.20
Contractor Profit	\$ 1,073,203	\$ 8.41
General Requirements	\$ 1,609,805	\$ 12.61
Construction Contingency	\$ -	\$ -
Gross Receipts Tax (GRT)	\$ 2,291,288	\$ 17.96
Landscaping	\$ -	\$ -
Furniture, Fixtures, & Equipment	\$ 50,000	\$ 0.39
Other: Hard Cost Contingency	\$ 1,617,049	\$ 12.67
<b>SUBTOTAL</b>	<b>\$ 7,177,947</b>	<b>\$ 56.25</b>
<b>PROFESSIONAL SERVICES/FEES</b>		
Architect (Design)	\$ 1,134,615	\$ 8.89
Architect (Supervision)	\$ -	\$ -
Attorney (Real Estate)	\$ 240,000	\$ 1.88
Engineer/Survey	\$ 419,811	\$ 3.29
Other : Entitlement Consultant	\$ 190,000	\$ 1.49
<b>SUBTOTAL</b>	<b>\$ 1,984,426</b>	<b>\$ 15.55</b>
<b>CONSTRUCTION FINANCING COSTS</b>		
Hazard Insurance	\$ -	\$ -
Liability Insurance	\$ -	\$ -
Performance Bond	\$ -	\$ -
Interest	\$ 2,263,774	\$ 17.74
Origination\Discount Points	\$ 565,000	\$ 4.43
Credit Enhancement	\$ -	\$ -
Inspection Fees	\$ -	\$ -
Title and Recording	\$ 150,000	\$ 1.18
Legal	\$ 75,000	\$ 0.59
Taxes	\$ -	\$ -

Other: Bond/NMHTF Interest, Predevelopment & Soft Loan Interest, Subordinate/Soft Debt Origination Fee, Insurance During Construction, Prevailing Wage Compliance	\$ 1,549,219	\$ 12.14
<b>SUBTOTAL</b>	<b>\$ 4,602,993</b>	<b>\$ 36.07</b>

Project: West Mesa Ridge A		
<b>PERMANENT FINANCING COSTS</b>		
Bond Premium	\$ -	\$ -
Credit Report	\$ -	\$ -
Origination\Discount Points	\$ 95,000	\$ 0.74
Credit Enhancement	\$ -	\$ -
Title and Recording	\$ 5,000	\$ 0.04
Legal	\$ 15,000	\$ 0.12
Cost of Bond Issuance	\$ 112,742	\$ 0.88
Pre-Paid MIP	\$ -	\$ -
Reserves and Escrows	\$ -	\$ -
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 227,742</b>	<b>\$ 1.78</b>
<b>SOFT COSTS</b>		
Market Study	\$ 17,600	\$ 0.14
Environmental	\$ 14,867	\$ 0.12
Tax Credit Fees	\$ 281,951	\$ 2.21
Appraisal	\$ 2,500	\$ 0.02
Hard Relocation Costs	\$ -	\$ -
Accounting/Cost Certification	\$ 62,500	\$ 0.49
Other: Marketing & Lease-Up, Local Permit Fees, Local Development Fees, Soft Cost Contingency, Preconstruction Studies & Lender Reports	\$ 1,257,304	\$ 9.85
<b>SUBTOTAL</b>	<b>\$ 1,636,722</b>	<b>\$ 12.83</b>
<b>SYNDICATION</b>		
Organization	\$ -	\$ -
Bridge Loan	\$ -	\$ -
Tax Opinion	\$ -	\$ -
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TDC before Dev. Fees &amp; Reserves</b>	<b>\$ 44,278,781</b>	<b>\$ 347</b>
<b>RESERVES</b>		
Rent Up	\$ -	\$ -
Operating	\$ 729,352	\$ 5.72
Replacement (inc. only if capitalized)	\$ -	\$ -
Escrows/Working Capital	\$ -	\$ -
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 729,352</b>	<b>\$ 5.72</b>
<b>DEVELOPER FEES</b>		
Developer Fee	\$ 6,199,038	\$ 48.58
Consultant Fee	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 6,199,038</b>	<b>\$ 48.58</b>
<b>Total Development Cost (TDC)</b>	<b>\$ 51,207,171</b>	<b>\$ 401.28</b>
<b>TDC w/o Land, Reserves &amp; Commercial</b>	<b>\$ 48,658,946</b>	<b>\$ 381.31</b>





PROJECT INFORMATION SUMMARY						
Project Name		City	NC, AR, or NC/AR	Total # Units	Unit Sizes	Target AMIs
West Mesa Ridge A		Albuquerque				
Total Development Cost	\$ 51,207,171		NC	128	1 BR, 2BR and 3BR	30%, 50%, 60%, 70% and 80%
Borrowers	West Mesa Ridge A CIC LLLP (To Be Formed)					
Management	Monarch Properties		YEAR BUILT (AR)		LIHTC ALLOC	4% or 9%
Developer	Chelsea Investment Corporation and YES Housing Inc.				\$ 23,896,850	4%
			NC = New Construction AR = Acquisition/Rehab AMI = Area Median Income MR = Market Rate apartments			
HOME LOAN INFORMATION			NUMBER OF HOME UNITS		8	
Funds Available as of:	12/31/24	\$7,328,645	EXCEPTIONS/CONDITIONS/NOTES			
	MFA Guidelines	Loan Request				
Maximum Loan Amount	\$1,000,000	\$2,000,000	Exception - project is not oversubsidized and funds are readily available to disburse			
Rates	0.0% to 3.0%	0.00%				
Loan Fees	N/A	N/A				
Maximum Loan Term	2 yr construct, 40 yr perm	2 yr construct, 40 yr perm				
Loan Amortization	20 to 80 years	80 years				
Lien Position	Subordinate allowed	2nd				
Affordability Requirements	Min 20 yrs, max 60% AMI	40 years, 60% AMI or less				
DSCR	1.20 to 1.40 : 1 on all must-pay debt	1.18 to 1.00	Exception - project attains minimum requirement of 1.20 to 1.00 DSCR in year two and exceeds our maximum of 1.40 to 1.00 in years 13 through 15. An average DSCR of 1.31 to 1.00 over a fifteen year period can be observed.			
Scoring Criteria	N/A	N/A				
NEW MEXICO HOUSING TRUST FUND (NMHTF) RENTAL LOAN INFORMATION			NUMBER OF NMHTF UNITS:		96	
Funds Available as of:	12/31/24	\$0	EXCEPTIONS/CONDITIONS/NOTES			
	MFA Guidelines	Loan Request				
Maximum Loan Amount	\$3,000,000	\$3,000,000				
Rates	0.0% to 5.0%	3.0%				
Loan Fees	N/A	N/A				
Maximum Loan Term	2 yr construct, 40 yr perm	2 yr construct, 40 yr perm				
Loan Amortization	Mthly during perm	40 years				
Lien Position	Subordinate allowed	3rd				
Affordability Requirements	Min 20 years, Max 60% AMI	40 years, 60% AMI or less				
DSCR	1.20 to 1.40 : 1 on all must-pay debt	1.18 to 1.00	Exception - project attains minimum requirement of 1.20 to 1.00 DSCR in year two and exceeds our maximum of 1.40 to 1.00 in years 13 through 15. An average DSCR of 1.31 to 1.00 over a fifteen year period can be observed.			
Scoring Criteria	57-112 points	70				

TOTAL DEVELOPMENT COST INFORMATION SUMMARY				
Project:	West Mesa Ridge A	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)		\$ 1,818,873	4%	\$ 14.25
Construction Hard Costs		\$ 26,830,078	52%	\$ 210.25
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)		\$ 7,177,947	14%	\$ 56.25
Professional Services/Fees (architect, engineer, real estate legal, etc)		\$ 1,984,426	4%	\$ 15.55
Construction Financing Costs (interest, insurance, inspections, fees, etc)		\$ 4,602,993	9%	\$ 36.07
Permanent Financing Costs (fees, title/recording, etc)		\$ 227,742	0%	\$ 1.78
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)		\$ 1,636,722	3%	\$ 12.83
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)		\$ -	0.0%	\$ -
Reserves (rent-up, operating, replacement, escrows, etc)		\$ 729,352	1%	\$ 5.72
Developer Fees (inc consultant fees)		\$ 6,199,038	12%	\$ 48.58
Total Development Costs (TDC)		\$ 51,207,171	100%	\$ 401.28
TDC w/o Land, Reserves & Commercial		\$ 48,658,946	95%	\$ 381.31

CONSTRUCTION SOURCES				
Project:	West Mesa Ridge A	Total	% of Total	Per Unit
Construct. Lender	California Bank & Trust - Tax Exempt	\$ 27,671,075	55.5%	\$ 216,180.27
2nd Lien Holder	HOME - Housing NM/MFA	\$ 2,000,000	4.0%	\$ 15,625.00
3rd Lien Holder	NMHTF - Housing NM/MFA	\$ 3,000,000	6.0%	\$ 23,437.50
Other	CIC Opportunities Fund IV, LLC	\$ 1,200,000	2.4%	\$ 9,375.00
Other	City of Albuquerque	\$ 8,000,000	16.0%	\$ 62,500.00
Other	Various - Soft Loan Interest Accrual	\$ 247,500	0.5%	\$ 1,933.59
Other			0.0%	\$ -
Deferred Developer Fee		\$ 5,699,038	11.4%	\$ 44,523.73
LIHTC Equity		\$ 2,078,818	4.2%	\$ 16,240.77
Total Construction Sources		\$ 49,896,431	100.0%	\$ 389,815.87

PERMANENT SOURCES				
Project:	West Mesa Ridge A	Total	% of Total	Per Unit
Permanent Lender - 1st Lien	California Bank & Trust	\$ 12,270,000	24.6%	\$ 95,859.38
2nd Lien Holder	HOME - Housing NM/MFA	\$ 2,000,000	4.0%	\$ 15,625.00
3rd Lien Holder	NMHTF - Housing NM/MFA	\$ 3,000,000	6.0%	\$ 23,437.50
Other	CIC Opportunities Fund IV, LLC	\$ 1,200,000	2.4%	\$ 9,375.00
Other	City of Albuquerque	\$ 8,000,000	16.0%	\$ 62,500.00
Other	Various - Soft Loan Interest Accrual	\$ 247,500	0.5%	\$ 1,933.59
Other			0.0%	\$ -
Deferred Developer Fee		\$ 3,701,556	7.4%	\$ 28,918.41
LIHTC Equity		\$ 20,788,180	41.7%	\$ 162,407.66
Total Permanent Sources		\$ 51,207,236	100.0%	\$ 400,056.53

# Tab 6

**TO:** Housing New Mexico Board of Directors  
**Through:** Contracted Services Committee on April 8, 2025  
**Through:** New Mexico Housing Trust Fund Advisory Committee on April 7, 2025  
**Through:** Policy Committee on March 25, 2025

**FROM:** Daniela Freamon, Sonja Unrau, & Robyn Powell

**DATE:** April 16, 2025

**SUBJECT:** Recommendation for Housing Innovation Application Approval –  
**DreamTree Project, Inc.**

---

## **Recommendation:**

Staff recommend the approval of the DreamTree Project, Inc. application for a \$500,000 grant under the Housing Innovation Program Notice of Funding Availability (NOFA) for the rehabilitation of a congregate shelter facility. The funding source of the Housing Innovation Program is New Mexico Housing Trust Funds, therefore staff recommends approval by Housing New Mexico, as Trustee of the New Mexico Housing Trust Fund.

## **Background:**

The Housing Innovation Program NOFA was approved by the Housing New Mexico Board of Directors in September 2023 as a resource to address housing needs that are currently not being served through other MFA programs and an opportunity for eligible applicants to fund a community tailored housing solution.

## **Discussion:**

The DreamTree Project applied to the Housing Innovation program for funding to support the construction of the Taos Navigating Emergency Support Together (NEST) project, an overnight temporary crisis shelter. Taos NEST is a joint project between nonprofit agencies DreamTree Project, HEART of Taos, Taos Men's Shelter / Taos Coalition to End Homelessness, and Youth Heartline, with support from both the Town of Taos and Taos County. The project includes an overnight crisis shelter, a community meeting

space, and a one-stop crisis resource center for anyone in the community who needs support.

The budget for the Housing Innovation grant is provided below:

Door, Frames, Hardware – Material and Install	<b>\$81,923</b>
Gypsum Board Assemblies	<b>\$45,300</b>
Flooring	<b>\$67,081</b>
Interior Paint	<b>\$56,765</b>
Plumbing	<b>\$81,677</b>
HVAC	<b>\$60,074</b>
Electrical	<b>\$107,180</b>
<b>Total</b>	<b>\$500,000</b>

In summer 2020, Taos-based service providers met to discuss the impacts of the COVID-19 pandemic and providers identified the need for additional non-congregate emergency shelter. As the only shelter supporting northern New Mexico, DreamTree agreed to serve as the project lead in an application to Housing New Mexico for ESG CARES Act funding. This funding was awarded and DreamTree began operating a hotel-based shelter that winter. After nearly a year of operations, it became clear to all parties that hotel-based shelter did not meet the crisis shelter needs of the community. To address this need in a permanent way, DreamTree began reaching out to local officials about the Taos NEST project and identified a vacant local government building as the site for the new crisis shelter.

Total project costs to rehabilitate the vacant building into Taos NEST are \$1.5 million and will provide \$800,000 in leverage.

#### **Summary:**

Staff recommend the approval of the DreamTree Project, Inc. application for a \$500,000 grant for the rehabilitation of a congregate shelter facility under the Housing Innovation Program NOFA.

# Tab 7

**TO:** Housing New Mexico Board of Directors  
**Through:** Contracted Services Committee on April 8, 2025  
**Through:** New Mexico Housing Trust Fund Advisory Committee on April 7, 2025  
**Through:** Policy Committee and April 1, 2025

**FROM:** Daniela Freamon, Program Manager  
Sonja Unrau, Assistant Director of Policy & Planning  
Robyn Powell, Senior Director of Policy & Planning

**DATE:** April 16, 2025

**SUBJECT:** Housing Innovation Program – Revised Notice of Funding Availability

**ATTACHMENT:** Housing Innovation Program – Final\_Revised Notice of Funding Availability  
Housing Innovation Program – Redlined\_Revised Notice of Funding Availability

## Recommendation:

Staff recommend Board of Directors' approval of revisions to the Housing Innovation Program Notice of Funding Availability (NOFA), as presented in the attached "Housing Innovation Program – Final\_Revised Notice of Funding Availability."

## Background:

The Housing Innovation Program NOFA was approved by the Housing New Mexico Board of Directors in September 2023 as a resource to address housing needs that are currently not being served through other Housing New Mexico programs and to fund community tailored housing solutions. Since then, Housing New Mexico has awarded \$7.8 million in funding to 12 entities, impacting 381 families.

## Discussion:

The revisions to the Housing Innovation NOFA primarily clarify program requirements, change how applications are reviewed, remove duplicative language, and replace "MFA" with "Housing New Mexico". The substantial changes are summarized below:

Section & Page #	Change
Ineligible Activities – Page 3	Adds language to clarify activities that are ineligible for funding under the NOFA, which include operational support, activities that are refinance or debt payoff in nature, seed funding, or capacity building, in accordance with the Severance Tax Bond Act.

Funding Terms and Conditions – Page 4	Adds language to clarify that applicants must provide supporting documentation to justify the reasonableness of their award request.
Affordability Period – Page 4	Adds language to clarify that all awards will be subject to affordability restrictions, in accordance with the Affordable Housing Act.
Evaluation of Application and Documentation – Page 5	Incorporates the requirements of a “Qualified Grantee” from the Affordable Housing Act into the Threshold Requirements.
Evaluation of Application and Documentation – Page 8	To the Ranking Criteria, adds points for applicants that <ul style="list-style-type: none"> <li>• evidence readiness to proceed with bids, architectural plans, site control, project timeline, or other documentation;</li> <li>• provide leverage funding for their project;</li> <li>• seek an award in the form of a loan rather than a grant.</li> </ul> Additionally, 5 points are awarded for Tribal and rural projects.

### Summary:

Staff recommend Board of Directors’ approval of revisions to the Housing Innovation Program Notice of Funding Availability (NOFA), as presented in the attached “Housing Innovation Program – Final\_Revised Notice of Funding Availability.”



# HOUSING INNOVATION PROGRAM



Notice of Funding Availability  
NEW MEXICO MORTGAGE FINANCE AUTHORITY



## CONTENTS

Program Background .....	2
Housing Innovation Point of Contact.....	2
Use of Electronic Versions of this NOFA and addenda .....	2
Frequently Asked Questions.....	2
Application Submission.....	2
Eligible Applicants.....	3
Eligible Activities .....	3
Ineligible Activities.....	3
Eligible Expenses.....	3
Eligible Beneficiaries .....	3
Funding Terms and Conditions .....	4
Affordability period .....	4
Cancellation of Notice of Funding Availability or Rejection of Applications .....	4
Evaluation of Applications and Documentation .....	4
Threshold Requirements .....	5
Ranking Criteria .....	7
Application Format and Instructions to Applicants .....	8
Incurred Expenses.....	8
Award Notice .....	8
Application Confidentiality .....	8
Irregularities in Applications .....	8
Responsibility of Applicants.....	8
Protest .....	9
Third-Party Code of Conduct .....	9

## PROGRAM BACKGROUND

The Housing Innovation Program provides a funding opportunity to address housing needs that are currently not being served through other Housing New Mexico programs, and a chance for eligible applicants to fund a community tailored housing solution. Through the program, Housing New Mexico looks to assist underserved populations, cultivate new partnerships, and support projects that may be scalable.

## HOUSING INNOVATION POINT OF CONTACT

Applicants should direct questions regarding the Housing Innovation Program Notice of Funding Availability (NOFA) and application to:

Daniela Freamon  
Housing New Mexico 7425 Jefferson St. NE  
Albuquerque, NM 87109  
Phone: (505) 767-2277 or toll-free statewide (800) 444-6880  
E-mail: [dfreamon@housingnm.org](mailto:dfreamon@housingnm.org)  
TTY/Voice: 711, or if no answer  
1-800-659-8331 (English) OR 1-800-327-1857 (Spanish)

**Housing New Mexico encourages applicants to discuss proposed projects with the Housing Innovation point of contact prior to submitting an application.**

## USE OF ELECTRONIC VERSIONS OF THIS NOFA AND ADDENDA

This NOFA and any addenda are only available by electronic means. If accepted by such means, the applicant acknowledges and accepts full responsibility to ensure that no changes are made to the NOFA or addendum. In the event of a conflict between a version of the NOFA or addendum in the applicant's possession and the version Housing New Mexico maintains, Housing New Mexico's maintained version will govern.

## FREQUENTLY ASKED QUESTIONS

In an effort to provide clarification or answers to questions about this NOFA and addenda, Housing New Mexico will publish all responses to any inquiries in the "Frequently Asked Questions" section on Housing New Mexico's website at: <https://housingnm.org/rfps/rfps-rfq.s>.

## APPLICATION SUBMISSION

Housing New Mexico must receive applications no later than 60 days prior to a regularly scheduled meeting of the Housing New Mexico Board of Directors to be considered at that meeting. Housing New Mexico holds its Board of Directors meetings every third Wednesday of the month. Housing New Mexico will treat all applications submitted by the deadline for a particular meeting of the Housing New Mexico Board of Directors as one funding round and evaluate concurrently.

Applications submitted for a prior funding round, but which are still pending, will be given priority over new applications. If sufficient funds are not available to fund all projects in a funding round that meet the requirements outlined in this NOFA, Housing New Mexico will recommend the project receiving the highest score to the Board of Directors for approval, followed by the next highest scoring project, etc. until the remaining funds are no longer

sufficient to fulfill the next highest scoring project's requested amount. In the event of a tie score, staff will recommend approval based on need as determined by staff. The required application forms will be provided electronically and may be downloaded from Housing New Mexico's website at: <https://housingnm.org/rfps/rfps-rfgs>.

Applications must be submitted via email to [dfreamon@housingnm.org](mailto:dfreamon@housingnm.org) and include "Housing Innovation Program Application Submission" in the subject line.

## ELIGIBLE APPLICANTS

Eligible applicants include, but are not limited to, non-profit organizations, for-profit organizations, governmental housing agencies or authorities, regional housing authorities, governmental entities, governmental instrumentalities, tribal governments, tribal housing agencies, developers, builders, corporations, limited liability companies, partnerships, joint ventures, syndicates, associations, or other entities that can assume contractual liability and legal responsibility by executing one or more written agreements entered into with Housing New Mexico. **Individual applicants are not eligible for the Housing Innovation Program.**

## ELIGIBLE ACTIVITIES

Only projects capital in nature will be considered for award and all activities must directly benefit a low- or moderate-income household. Awards will only be made for activities eligible under the New Mexico Housing Trust Fund Rules, which include:

- costs of infrastructure and infrastructure purposes
- financing in whole or in part through loans or grants, the costs necessary to support, or own affordable housing projects
- the acquisition, construction, rehabilitation, renovation, reconstruction, alteration or repair of residential housing, multi-family housing, congregate housing facilities, transitional housing facilities
- buildings for use as or that will provide affordable housing

**Housing New Mexico encourages applicants to discuss proposed projects with the Housing Innovation point of contact prior to submitting an application.**

## INGELIBLE ACTIVITIES

Projects that could be eligible for funding through other, current Housing New Mexico programs will not be considered for an award through the Housing Innovation Program. Additionally, funding for operational support, activities that are refinance or debt payoff in nature, seed funding, or capacity building are ineligible under the Housing Innovation NOFA.

## ELIGIBLE EXPENSES

Housing Innovation Program funds may only cover reasonable and customary costs that are directly attributable and traceable to the awarded housing projects that benefit low- or moderate-income New Mexicans.

## ELIGIBLE BENEFICIARIES

Only low- or moderate-income households, as defined as a household with an annual income at or below 150% area median income, may be the beneficiaries of any Housing Innovation Program project.

## FUNDING TERMS AND CONDITIONS

All awards will be subject to the availability of funds and the New Mexico Housing Trust Fund Act and Rules.

**Housing New Mexico will award no more than \$500,000 to eligible applicants.** Applicants must provide evidence and supporting documentation to justify that the award request is reasonable. Housing New Mexico will allocate only the minimum amount of funds that it determines to be necessary for the financial feasibility of a project and its viability.

Upon expenditure of 80% of its award, demonstration of successful project implementation, and provided that funds remain available to award under the NOFA, eligible applicants may request additional funding up to \$500,000 to support continued project implementation or a subsequent project phase.

Housing New Mexico may make awards in the form of loans or grants. The terms and conditions for each award will be based on the financing needs of each project or activity. Loan terms and conditions may range from no interest, deferred payment loans to a revolving line of credit loans to loans with near-market interest rates and terms.

**Housing New Mexico reserves the right to award funding to applicants with contingencies.**

## AFFORDABILITY PERIOD

All awards will be subject to affordability restrictions which may include recording of Land Use Restriction Agreements (LURAs), Restrictive Covenants Agreements (RCAs) or an affordability period. Housing New Mexico, in its discretion, may increase the Affordability Period in any contract, note, mortgage, loan agreement, land use restriction agreement, restrictive covenant agreements and/or any other agreement which the Governmental Entity and/or Housing New Mexico may enter into with any successful applicant or beneficiary.

Award Amount	Affordability Period
\$1 to \$14,999	Five years
\$15,000 to \$40,000	Ten years
\$40,001 to \$100,000	Fifteen years
More than \$100,000	Twenty years

## CANCELLATION OF NOTICE OF FUNDING AVAILABILITY OR REJECTION OF APPLICATIONS

Housing New Mexico may cancel this NOFA at any time for any reason and may reject all applications (or any application) which are/is not responsive.

## EVALUATION OF APPLICATIONS AND DOCUMENTATION

Housing New Mexico staff will evaluate applications using the Threshold Requirements and Ranking Criteria as described in the following sections. Housing New Mexico will follow its own policies and procedures to obtain the necessary award approvals. Housing New Mexico reserves the right to make final award decisions at its discretion.

Staff may contact applicants for clarification of information provided. Housing New Mexico will enter into loan or grant agreements and related agreements with the applicants whose applications are deemed to be most advantageous to achieving the goals of the Housing Innovation Program. All loans, grants and related agreements will include provisions for adequate security against the loss of Housing Innovation Program funds in the event that a successful applicant abandons or otherwise fails to complete a project and further will include remedies and default provisions in the event of the unsatisfactory performance by the successful applicant.

## THRESHOLD REQUIREMENTS

To be considered for funding, an applicant must demonstrate that it meets each of the following application and project threshold requirements:

- The application is complete and legible and includes all required documents.
- The application complies with all applicable requirements established in this NOFA, and any applicable addendum.
- The applicant identifies a health, safety, or housing concern that could not otherwise be addressed through Housing New Mexico's other programs and proposes a project that will address that concern.
- The applicant provides sufficient evidence of its ability to undertake and complete the proposal in the areas of financing, acquiring, rehabilitating, developing, and/or administering an affordable housing project.
- The application provides sufficient evidence that the proposed project is financially and technically feasible and includes a proposed budget and performance schedule for the proposed project.

Additionally, applicants must satisfy and evidence with the required supporting documents the following entity eligibility threshold requirements:

Applicant Threshold Requirements	Required Supporting Documents
Organized under state, local, or tribal laws and provide proof of such organization and that the applicant is in good standing.	<ul style="list-style-type: none"> <li>• Applicant's Board of Director's or governing body information</li> <li>• Organization Mission Statement</li> <li>• Current Business License</li> </ul>
A functioning accounting system that is operated in accordance with Generally Accepted Accounting Principles (GAAP), Government Auditing Standards (GAS) or has designated an entity as their fiscal agent that will maintain such an accounting system consistent with GAAP or GAS.	Current financial audit or audited financial statements conducted in accordance with Government Auditing Standards (GAS) or Generally Accepting Auditing Principles (GAAP). The audit must include the following:

No significant financial audit findings, and no significant outstanding or unresolved monitoring findings from any governmental entity, or from Housing New Mexico, or otherwise; or if it has any such findings, it has a certified letter from the auditor, governmental entity, Housing New Mexico, or otherwise, stating that the findings are in the process of being resolved.	<ul style="list-style-type: none"><li>• Auditor's report on the financial statements</li><li>• Review of internal control structure disclosing reportable conditions with acknowledgement of material/non-material weaknesses</li><li>• Report on the Schedule of Federal and Financial Assistance or Federal awards, if applicable</li><li>• Management letter and agency response to items in the letter.</li><li>• Report on fraud, abuse or other infraction.</li></ul> <p>If the applicant does not have a financial audit or audited financial statements, Housing New Mexico require a designated fiscal agent be appointed by the applicant in which case, the following must be provided:</p> <ul style="list-style-type: none"><li>• Financial audit or audited financial statements that contain the items listed above for the fiscal agent.</li><li>• A contract between the applicant and the fiscal agent that contains the responsibilities of the fiscal agent and the authority to act on behalf of the applicant.</li></ul>
Not having been suspended, debarred or otherwise restricted by any department or agency of the federal government, any state or local government, or Housing New Mexico from doing business with such department, agency, or authority because of misconduct or alleged misconduct.	<ul style="list-style-type: none"><li>• Good standing certification</li><li>• Reputation certification</li></ul> <p>These forms can be downloaded from the Housing Innovation NOFA webpage.</p>
Not having defaulted on any obligation covered by a surety or performance bond.	
Additional Threshold Requirements for Non-Profit Applicants	
501(c)(3) tax status;	<ul style="list-style-type: none"><li>• 501(c)(3) certificate from the IRS</li></ul>
Compliance with the Charitable Solicitations Act NMSA 1978, §57-22-1, et seq. and with the filing requirements by the New Mexico Attorney General’s Office under that Act; and	<ul style="list-style-type: none"><li>• New Mexico proof of current registration as a charitable organization by the New Mexico Attorney General’s office</li></ul>
Having no part of its net earnings inuring to the benefit of any member, founder, contributor or individual.	<ul style="list-style-type: none"><li>• Articles of incorporation or charter that evidence that no part of the nonprofits net</li></ul>

	earnings inures to the benefit of any member, founder, contributor or individual
--	--

Applications from Applicants that do not meet the Threshold Requirements will be rejected.

## RANKING CRITERIA

Applicants will be scored on the following ranking criteria below. Applicants must score a minimum of 70% of the total points possible to be considered for funding.

Criteria	Points Possible
<b>1. Innovative, sustainable, and scalable housing solution</b> Housing New Mexico will evaluate the extent to which the applicant's proposed project is an innovative, sustainable and scalable housing solution. Housing New Mexico seeks to award funding to projects that address housing concerns in a novel way that also promote long term housing affordability. Further, Housing New Mexico aims to award funding to projects that could be scaled up to either reach more beneficiaries or be implemented across a wide geographical area.	25
<b>2. Readiness to proceed</b> Housing New Mexico will evaluate the extent to which the applicant's proposed project is ready to proceed. Housing New Mexico intends to prioritize funding for projects that demonstrate "shovel readiness".	13
Points are awarded to projects that evidence readiness to proceed with bids, architectural plans, evidence of site control, project timeline, or other documentation.	12
<b>3. Financial feasibility</b> Housing New Mexico will evaluate the extent to which the applicant's proposed project is financially feasible through a project budget and/or pro forma, and/or other supporting documents including evidence of ability to complete the project. Further Housing New Mexico will evaluate whether the award amount requested is sufficiently justified.	10
Points are awarded to projects that provide leverage funding for their project.	5
Points are awarded to projects that seek an award in the form of a loan rather than a grant.	5
<b>4. Project Design</b> Housing New Mexico will evaluate the extent to which the applicant's project design includes the following elements: target population, income limits, long-term affordability protection, and service delivery structure.	20
<b>5. Tribal or rural priority</b> Points are awarded to projects that will serve residents in rural communities (defined as communities outside the cities of Albuquerque, Las Cruces, Santa Fe, and Farmington) and/or residents of Tribal areas.	5
<b>6. Resident Business</b>	5

Points are awarded to applicants that are a New Mexico Resident Business which for the purpose of this NOFA is defined as one in which the majority of the applicant's employees who would perform services related to the project reside in New Mexico.	
<b>Total</b>	<b>100</b>

## APPLICATION FORMAT AND INSTRUCTIONS TO APPLICANTS

All applicants must complete **Exhibit 1: Housing Innovation Application Form** and provide all required documents included on the **Exhibit 2: Application Required Documents Checklist**, which are located at this link on Housing New Mexico's website: <https://housingnm.org/rfps/rfps-rfqf>.

## INCURRED EXPENSES

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

## AWARD NOTICE

Housing New Mexico will provide written notice of the award to all applicants within 15 days of the date of the award. The award will be contingent upon signing final loan/grant documents.

## APPLICATION CONFIDENTIALITY

Housing New Mexico will not disclose any information regarding a proposed application provided during such inquiries and contacts to any third party, except as may be required under Housing New Mexico's Request to Inspect Documents policy. After the application deadline and until awards are made and notice given to all applicants, Housing New Mexico will not disclose the contents of any application or discuss the contents of any proposal with an applicant or potential applicant, so as to make the contents of any offer available to competing or potential applicants, except as may be required under Housing New Mexico's Request to Inspect Documents policy.

## IRREGULARITIES IN APPLICATIONS

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

## RESPONSIBILITY OF APPLICANTS

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

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



## PROTEST

Any Applicant who is aggrieved in connection with this NOFA or the notification of preliminary selection to this NOFA may protest to Housing New Mexico. A protest must be based on an allegation of a failure to adhere to the evaluation process as designated in the NOFA, including Housing New Mexico's evaluation of proposals.

The protest must be delivered to Housing New Mexico via e-mail to [dfreamon@housingnm.org](mailto:dfreamon@housingnm.org) within five business days after the preliminary notice of award. Protests received after the deadline will not be considered. Upon the timely filing of a protest, Housing New Mexico shall give notice of the protest to all Applicants who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The Applicants receiving notice may file responses to the protest within five business days of notice of protest. The protest and responses to the protest shall be reviewed by the Housing New Mexico Policy Committee, the Policy Committee shall make a final determination. The protest is then heard by the applicable Board Committee. The Board Committee's recommendation is then taken to the full Board for approval. Housing New Mexico will issue a notice of determination relating to the protest within a reasonable period of time after submission of the protest. The determination by Housing New Mexico shall be final.

No appeal of the determination shall be allowed. Applicants or their representatives shall not communicate with members of Housing New Mexico's Board of Directors, or any Housing New Mexico staff member regarding any application under consideration, except when specifically permitted to present testimony to the Board. An application will be deemed ineligible if the Applicant or any person or entity acting on behalf of the Applicant attempts to influence members of the Housing New Mexico Board of Directors or Housing New Mexico staff during any portion of the NOFA review process or does not follow the prescribed application and protest process.

## THIRD-PARTY CODE OF CONDUCT

Applicant will conduct themselves in a manner consistent with Housing New Mexico's Third-Party Code of Conduct which is located on Housing New Mexico's website at:

[https://housingnm.org/uploads/documents/Third\\_Party\\_Code\\_of\\_Conduct.pdf](https://housingnm.org/uploads/documents/Third_Party_Code_of_Conduct.pdf).

Applicant will promptly disclose information Housing New Mexico may reasonably request relating to conflicts or potential conflicts of interest.

# Tab 8

**TO:** Housing New Mexico | MFA Board of Directors

**THROUGH:** Policy Committee April 1, 2025  
Contracted Services Committee April 8, 2025

**FROM:** Jeff Payne, Chief Lending Officer  
George Maestas, Director of Housing Development

**DATE:** April 16, 2025

**SUBJECT:** Ventana Fund Board Member Appointment

---

**Recommendation:**

Staff recommends approval of the appointment of Jacobo Martinez, Assistant Director of the Housing New Mexico Housing Development Department to serve as a member of the Board of Directors of the Ventana Fund. Any subsequent appointments shall be made by the then-current Executive Director of Housing New Mexico.

**Background:**

Ventana Fund is a New Mexico non-profit corporation established in March 2014 as a Community Development Financial Institution (CDFI). Housing New Mexico | MFA was instrumental in providing financial and technical support in its creation. The purpose of Ventana Fund was to provide financing and development services for housing, and facilities and services in support of such housing, in the state of New Mexico. The emphasis is on low-income persons, housing located in economically distressed communities, and housing serving market niches that are underserved by traditional financial institutions. The bylaws of the organization state that in implementing this purpose, the Corporation's activities shall align with criteria to be certified as a CDFI by the U.S. Department of Treasury.

Members of Ventana Fund's Board of Directors have experience in multifamily development lending and management and share MFA's desire to increase funding available for affordable multifamily lending statewide.

**Discussion:**

Ventana Fund was intended to fill a need with New Mexico CDFIs to work in affordable housing statewide and have capacity for multifamily lending. In April

of 2014, the Housing New Mexico Board of Directors approved an appropriation from the Housing Opportunity Fund to Ventana Fund. This appropriation allowed the organization to operate and begin lending money to multifamily housing projects.

The bylaws of Ventana Fund called for a Housing New Mexico representative on the Ventana Fund Board of Directors. In April 2014, The Housing New Mexico Board of Directors approved the appointment of the Director of Housing Development to serve as the representative on the Ventana Fund Board.

Each Director of Housing Development has served on the board since that time. Over time Ventana Fund has grown and capacity has been developed in the organization. The involvement on the board requires a significant amount of time reviewing loan requests and other agenda items prior to board meetings and attending board meetings.

Staff requests that Jacobo Martinez, Assistant Director of Housing Development, who oversees the administration of the Low-Income Housing Tax Credit (LIHTC) program, be appointed to the Ventana Fund Board of Directors as the Housing New Mexico representative. This will shift some of the responsibilities from the Director of Housing Development and allow the Assistant Director to utilize their multifamily housing experience in a position of responsibility and an opportunity for growth. This appointment shall be effective as of the May Ventana Fund Board meeting and until another MFA representative is appointed.

Staff also requests that, going forward, the sitting executive director of Housing New Mexico will have the authority to make any future appointments of MFA representatives to the Ventana Fund Board position. This appointment shall be effective as of the May Ventana Fund Board meeting and until another MFA representative is appointed.

**Summary:**

Staff recommends 1) approval of the appointment of Jacobo Martinez, Assistant Director of the Housing New Mexico Housing Development Department to serve as a member of the Board of Directors of the Ventana Fund to fulfill our responsibility to provide a representative to the board; and 2) going forward, the sitting executive director of Housing New Mexico will have the authority to make any future appointments of MFA representatives to the Ventana Fund Board position.

# Tab 9

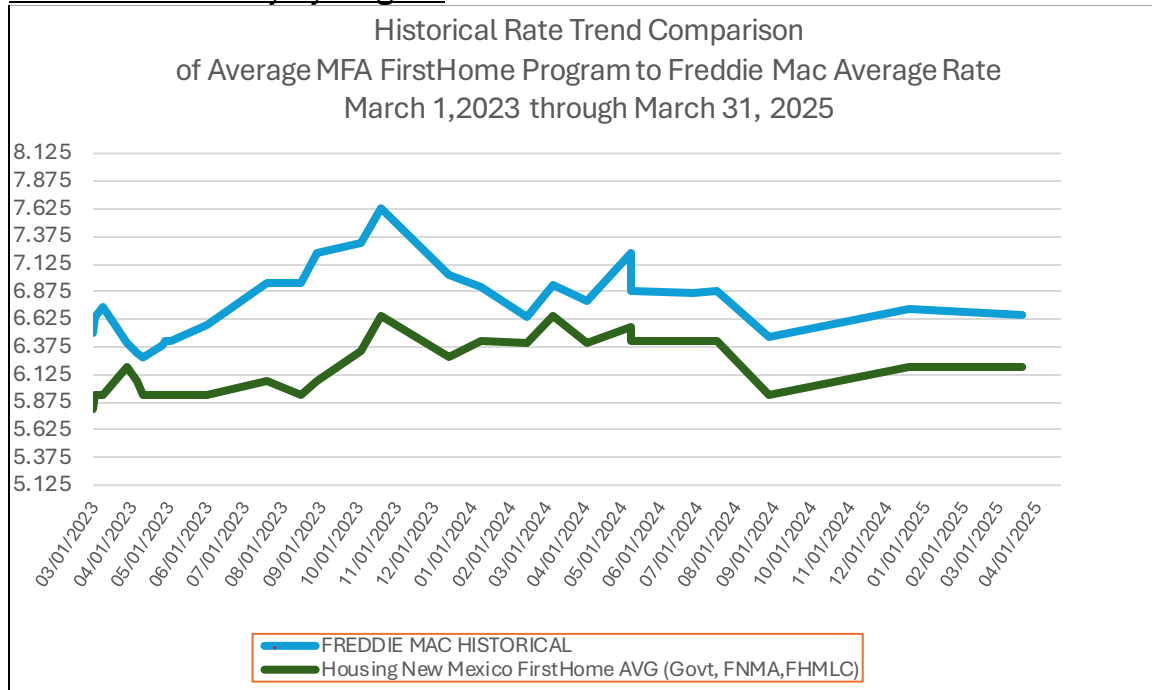
**TO:** Housing New Mexico Board of Directors

**FROM:** Rene Acuña, Director of Homeownership

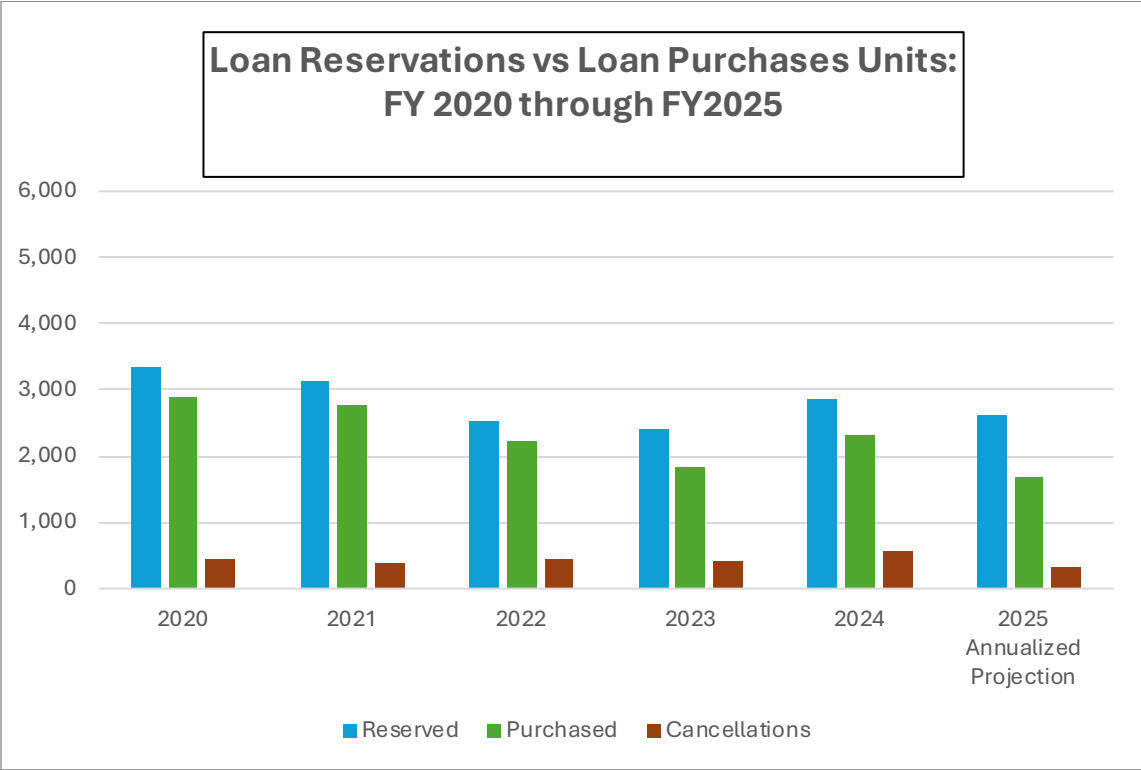
**DATE:** April 17, 2025

**SUBJECT:** Semiannual Single Family Production Report

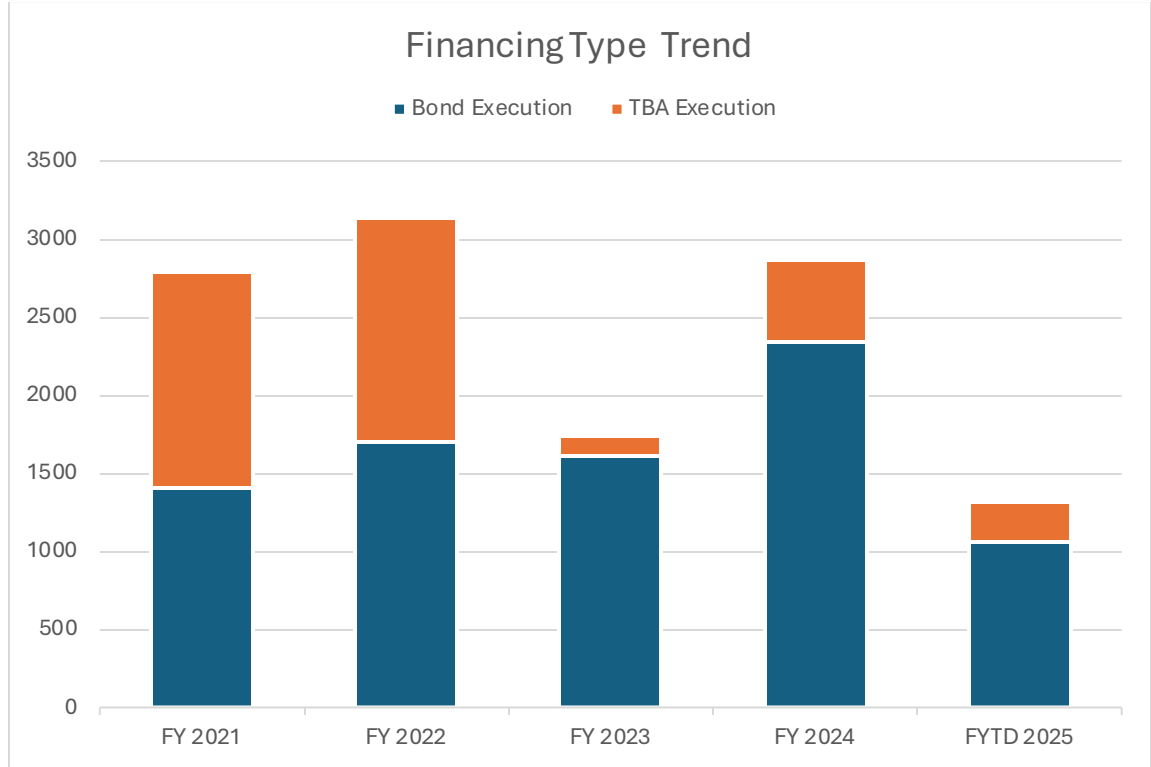
## Interest Rate History by Program



Historical Reservation and Purchased Loan Trend



Financing Executions



### Reservations by Program

Reservations by Program	Fiscal Year 2025	Fiscal Year 2024
	(10/01/2024 - 3/31/2025)	(10/01/2023 - 9/30/2024)
FirstHome Government	58.69%	58.82%
FirstHome Fannie 80% AMI	6.15%	6.41%
FirstHome Fannie Above 80%	3.80%	2.75%
FirstHome Freddie 80% AMI	6.07%	8.95%
FirstHome Freddie Above 80%	6.23%	4.70%
HomeForward Government	14.81%	13.38%
HomeForward Fannie 80% AMI	0.68%	0.31%
HomeForward Fannie Above 80%	1.44%	1.60%
HomeForward Freddie 80% AMI	0.38%	0.52%
HomeForward Freddie Above 80%	1.75%	2.51%
Partners	0.00%	0.03%

### Comparison of Down Payment Assistance (DPA) Sources of Reservations that included DPA.

Down Payment Comparison	Fiscal Year 2025	Fiscal Year 2024
	(10/01/2024 - 3/31/2025)	(10/01/2023 - 9/30/2024)
FIRST DOWN (30YR)	63.32%	69.02%
FIRST DOWN (15YR)	11.19%	6.62%
FIRST DOWN (10YR)	5.91%	5.68%
HOME NOW	0.10%	0.10%
HOME FORWARD USDA/VA	0.93%	0.55%
HOME FORWARD (15YR)	17.31%	16.83%
HOME FORWARD (10YR)	1.24%	1.20%

### Additional Down Payment Assistance (DPA) Sources Provided to Borrowers.

Program	Number of Loans	Dollars Funded
FirstDown Plus	651	\$6,510,000.00

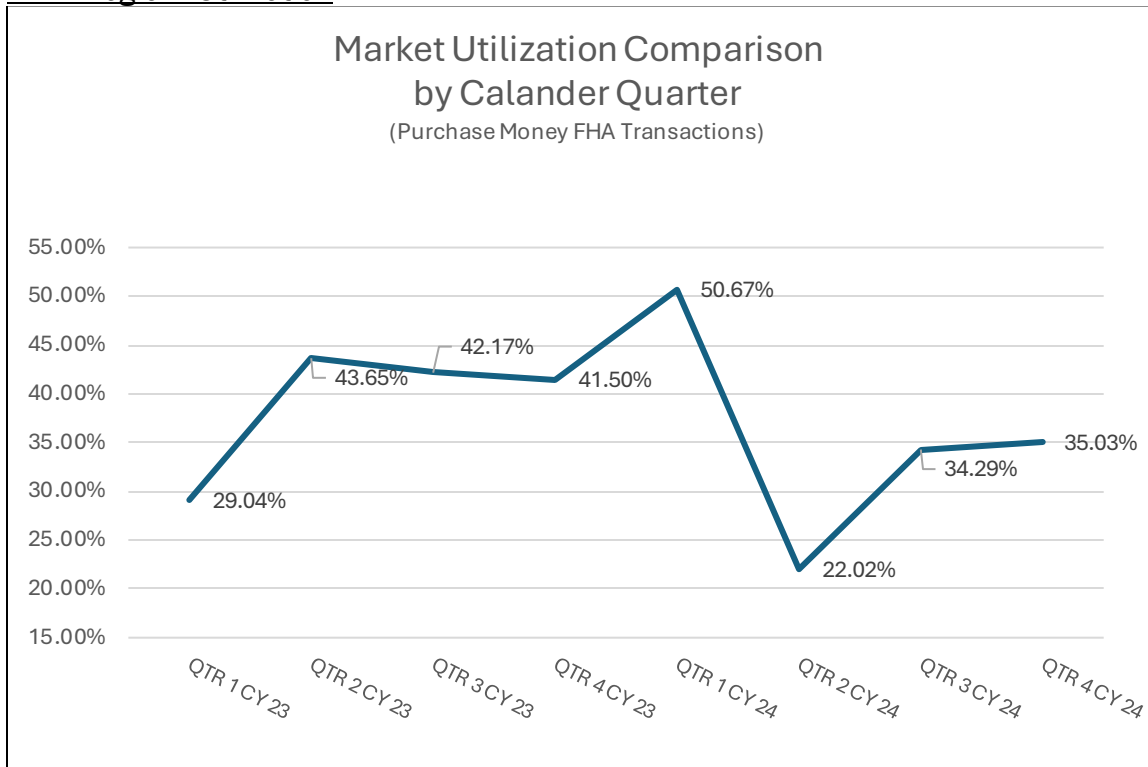


### Borrower Demographics

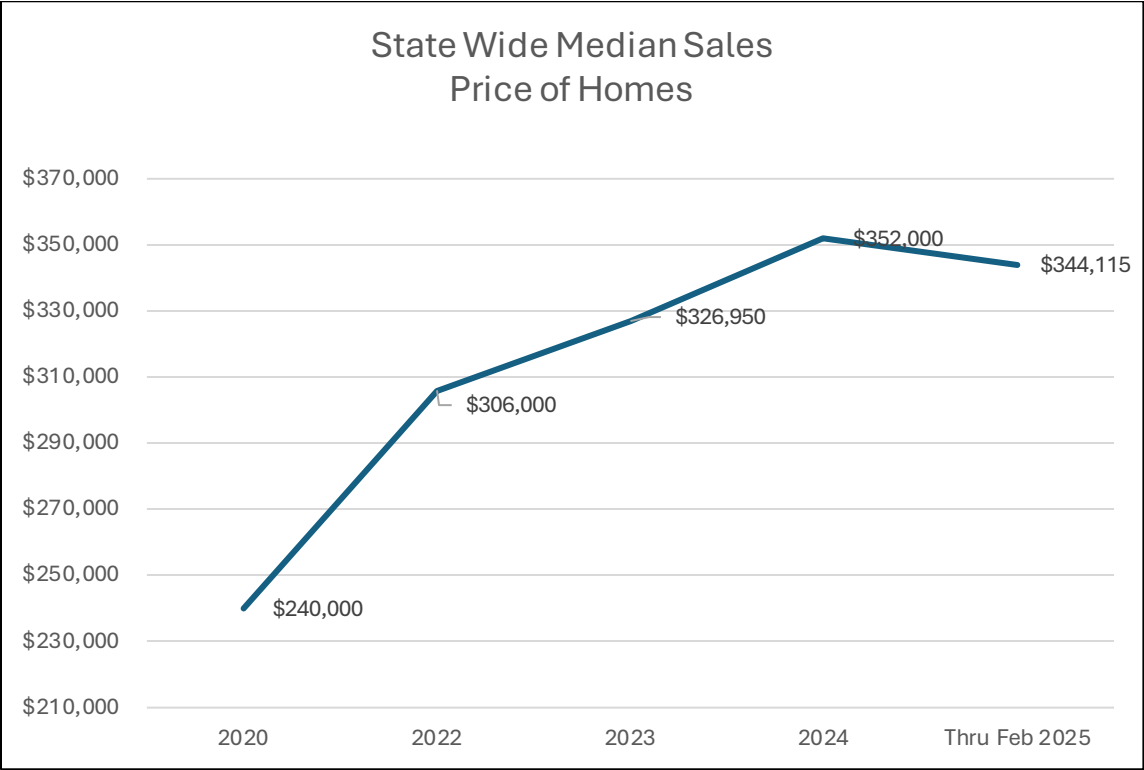
	<b>Fiscal Year 2025 (10/01/2025 - 3/31/2025)</b>	<b>Fiscal Year 2024 (10/01/2023 - 9/30/2024)</b>
Average Sales Price	\$253,152	\$246,926
Average Loan Amount	\$239,730	\$232,431
Average Down Payment Assistance Amount *	\$7,147	\$7,484
Average Household Income	\$73,304	\$70,087
Average Family Size	2.34	2.36
Ethnicity	62.47 percent Minority	62.22 percent Minority
Average Borrower Age	34	35
Average Number of Dependents	0 dependents	0 dependents
Primary Borrower Gender	43.52% female / 55.41% male	44.39% female / 54.31% male
Average FICO score	705	704

\*Figures do not include the optional FirstDown Plus, FirstDown Plus 15 or Down Payment Advantage down payment assistance programs.

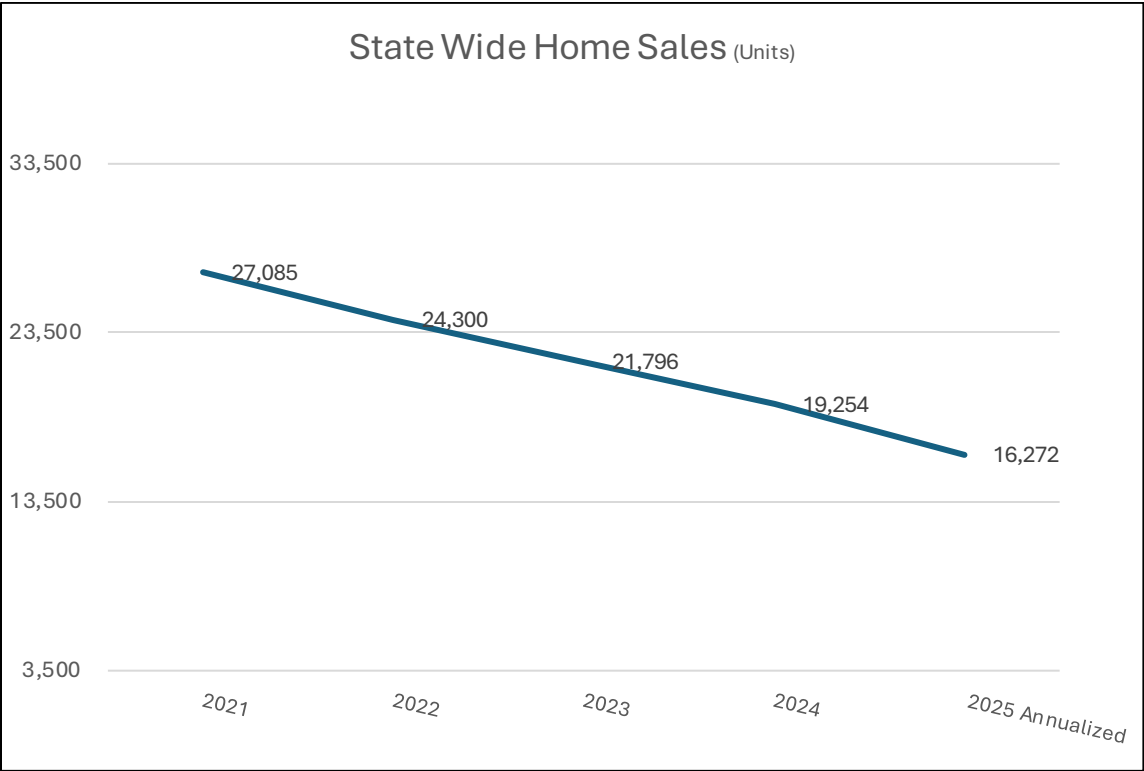
### MFA Program Utilization



Median Sales Price and Home Sales Trend for New Mexico



Source: Realtors Association of New Mexico



Source: Realtors Association of New Mexico

# Tab 10

**Staff Actions Requiring Notice to Board  
During the Period of March 2025**

<b>Department and Program</b>	<b>Project</b>	<b>Action Taken</b>	<b>Comments / Date Approved</b>
Servicing Department	Loan Servicing Report December 2024	Quarterly Quality Control Review for quarter ended December 2024	Approved by Policy Committee on March 18, 2025
Servicing Department	Loan Servicing Report January 2025	Quarterly Quality Control Review for quarter ended January 2025	Approved by Policy Committee on March 18, 2025
Community Development Department- Restoring Our Community	ROC Exploratory Fund	Approval of reimbursement of 75% of eligible costs incurred on projects that are unfeasible.	Approved by Policy Committee on March 4, 2025
Community Development Department- Emergency Housing Needs	Emergency List of Services	Approval of list for specific services. The list was created to reduce subjectivity. Income eligibility was reduced to 50% AMI.	Approved by Policy Committee on March 4, 2025
Community Development Department- Linkages	Additional Linkages Award Allocation	Approval of an additional \$425k award allocation for three service providers Mesilla Valley Community of Hope, Supporting People in Need, The Life Link.	Approved by Policy Committee on March 4, 2025
Community Development Department - HOME Rehab	HOME Rehab-Grievance	Approval to pay back taxes with general funds based on grievance. Permission was given to proceed with bid prior to ER completion (given that this unit is not in a flood plain) to expedite the project. Proceeding with HOME funding.	Approved by Policy Committee on March 18, 2025
Community Development Department – Emergency Homeless Assistance Program	EHAP - Timelines	Revise EHAP RFP Timelines.	Approved by Izzy Hernandez on April 7, 2025

**TO:** Housing New Mexico Board of Directors  
Through: Policy Committee, April 7, 2025

**FROM:** Alex Lundy, Finance Manager

**DATE:** April 16, 2025

**SUBJECT:** Single Family Mortgage Program Bonds, 2025 Series A/B,  
Pricing & Closing Summary

---

## Summary:

The 2025 Series A/B transaction is a new money bond issue which priced on January 23, 2025 and closed on February 26, 2025. Below is a summary of the bond sale:

**Structure:** The bond issue was a \$120.0 million traditional bond issue which provided for non-AMT serial bonds, term bonds, and premium amortization class ("PAC") bonds. This issuance blended 60% tax-exempt (\$72.0 million) and 40% taxable (\$48.0 million) bonds in order to stretch private activity bond (PAB) volume cap efficiently while keeping rates below the New Mexico market average for borrowers.

**Marketing:** To enhance the marketing of bonds to retail investors, our selling group members participated in the underwriting syndicate, namely, D.A. Davidson & Co., Fidelity Capital Markets, Jefferies Financial Group Inc., and Hilltop Securities Inc. The underwriting syndicate submitted \$11.645 million in orders and was allotted \$9.260 million of bonds.

### Tax-Exempt Issue Performance:

- \$169.2 million of institutional orders
- \$19.9 million in retail orders
  - \$1.3 million of which from NM retail investors

### Taxable Issue Performance:

- \$223.6 million of institutional orders
- \$0.4 million of retail orders

Total orders for the bond issue were \$413.1 million for both retail and institutional investors (not including stock member orders), which is an increase of 187% in total tax-exempt orders compared to the 2024 Series G issuance. In some cases, demand for certain bonds resulted in meaningful oversubscription which allowed Housing New Mexico to revise its pricing and lead to yields that were more advantageous for the Authority.

**Use of Bond Proceeds:** The \$120.0 million is being used to originate new mortgage loans for MFA’s *FirstHome* program and to roll forward a subsidy generated from prior bond issues which helped maintain competitive mortgage rates. The weighted average mortgage rates are as follows:

<u>Program</u>	<u>Government (FHA)</u>	<u>Conventional (FNMA &amp; FHLMC)</u>
<i>FirstHome</i>	5.985%	6.360%

**Yield Spread:** Spread is the difference between the mortgage loan yield and the bond yield. The maximum spread permitted by federal tax law on tax-exempt bond issues is 1.125% but can be higher when blended with taxable bond issues. The following table details the individual spread anticipated for each portion of the issue:

	<u>Tax-Exempt</u>	<u>Taxable</u>	<u>Aggregate</u>
Loan Yield	5.308%	6.965%	5.947%
Bond Yield	4.188%	5.727%	4.807%
<b>Spread</b>	<b>1.120%</b>	<b>1.238%</b>	<b>1.140%</b>

Additionally, the net present value benefit of the transaction is \$3.5 million or approximately 2.9% of the bonds issued. In this issue, the economic benefit of the issuance is greater before zeroes due to the use of some zeroes during origination to keep our rates below market.

**Investment of Bond Proceeds:** Funds from the bond issue are invested in Federated Hermes’ Government Obligations Fund Institutional Shares (GOIXX) through Zions Bank, the General Indenture Trustee.

**Exhibits:**

1. The attached Exhibit 1 contains a table summarizing more detailed information about the 2025 Series AB bond issue as well as bond issue characteristics from other recent single-family issuances for comparative purposes.
2. The attached Exhibit 2 is a comprehensive in-depth “Post-Sale Analysis” for 2025 Series AB, prepared by Housing New Mexico’s Financial Advisor, CSG Advisors Inc.
3. The attached Exhibit 3 is a summary from the rating agency, Moody’s, detailing how zero participations (or zeroes) function when they are created in a bond issue.

EXHIBIT 1

Housing New Mexico (MFA)  
Summary of Recent Bond Issue Characteristics

		For Info Only	For Info Only	For Info Only	For Info Only			
Type of Structure		2024A/B	2024C/D	2024E/F	2024G	2025A/B		
		New Money Blended	New Money Blended	New Money Blended	New Money Tax-Exempt	New Money Blended		
		Traditional	Traditional	Traditional	Traditional	Traditional		
		1	Tax Exempt Bonds	\$96,000,000	\$87,500,000	\$105,000,000	\$70,000,000	\$72,000,000
			Taxable Bonds	\$24,000,000	\$37,500,000	\$45,000,000	\$0	\$48,000,000
			Tax-Exempt Refunding Bonds	n/a	n/a	n/a	n/a	n/a
	Taxable Refunding Bonds	n/a	n/a	n/a	n/a	n/a		
	Total Amount of Bonds Issued	\$120,000,000	\$125,000,000	\$150,000,000	\$70,000,000	\$120,000,000		
2	Bond Issue(s) Refunded	n/a	n/a	n/a	n/a	n/a		
3	MFA Subsidy*/Benefit-(New Available)/ Present Value Economic Benefit	\$4.4 million/\$4.9 million	\$5.1 million/\$6.4 million	\$7.0 million/\$8.9 million	\$2.2 million/\$3.5 million	\$4.0 million/\$3.5 million		
4	Original Bond Ratings: Moody's	Aaa	Aaa	Aaa	Aaa	Aaa		
5	Pricing Date(s)	1/24/2024	4/16/2024	7/16/2024	11/18/2024	1/23/2025		
6	Bond Closing Date	2/22/2024	5/23/2024	8/20/2024	12/19/2024	2/26/2025		
7	Serial Bond Maturities							
	AMT	None	None	None	None	None		
	Non-AMT	3/1/25-9/1/36	3/1/25-9/1/36	9/1/25-9/1/36	3/1/26-9/1/36	9/1/26-9/1/37		
	Taxable	3/1/25-9/1/33	9/1/25-9/1/34	9/1/25-9/1/34	None	9/1/26-9/1/36		
8	Term Bond Maturities							
	Non-AMT	9/1/39,9/1/44 9/1/49,9/1/54	9/1/39,9/1/44 9/1/49,9/1/54	9/1/39,9/1/44 9/1/49,9/1/54	9/1/39,9/1/44 9/1/49,9/1/54	9/1/40,9/1/45 9/1/50,9/1/55		
	Taxable	9/1/39,9/1/44 9/1/49,9/1/54	9/1/39,9/1/44 9/1/49,9/1/54	9/1/39,9/1/44 9/1/49,9/1/54	None None	9/1/40,9/1/45 9/1/50,9/1/55		
9	Premium PAC Maturity							
	Non-AMT	3/1/55	3/1/55	3/1/55	9/1/55	3/1/2056		
	Taxable	None	3/1/55	3/1/55	None	3/1/2056		
10	Split Between FIRST HOME Government and Conventional Loans							
	Government	74%	74%	72%	82%	66%		
	Conventional	26%	26%	28%	18%	34%		
11	Weighted Average Loan Rates+							
	FIRST HOME - Government	6.027%	6.314%	6.252%	5.750%	5.985%		
	FIRST HOME - FNMA <80%	6.371%	6.718%	6.619%	6.125%	6.360%		
	FIRST HOME - FNMA >80%	6.371%	6.718%	6.619%	6.125%	6.360%		
	FIRST HOME - FHLMC <80%	6.254%	6.660%	6.619%	6.125%	6.360%		
	FIRST HOME - FHLMC >80%	6.254%	6.660%	6.619%	6.125%	6.360%		



12	10-Year Treasury Rate at Pricing	4.13%	4.67%	4.16%	4.42%	4.65%
13	MFA Contribution at Closing					
	Cost of Issuance (COI)	\$1,035,000	\$1,075,000	\$1,235,000	\$680,000	\$1,035,000
	COI as a % of Bonds Issued	0.86%	0.86%	0.82%	0.97%	0.86%
	Negative Arbitrage Deposit	\$1,450,000	\$1,500,000	\$2,000,000	\$1,250,000	\$3,000,000
14	Yield Spread	n/a	n/a	n/a	n/a	n/a
15	Administrative Fee (to MFA)	0.180%	0.180%	0.180%	0.180%	0.200%
16	Bond Allocation System Followed***	Yes	Yes	Yes	Yes	Yes

\*Subsidy generated by a prior bond issue.

+Weighted average rate of loans in the pipeline.

\*\*The Guaranteed Investment Contract is competitively bid.

\*\*\*The bond allocation system that is followed is common in the investment banking industry and is as follows:

The lead manager keeps track of when the orders are received which is referred to as an order flow tracking system.

The bond allocation system also dictates that Bonds are awarded to managers prior to any selling group members

even though group members may have entered orders first. In-state retail orders receive first priority,

followed by orders for the benefit of the group which are allocated by management fee percentage;

next are net designated orders placed through the senior manager where the buyer designates the sales credit

to specific managers, and finally, member orders receive the lowest priority.

**\$120,000,000**  
**New Mexico Mortgage Finance Authority**  
**Single Family Mortgage Program Class I Bonds**  
**\$72,000,000 2025 Series A (Tax-Exempt) (Non-AMT)**  
**\$48,000,000 2025 Series B (Federally Taxable)**

**POST-SALE ANALYSIS**

---

***KEY RESULTS FOR HNM***

***Purpose.*** This transaction is a traditional single-family bond issue with semi-annual interest and principal, though bonds can be redeemed quarterly from excess revenues. Its purpose, like similar prior new money transactions, is to:

1. Finance new loan production at attractive interest rates for homebuyers,
2. Provide beneficial economics to HNM with as close to the maximum yield spread permitted by the IRS as possible,
3. Use taxable financing for 40% of the par amount of the bonds, thus stretching scarce private activity bond volume cap,
4. Strategically use HNM's zero participation loans as needed, and
5. Keep negative arbitrage to a minimum.

Additionally, this transaction reallocates some of the zero participation loans from the prior series (2024 Series G). 2024 Series AB will reallocate approximately \$17.0 million of HNM's estimated \$30.6 million zero participation loans. A future bond issue will reallocate the remaining the remaining zero participation loans.

***Approach and Strategy.*** For the fourth time in at least a decade, MFA issued a portion of a new money financing with taxable bonds, thus reducing the amount of new volume cap needed in the transaction. MFA has used taxable bonds in the recent past to economically refund prior bonds, but only recently starting with 2024 Series AB used taxable bonds to finance the purchase of new loans.

From a strategic point of view, HNM has been:

1. Building a loan pipeline by reserving loans, while reviewing expected rates on a traditional bond structure,
2. Issuing bonds to begin financing mortgage-backed securities at bond closing through a 3 to 4 month origination period, and
3. Protecting itself against rates rising before bonds are sold by using zero participation interest subsidies it has earned from past transactions.

***Primary Objectives.*** HNM therefore has four primary objectives in this issuance:

1. Finance existing production at the lowest yield possible,
2. While keeping mortgage loan rates low, strategically use HNM's approximately \$30.6 million of zero participations (prior to issuing 2025AB) to achieve full spread and preserve more zero participations for future production, and
3. Include taxable bonds (40% of total par) in the structure, thus reducing the use of new volume cap which is in greater demand across the state, and
4. Raise bond premium in order to generate proceeds to help fund the purchase of the MBS from the servicer at 101%, to fund cash flow lag, and to fund all of the costs of issuance of the transaction.

**Structure.** The 2025AB bonds:

- Included bond proceeds sufficient to finance \$120.0 million of new pipeline production and provide sufficient proceeds to use and store zero participations,
- Both 2025A and 2025B were structured with serial bonds, term bonds, and Planned Amortization Class (PAC) bonds,
- Sold the 2025A and 2025B PAC bonds with a total premium of \$2.8 million which provides additional funds to purchase \$120.0 million of MBS and costs of issuance.
- Were priced 5 weeks prior to closing, enabling HNM to lock in its borrowing cost sooner as well as finance more of its pipeline production prior to closing, thus reducing both interest rate risk and negative arbitrage,
- Allow for either GNMA, Fannie Mae (FNMA), or Freddie Mac (FHLMC) MBS depending on HNM's loan pipeline,
- Provided HNM with an optional call in less than 9 years at par (or slight premium with regard to the PAC bond) if it proves profitable to redeem the bonds in the future,
- Deposited \$2.6 million of Authority Surplus funds in a negative arbitrage account to provide necessary funds to cover non-origination stress test in rating agency cash flow runs. We expect most or all such funds to be transferred back to HNM within 12 to 18 months, as it isn't expected to be needed once the MBS are purchased several months after closing as anticipated.

**Results.** Both the 2025A and 2025B bond structure consisted of three major components: serial bonds, term bonds and premium PAC bonds.

1. **Yields.** The aggregate bond yield (true interest cost) of the total 2025AB issuance was 4.95% assuming 100% FHA prepayments (compared to 4.29% for the 2024G bonds sold two months prior in November, which was fully tax-exempt).
2. **Use of Zero Participations.** In order to achieve full yield spread, 2025AB is forecasted to use \$1.85 million in zeros on a nominal basis resulting in a total of \$28.75 million in zeros for future bond issues (assuming participation with a future issue in 3 months).
3. **Net Economic Benefits.** The transaction's projected net present value was \$4.0 million at 150% PSA prepayment speed, or approximately 3.4% of the bonds issued. Including the impact of zeros created, the net present value was \$3.5 million.

**Bond Results.** Following are key highlights:

1. **Timing.** The bonds were priced on the morning of Thursday, January 23<sup>rd</sup>, with a combined single 2.5 hour order period for both retail and institutional buyers.

General municipal bond issuance as well as housing bond issuance was strong during the week of 2025AB's pricing. In addition to HNM's sale, two other state HFA single family bond issues priced during the week of January 20<sup>th</sup> (Connecticut and South Dakota).

On the pricing date of January 23<sup>rd</sup>, the 10-year Treasury was higher by 0.05% from the prior market day to a 4.65% yield. The municipal market as measured by the 10-year MMD rate did not change compared to the prior day. See "Market Details" below for a full description of the market leading up to the pricing date.

**Retail Interest.** On the morning of Thursday, January 23<sup>rd</sup>, a 2.5 hour order period was established with first priority to orders from New Mexico retail investors and second priority to national retail investors. This resulted in a total of \$19.7 million of retail orders for the 2025A bonds (\$1.3 million of New Mexico retail), fewer orders than received for HNM's 2024G sale. There were only \$0.4 million of retail orders for the taxable 2025B bonds, as taxable demand largely comes from institutions.

2. **2025A Institutional Interest.** In all, institutions put in orders for the 2025A bonds totaling \$169.2 million (compared to \$67.5 million for 2024G). Due to subscription across the serial bonds none of the serial bond yields were increased while the first three serial maturities were lowered by 2.5 – 5.0 bps. The 2040 and 2045 term bonds were 1.6x and 1.3x subscribed such that yields were left unchanged. Similarly, the 2050 and 2055 term bonds were 0.9x and 1.5x subscribed, and yields were left unchanged. Investor interest in the \$24.8 million in PAC bonds was heavy, with 5.2x subscription resulting in a yield reduction of 5 basis points at final pricing.
3. **2025B Institutional Interest.** In all, institutions put in orders for the 2025B bonds totaling \$224 million compared to only \$48 million of bonds offered. Due to adequate subscription and no unsold balances, yields on the serial bonds were left unchanged. Due to 5.6x, 5.0x, and 4.9x subscription, the 2040 and 2045 term bonds as well as the PAC bonds were reduced in yield by 0.05%, while the 2055 term bond yield was reduced by 0.06% due to 6.5x subscription.
4. **Selling Group.** To enhance the order flow, particularly with retail investors, four selling group members were included in the underwriting syndicate for 2025A. Selling group members included D.A. Davidson, Fidelity Capital Markets, Hilltop Securities, and Jefferies. See below for orders and allotments from the selling group, of which Fidelity brought the most orders to the pricing:

**TABLE 1: RETAIL ORDERS BY SELLING GROUP MEMBER (THOUSANDS):**

Selling Group Member	Orders	Allotments
Fidelity Capital Markets	\$ 10,970	\$ 8,645
D.A. Davidson	675	615
Hilltop	-	-
Jefferies	-	-
<b>TOTAL</b>	<b>\$ 11,645</b>	<b>\$ 9,260</b>

*\*Excludes unfilled stock orders.*

The selling group was useful to the issuance in terms of generating additional retail interest. Fidelity led the selling group in orders that received allotments, followed by D.A. Davidson.

5. **2025A Comparable Transactions (Tax-Exempt).** The 2025A bonds priced similarly to the other comparable tax-exempt issue that priced the same week, the \$159 million South Dakota (Aaa/AAA) issue. HNM's serial bonds priced similarly to South Dakota, though South Dakota had far fewer serials. Most importantly, each of HNM's 4 term bonds priced inside the same spreads as South Dakota. HNM's PAC bond (5.6 year average life, 75-400% PSA band) priced at the same spread as South Dakota (75-500% PSA band) which had a wider PAC band than HNM's PAC.
6. **2025B Comparable Transactions (Taxable).** The 2025B taxable bonds priced at slightly higher yields and spreads than Connecticut and South Dakota's comparable taxable issues. South Dakota did not have a taxable PAC bond, but Connecticut did have a PAC that sold at a higher spread than MFA's PAC bond. MFA's 2025B taxable issuance priced in line with recent taxable housing bond transactions.

## **MARKET DETAILS**

**Key Dates:** Retail and Institutional Order Period: Thursday, January 23, 2025  
Closing Date: Wednesday, February 26, 2025

**Market Commentary.** Throughout 2024, economic resilience and persistently high inflation had delayed potential Fed rate cuts, until labor market weakness pushed the Fed to cut rates by 50 basis points in September and by 25 basis points in both November and December. However, a volatile start to the Trump presidency and sticky inflation combined with a sturdy U.S. economy have led the Fed to be cautious about future rate cuts, with officials now expecting only two rate cuts in 2025.

- So far this year, the elevated supply of municipal bonds has been met with ample investor demand, with housing bonds attracting investors for the added value they provide. Higher absolute tax-exempt and taxable rates have resulted in tighter housing bond spreads to MMD and US Treasury rates, respectively. PAC bond investors are more selective than usual based on PAC band, prepayment speed history, and collateral.
- Recent reports indicating ongoing U.S. economic resilience have bolstered optimism that the Fed's monetary tightening may not precipitate a recession or stagnation. However, this resilience has also raised concerns that a sustained period of economic expansion could lead to higher long-term rates. Additionally, the Trump administrations threat of tariffs to a variety of countries has increased the potential for inflation, causing the long end of the yield curve to rise precipitously since the election.

With the strength of the U.S. economy suggesting a 'soft landing' (or 'no landing') from the Fed's tightening campaign is possible, ratios between municipals and treasuries remain very attractive for issuers of tax-exempt bonds.

**Treasuries.** As of market close on the day of pricing, the 10-year US Treasury yield was 4.65%, 23 bps higher than when the 2024G bonds priced in November. The yield curve remained slightly inverted across T-bill rates to the 1-year but has a positive slope through the longer maturities.

**Municipals.** Though municipal bond yields tend to follow movements of treasury yields, the relationship has been most disrupted by high profile municipal credit events, international investment flows, US tax changes, significant geopolitical events, and flights to the safety of US Treasuries in times of capital markets turmoil (such as upon Iran's October 1 missile bombardment of Israel). Additional factors include:

- Supply. Fixed-rate municipal bond new issuance through February 2025 was up 11.8% compared to the same period of 2024. As of March 14, *The Bond Buyer's* 30-day visible supply fell to \$13.7 billion, down from a weekly high of \$15.3 billion in the previous week but above the \$11.4 billion monthly average of the last year.
- Demand. In 2023 and 2024 net capital outflows from bond funds have been mixed, but growth in exchange traded funds ("ETFs") and separately managed professional retail accounts ("SMAs"), as well as redemptions of outstanding bonds, have helped keep demand firm. The Fed's recent rate cuts have confirmed its confidence that inflation is easing, but the cuts have also raised fears that the US economy may be weakening. Prospects of lower rates have encouraged retail investors to shift their purchases to longer maturities, though erratic employment reports have worried institutional buyers. Overall, demand has remained positive for tax-exempt bonds.
- Credit. After the pandemic drove credit spreads between US Treasury bonds and Baa-rated corporate bonds to their widest since the Great Recession (to approximately 4%), in 2024 these spreads have stayed below 2%, reflecting optimism about the state of the economy and benefiting riskier securities.
- Ratios. Showing the greater sensitivity of treasury yields to global investor sentiment and other market changes, ratios between the 10-year MMD index and the 10-year treasury bond yields and the 30-year MMD and the 30-year treasury yields often do not move in synch. Spreads between the 10-year and

30-year MMD index levels and their respective US Treasury yields are important indicators for institutional investors in tax-exempt bonds and remain favorable to HFAs. On the date of pricing for 2025AB, the 10-year MMD/Treasury ratio was 66%, compared to ratios in the 80% range in late 2022 and ratios in the 60% to low 70% range throughout 2023 (see **Table 2** below).

**TABLE 2: COMPARISON OF RATES IN RECENT TRANSACTIONS**

Issue	Date	10 Year MMD	10 Year Treasury	MMD to Treasury Ratio	30 Year MMD	30 Year Treasury	MMD to Treasury Ratio
2023 A	1/25/23	2.19%	3.46%	63%	3.18%	3.62%	88%
2023 B	4/20/23	2.36%	3.54%	67%	3.40%	3.74%	91%
2023 C	7/13/23	2.59%	3.76%	69%	3.51%	3.89%	90%
2023 D	10/19/23	3.59%	4.98%	72%	4.53%	5.11%	89%
2024 AB	1/25/24	2.46%	4.13%	60%	3.61%	4.38%	82%
2024 CD	4/16/24	2.74%	4.66%	59%	3.90%	4.76%	82%
2024 EF	7/16/24	2.78%	4.16%	67%	3.66%	4.37%	84%
<b>2024 G</b>	<b>11/18/24</b>	<b>2.94%</b>	<b>4.42%</b>	<b>67%</b>	<b>3.79%</b>	<b>4.61%</b>	<b>82%</b>
<b>2025 AB</b>	<b>1/23/25</b>	<b>3.07%</b>	<b>4.65%</b>	<b>66%</b>	<b>4.02%</b>	<b>4.87%</b>	<b>83%</b>
<i>Change from 2024G to 2025AB</i>		<i>+ 13 bps</i>	<i>+ 26 bps</i>	<i>- 1%</i>	<i>+ 23 bps</i>	<i>+ 26 bps</i>	<i>+ 1%</i>

## UNDERWRITING

**Underwriter.** RBC Capital Markets served as senior managing underwriter and Raymond James as co-manager. As described above, there was also a four-firm selling group.

**Underwriting Fees.** The underwriter discount of \$6.58 per \$1,000 bonds is reasonable compared to other similarly sized issues in the market.

**Performance.** RBC Capital Markets as book-running senior manager and Raymond James as co-manager worked well together and achieved sufficient order flow as described above and evidenced by \$413 million in total orders (excluding stock member orders).

The four-firm selling group enhanced the sale of the bonds. We recommend that HNM use a selling group on the next traditional bond issuance as well.



*This Official Statement has been prepared on behalf of the New Mexico Mortgage Finance Authority, dba Housing New Mexico ("Housing New Mexico") to provide information on the Offered Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Offered Bonds, a prospective investor should read this Official Statement in its entirety. Unless indicated, capitalized terms used on this cover page have the meanings given in this Official Statement.*

**NEW MEXICO MORTGAGE FINANCE AUTHORITY****\$120,000,000****Single Family Mortgage Program Class I Bonds****\$72,000,000****2025 Series A****(Tax-Exempt) (Non-AMT)****\$48,000,000****2025 Series B****(Federally Taxable)****Dated: Date of Delivery****Due: As shown on inside cover***Purpose of the Offered Bonds*

The proceeds of the Offered Bonds, together with any moneys made available upon the issuance of the Offered Bonds and other available funds, will be made available for use by the Trustee, on behalf of Housing New Mexico, to (a) purchase: (i) mortgage loan pass through certificates guaranteed as to timely payment of principal and interest by GNMA, (ii) mortgage loan pass through certificates issued and guaranteed as to timely payment of principal and interest by Fannie Mae and/or (iii) mortgage loan pass through certificates issued and guaranteed as to timely payment of principal and interest by Freddie Mac, (b) make deposits to certain funds and accounts under the Indenture and (c) pay certain costs of issuing the Offered Bonds. See "FINANCING PLAN" herein.

*Tax Matters*

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the 2025 Series A Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the 2025 Series A Bonds may affect the federal alternative minimum tax imposed on certain corporations. Interest on the 2025 Series B Bonds is included in gross income for federal income tax purposes. Bond Counsel is also of the opinion that, under existing laws of the State of New Mexico, the Offered Bonds and the income therefrom are free from State taxation except for estate or gift taxes and taxes on transfers. See "TAX MATTERS" herein.

*Redemption*

The Offered Bonds are subject to redemption prior to their respective stated maturities at the times, under the conditions, and at the prices set forth herein. See "DESCRIPTION OF THE OFFERED BONDS – Redemption Provisions" herein.

*Security*

The General Indenture provides that Bonds (defined herein) and Auxiliary Obligations (defined herein) be designated a priority class, with Class I being the highest priority and the priority order decreasing as the Roman numerals increase. Bonds and Auxiliary Obligations of each Class issued under the General Indenture are equally and ratably secured by the pledges and covenants contained therein with other Bonds and Auxiliary Obligations of the same Class. **The Offered Bonds are being issued as Class I Bonds under the General Indenture. All Bonds issued under the General Indenture to date have been issued as Class I Bonds. The General Indenture, the 2025 Series AB Indenture, and all supplemental indentures, including supplemental indentures providing for the issuance or remarketing of any Bonds, are referred to herein collectively as the "Indenture".** The Offered Bonds are special obligations of Housing New Mexico, payable solely from and secured solely by the pledge pursuant to the Indenture of the revenues and assets derived from the proceeds of the Bonds, including the Mortgage Certificates and the moneys and securities held in the Funds and Accounts created by the Indenture (other than the Rebate Account and amounts deposited therein). In no event shall the Offered Bonds constitute an obligation or liability (either general or special) of the State of New Mexico or any political subdivision thereof or constitute or give rise to a pecuniary liability of the State of New Mexico or any political subdivision thereof. Housing New Mexico has no taxing power and has no power to pledge the general credit or taxing power of the State of New Mexico or any political subdivision thereof. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein. The Offered Bonds are not a debt of the United States of America, or any agency thereof, including GNMA, Fannie Mae or Freddie Mac. The obligations of Fannie Mae and Freddie Mac, including their obligations under the Mortgage Certificates, are not backed by the full faith and credit of the United States of America.

*Interest Payment Dates*

March 1 and September 1, and at maturity, commencing September 1, 2025.

*Interest Rates*

As set forth on the inside cover hereof.

*Denominations*

The Offered Bonds will be issued in denominations of \$5,000 each, or any integral multiple thereof.

*Delivery Date*

February 26, 2025

*Bond Counsel*

Kutak Rock LLP, Omaha, Nebraska

*Underwriters' Counsel*

Orrick, Herrington & Sutcliffe LLP, San Francisco, California

*Counsel to Housing New Mexico*

Stelzner, Winter, Warburton, Flores & Dawes, P.A., Albuquerque, New Mexico

*Trustee*

Zions Bancorporation, National Association, Denver, Colorado

*Book-Entry-Only System*

The Depository Trust Company. See "APPENDIX F – BOOK ENTRY SYSTEM" attached hereto.

**RBC Capital Markets****Raymond James**

Dated: January 23, 2025

# MOODY'S

## RATINGS

**Rating Action: Moody's Ratings assigns Aaa to New Mexico Mortgage Finance Authority's Single Family Mortgage Program Class I Bonds, 2025 Series A (Tax Exempt) (Non AMT) and 2025 Series B (Federally Taxable), outlook negative.**

---

14 Jan 2025

New York, January 14, 2025 -- Moody's Ratings (Moody's) assigns a rating of Aaa to the proposed \$120,000,000 of New Mexico Mortgage Finance Authority (the "Authority") Single Family Mortgage Program Class I Bonds, 2025 Series A (Tax Exempt) (Non AMT) and 2025 Series B (Federally Taxable). We maintain the Aaa rating on the parity debt of \$1.9 billion outstanding held under the indenture. The outlook is negative.

### RATINGS RATIONALE

The Aaa rating reflects the high quality of the collateral which is comprised of 100% mortgage backed securities (MBS), the stable overcollateralization of the program at 1.04x, and profitability of 9.77%. This is a turnaround from the prior two years of negative profitability. Profitability will continue to rise on the future revenues from the recent years of bond issuance. Figures are based on 2023 audited financials after our adjustments.

### RATING OUTLOOK

The outlook is negative reflecting the program's dependency on the US government, which provides the enhancement in the form of MBS collateral. If the US government is downgraded, credit quality of this program could deteriorate unless asset-to-debt ratios improve to levels consistent with a Aaa rating.

### FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- N/A

### FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS



- Deterioration of the financial performance of the program.
- Downgrade of the U.S. Government rating

## LEGAL SECURITY

The bonds are special obligations of the Authority, payable from and secured by all revenues and assets of the program.

## USE OF PROCEEDS

The 2025 Series A and 2025 Series B bonds are being issued to fund first lien, single family mortgage loans. The mortgage loans to be originated will be wrapped in a guarantee by Ginnie Mae (GNMA), Fannie Mae (FNMA) or Freddie Mac (FHLMC). The guarantee provides that monthly payments will be made to the trustee, regardless of the performance of the underlying mortgages. A portion of the mortgage loans originated under the 2024 Series E and 2024 Series F bonds will be participated with 2025 Series A and 2025 Series B bonds. Additionally, a portion of the loans originated under the 2025 Series A and 2025 Series B bonds will be participated with a future issuance.

Bond premium and an Authority contribution will be used to pay cost of issuance and to fund the Capitalized Interest Account.

## PROFILE

Since its inception, NMMFA has issued sixty eight series of mortgage revenue bonds under the Single Family Mortgage Program Class I Bonds 2005 General Indenture dated as of November 1st, 2005. The bonds under the indenture are equally and ratably secured on a parity basis with the Authority's prior Single-Family Mortgage Program Class I Bonds and with any additional Single-Family Mortgage Program Class I Bonds hereafter issued pursuant to the Trust Indenture.

## METHODOLOGY

The principal methodology used in these ratings was US Housing Finance Agency Single-Family Housing published in October 2024 and available at <https://ratings.moodys.com/rmc-documents/430701>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

## REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on

<https://ratings.moodys.com/rating-definitions>.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see <https://ratings.moodys.com> for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on <https://ratings.moodys.com> for additional regulatory disclosures for each credit rating.

Timothy Mone  
Lead Analyst

Rachael McDonald  
Additional Contact

Releasing Office:  
Moody's Investors Service, Inc.  
250 Greenwich Street  
New York, NY 10007  
U.S.A  
JOURNALISTS: 1 212 553 0376

**New Mexico Mortgage Finance Authority**  
**Single Family Mortgage Program Class I Bonds**  
**2025 Series A (Tax-Exempt) (Non-AMT)**  
**2025 Series B (Federally Taxable)**



**2025AB Summary of Transaction Assumptions**

**SOURCES OF FUNDS**

2025AB Bond Principal	\$ 120,000,000.00
2025AB Net Bond Premium	2,815,200.00
Authority Contribution	3,239,800.00
<b>TOTAL</b>	<b>\$ 126,055,000.00</b>

**USES OF FUNDS**

2025 Series AB Subaccount of the Acquisition Account	\$ 122,400,000.00
Deposit to 2025 Series AB Revenue Fund	10,000.00
Deposit to 2025 Series AB Negative Arbitrage Account	2,600,000.00
Underwriters' Discount	792,481.25
Costs of Issuance	252,518.75
<b>TOTAL</b>	<b>\$ 126,055,000.00</b>

**ECONOMIC ANALYSIS**

	<b>Present Values:</b>				
	100% PSA	150% PSA	200% PSA	300% PSA	400% PSA
(4.0% Discount Rate)					
2025AB Ext. Distributions	\$ 5,797,763	\$ 5,017,680	\$ 4,414,550	\$ 3,566,117	\$ 3,042,804
2025AB Issuer Fee	1,959,329	1,652,981	1,426,747	1,121,710	929,417
2025AB Origination Fees	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Less: General Fund Contribution	(3,239,800)	(3,239,800)	(3,239,800)	(3,239,800)	(3,239,800)
Less: Deposit to Revenue Fund (Lag)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)
<b>Net Econ Benefit Before Zeros</b>	<b>\$ 5,117,291</b>	<b>\$ 4,030,861</b>	<b>\$ 3,201,496</b>	<b>\$ 2,048,028</b>	<b>\$ 1,332,421</b>
	4.3%	3.4%	2.7%	1.7%	1.1%
PV of 2025AB Zeros Created/(Used)	(608,584)	(499,012)	(413,889)	(301,374)	(243,787)
<b>Total 2025AB Net Econ Benefit</b>	<b>4,508,707</b>	<b>3,531,849</b>	<b>2,787,607</b>	<b>1,746,654</b>	<b>1,088,634</b>
PV as a % of Bonds	3.8%	2.9%	2.3%	1.5%	0.9%

**Bonds - Key Dates**

	<b>2025AB</b>
Pricing Date	1/23/2025
Closing Date	2/26/2025
First Bond Interest Payment Date	9/1/2025
First Redemption Date	9/1/2025
First Optional Redemption Date	3/1/2033

**Structured Bonds**

	<b>2025A</b>	<b>2025B</b>
Principal Amount of 2025AB PAC Bonds	24,840,000	16,560,000
2025AB PAC Bond Issue Price	109.280%	103.080%
Maturity Date of PAC Bonds	3/1/2056	3/1/2056
Minimum Prepayment Rate for PAC Bonds (% of PSA)	75%	75%
Maximum Prepayment Rate for PAC Bonds (% of PSA)	400%	400%
Average Life (Years, within PAC Band Assumptions)	5.5	5.5

**2025AB MBS Purchase Dates - Cash Flow Analyses**

Acquisition Fund	Last MBS	Bond Redemption
to be Expended	Purchase Date	Date
\$122,400,000	8/31/2025	10/1/2025

**2025AB Yield Summary**

	Aggregate	Tax-Exempt	Taxable
Loan Yield	5.947%	5.308%	6.965%
Bond Yield	4.807%	4.188%	5.727%
Spread	1.140%	1.120%	1.238%

**2025AB COMPENSATION AND EXPENSES**

	Annual Fee	Based on	Calculated	Start Date
Trustee Fee	0.0125%	Bonds	Arrears / SIA	9/1/2025
(assumed 0.03% annual fee for cash flows)				
Authority Fee	0.2000%	Loans	Arrears / SIA	3/1/2026

**New Mexico Mortgage Finance Authority**  
**Single Family Mortgage Program Class I Bonds**  
**2025 Series A (Tax-Exempt) (Non-AMT)**  
**2025 Series B (Federally Taxable)**



**2025AB Summary of Transaction Assumptions - Bond and Loan Assumptions**

<b>2025AB BOND ASSUMPTIONS</b>	<b>Tax-Exempt</b>	<b>Tax-Exempt</b>	<b>Taxable</b>	<b>Taxable</b>	<b>Tax-Exempt</b>	<b>Taxable</b>	<b>Tax-Exempt</b>	<b>Taxable</b>
	<u>Coupon/Yield</u>	<u>Price</u>	<u>Coupon/Yield</u>	<u>Price</u>	<u>Par Amount</u>	<u>Par Amount</u>	<u>Premium/(Discount)</u>	<u>Premium/(Discount)</u>
Serials	3.25% - 3.95%	100.000%	4.48% - 5.37%	100.000%	\$ 11,335,000	\$ 4,810,000	\$ -	\$ -
2039 Term	4.000%	100.000%	5.520%	100.000%	4,000,000	3,840,000	-	-
2044 Term	4.350%	100.000%	5.910%	100.000%	8,050,000	5,275,000	-	-
2049 Term	4.550%	100.000%	5.960%	100.000%	10,350,000	7,325,000	-	-
2054 Term	4.600%	100.000%	6.010%	100.000%	13,425,000	10,190,000	-	-
Premium PAC 2055 Term	5.50% / 3.59%	109.280%	6.00% / 5.33%	103.080%	24,840,000	16,560,000	2,305,152.00	510,048.00
					\$ 72,000,000	\$ 48,000,000	\$ 2,305,152.00	\$ 510,048.00

**LOAN ORIGATION ASSUMPTIONS\***

	<b>Loan Mix</b>	<b>Wtd Avg</b>	<b>Expected</b>	<b>Draw</b>	<b>Price Paid to</b>	<b>Transfer to</b>	<b>Transfer to</b>	<b>Yield</b>	<b>Last Draw</b>	<b>Average</b>
		<u>Loan Rates</u>	<u>Principal</u>	<u>Amount</u>	<u>Servicer</u>	<u>Revenue Fund</u>	<u>MFA</u>	<u>Points</u>	<u>Date</u>	<u>Origination</u>
GNMA First Home Fund	65.9%	5.985%	\$79,030,000.00	\$80,610,600.00	101.00%	0.50%	0.50%	0.50%	8/31/2025	6/27/2025
FNMA First Home Fund	11.3%	6.360%	13,520,100.00	13,790,502.00	101.00%	0.50%	0.50%	0.50%	8/31/2025	6/16/2025
FHLMC First Home Fund	22.9%	6.360%	27,449,900.00	27,998,898.00	101.00%	0.50%	0.50%	0.50%	8/31/2025	6/16/2025
		6.113%	\$120,000,000.00	\$122,400,000.00						6/23/2025

**2025AB PARTICIPATION ASSUMPTIONS**

	<b>Principal</b>	<b>2025AB Principal</b>	<b>Total Principal</b>	<b>Weighted Avg Loan</b>	<b>Participation Percentages</b>				<b>Effective Interest</b>
					<b>2024EF</b>	<b>2025AB</b>	<b>2024EF Interest</b>	<b>2025AB Interest</b>	
	<b>Funded from</b>	<b>Expended</b>	<b>Participated</b>	<b>Rate</b>	<b>Principal</b>	<b>Principal</b>			<b>Rate on</b>
	<b>Other Bonds</b>								<b>Participations</b>
2024EF Zeros Participated with 2025AB	17,000,000	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
2025AB Zeros Created / (Used)	(1,850,000)	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Zeros Available for Future Transactions	15,150,000								
Rate Equivalent Zeros Created / (Used)	(1,191,304)								
Rate Equiv. Zeros Available**	15,808,696								
Total Pipeline of Zeros	\$30,600,000.00								
Pipeline of Zeros After 2025AB	\$28,750,000.00								

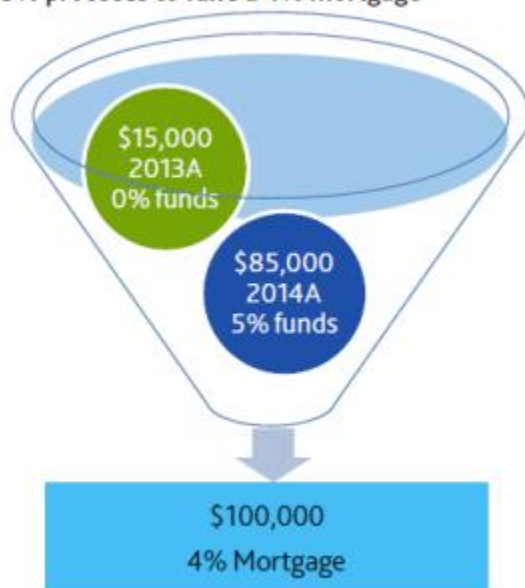
\* Assumes the origination of \$7.2MM in targeted area loans.

### EXHIBIT 3

**0% participation funds:** HFAs may elect to save the subsidy generated by the excess yield as “0% participation funds” (called zeroes) so they can be used to “blend” down higher mortgage rates in the future. For example, an HFA can earn full-spread on bond-financed mortgages if it can borrow at 4% and lend at 5%, but the prevailing mortgage rate is 4%. In this case, bond financing would not have been practical to the HFA in the example because its full-spread 5% mortgage rate is considerably higher than its competition’s 4% rate. However, if the HFA in the example has zeroes generated by a prior bond issue with excess spreads (2013A in the exhibit below) that can be used to subsidize the new bond-financed mortgages, the bond financing would be practical. That is because after the new bond sale, the HFA will have two pots of bond proceeds available for mortgage financing – one with a 5% interest rate (non-zeroes) from 2014A and the other with a 0% interest rate (zeroes) from 2013A. Therefore, the HFA in this example can blend the non-zeroes and zeroes pools to offer a 4% mortgage (see Exhibit 2).

EXHIBIT 2

Blending 0% proceeds and 5% proceeds to fund a 4% mortgage



Source: Moody's Investors Service

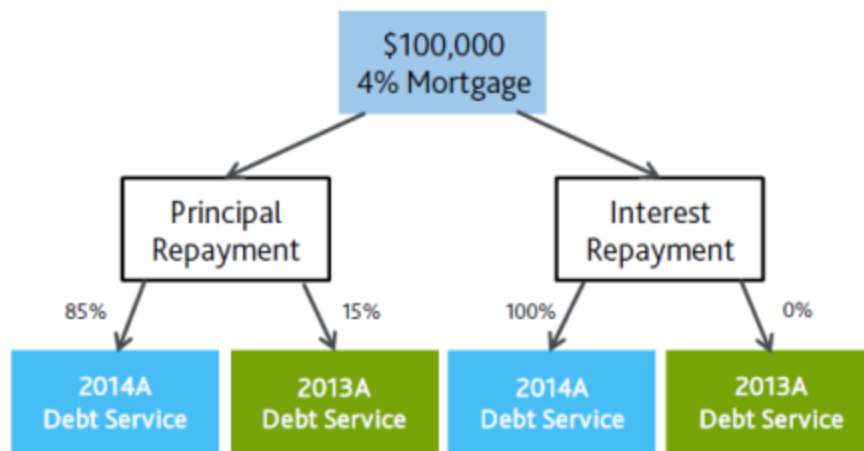
To achieve full-spread as prescribed by the federal tax law, the HFA in this example will fund (or “participate”) 85% of this mortgage with moneys from the non-zero pool and the remaining 15% from the zeroes pool. Going forward, 100% of the interest repayment from the mortgage will be used to pay debt service on 2014A bonds (whose proceeds funded the non-zeroes pool), with the principal repayment and prepayment split 85/15 between the 2014A and 2013A bonds (see Exhibit 3).



### EXHIBIT 3

EXHIBIT 3

100% of Interest repayment and 85% of principal repayment from the mortgage are used to pay 2014A debt service



Source: Moody's Investors Service

Tab 11



**Housing New Mexico | MFA  
Marketing & Communications Monthly Report  
March 2025**

**Radio Interview:**

March 1, 2025

96.3 New Radio KKOB

Topic: Housing New Mexico Turns 50

Isidoro Hernandez, Housing New Mexico Executive Director/CEO

<https://omny.fm/shows/the-weekend/housing-nm-turns-50>



**Article**

March 3, 2025

Tax Credit Advisor

NM Housing Innovation Program Can Be the Last Bucket of Money

<https://www.taxcreditadvisor.com/articles/case-study-nm-housing-innovation-program-can-be-the-last-bucket-of-money/>



## TV Interview

March 30, 2025

KRQE News

Topic: Rehab-2-Rental Program

Isidoro Hernandez, Housing New Mexico Executive Director/CEO

<https://www.krqe.com/news/new-mexico/new-program-allows-landlords-to-turn-run-down-properties-into-affordable-rentals/>



## Press Releases

March 4, 2025

Housing New Mexico celebrates grand opening of Hozho Center for Personal Enhancement

<https://housingnm.org/about-mfa/news/housing-new-mexico-celebrates-grand-opening-of-hozho-center-for-personal-enhancement>

March 25, 2025

Housing New Mexico launches Rehab-2-Rental landlord program to increase affordable housing in the state

<https://housingnm.org/about-mfa/news/housing-new-mexico-launches-rehab-2-rental-landlord-program-to-increase-affordable-housing-in-the-state>

**Featured on Website**  
Southwest Tribal Housing Alliance Website  
March 2025



<https://www.swtha.org/>



## Housing New Mexico launches Rehab-2-Rental landlord program to increase affordable housing in the state

Rehab-2-Rental Program: Expanding Affordable Housing in New Mexico

Housing New Mexico, in partnership with the New Mexico Department of Finance and Administration, has launched the **Rehab-2-Rental** program to increase affordable rental housing by providing forgivable loans of up to **\$25,000 per unit** for landlords who lease to tenant-based housing voucher holders. The program funds necessary property improvements, ensuring more quality rental options for residents.

Applications are accepted on a rolling basis open through June 2026 or until funding lasts.

An informational webinar will be held on April 2 at 11 a.m.

Learn more and apply at [housingnm.org](https://housingnm.org).

To view a full list of eligible applicants and to download the Rehab-2-Rental NOFA and related documents, click [here](#) for more information and visit the [Housing New Mexico website](#)  
Find us at:

Facebook, Instagram, YouTube: @HousingNewMexico

LinkedIn: Housing New Mexico

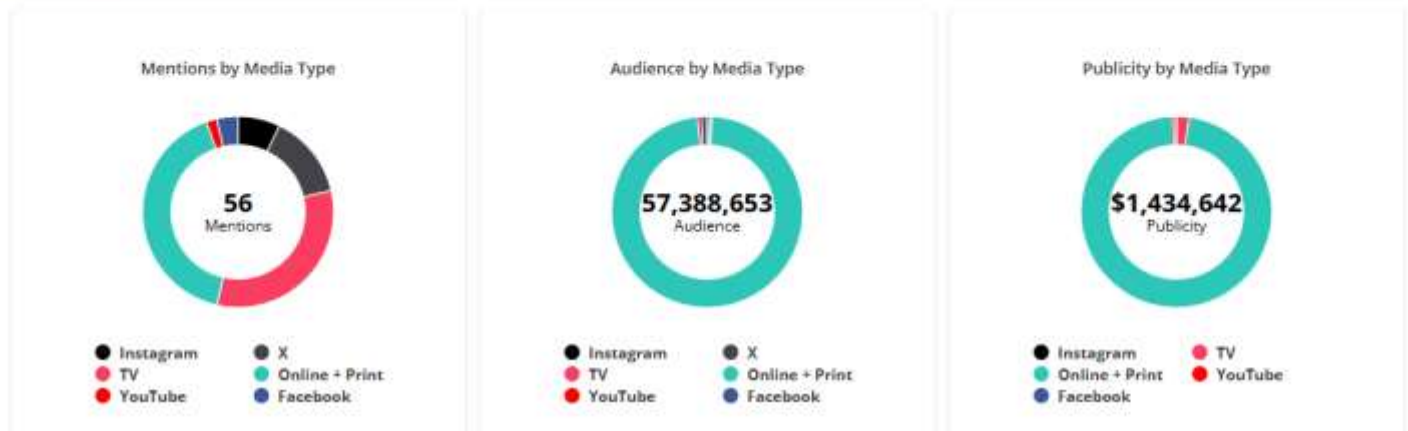
Twitter/X: @HousingNM

## Media Mentions/News Coverage

### 3.1.25 to 3.31.25 Media Mentions Report



#### Mention Analytics



## Advertisements

*New Mexico Activities Association  
State High School Basketball Championships*

Venue Electronic Board:



Video Board:



Website Banner:



App and Push Notification:



Banner:





# Need assistance purchasing a home?

Housing New Mexico offers  
**up to** \$30,000 in down  
payment and closing cost  
assistance for housing in  
the state, depending on the  
borrower's qualifications.

Visit [housingnm.org](https://housingnm.org) today  
and search participating  
lenders to get started.



[housingnm.org](https://housingnm.org)



Did you know that by **donating** to New Mexico's State Tax Credit Program, not only do you support affordable housing, but you **receive 50%** of the donation's value?



[housingnm.org](https://housingnm.org)



*The Real Estate Book*



## Unlock Your **Future Home** with Affordable Mortgage Loans & Down Payment Assistance!

Looking to buy a home in New Mexico? We offer competitive mortgage rates and exclusive down payment assistance programs designed to bring homeownership within your reach!

- **Affordable Mortgage Loans:** Tailored to fit your budget.
- **Down Payment Assistance:** Helping you get the keys faster.

Find a participating lender today to get started!  
[housingnm.org/programs/homebuyers](https://housingnm.org/programs/homebuyers)



Google



**Sponsored**



housingnm.org

<https://www.housingnm.org>

## Housing New Mexico | MFA

MFA Provides Down Payment Assistance & Competitive Interest Rate Mortgage Loans. Contact **New Mexico** Mortgage Finance Authority Today For Help Purchasing Your Home.

Mortgage lender · 5.9 mi · Albuquerque · Closed · Opens 8 AM Mon

[Homebuyer Resources](#) · [Homeowner Assistance](#) · [About Mfa](#) · [Inquire Now](#) · [News Center](#)



Call us



**Sponsored**



housingnm.org

<https://www.housingnm.org>

## Housing New Mexico

Find **Affordable Housing** in NM — MFA Is **New Mexico's** Leader In **Affordable Homes**. Find Quality **Affordable Housing** Nearby. **New Mexico** MFA Can Help You Find **Affordable Housing** Programs. Let MFA Help You Today. Specialized **Housing**. Emergency **Shelter**. **Affordable** Living. Save Big on **Housing**.

[News Center](#) · [Homebuyer Resources](#) · [About Us](#) · [Inquire Now](#) · [Mortgage Calculators](#)



Call us

### Google Ads March Report:

The two Google search campaigns continue to have a strong performance. Housing New Mexico's Google ads resulted in 672 conversions as follows:

- Phone calls directly from the ads: **129**
- Phone calls from the website after clicking on an ad: **324**
- Contact form submissions: **219**

*Conversions = The number of leads Housing New Mexico received after a user clicked on an ad*





*Albuquerque Journal Venue Plus*

March 14



Need assistance  
purchasing your  
**first home?**

We can help!



To learn more, visit: [www.housingnm.org](http://www.housingnm.org)

March 28



Help build affordable  
housing by making a  
donation through the New  
Mexico State Tax Credit  
Program and **receive a tax  
credit equal to 50%** of the  
value of the donation.

To learn more, visit: [www.housingnm.org](http://www.housingnm.org)



## Round the Roundhouse



## Preserving **Homes**, Strengthening **Communities**

At Housing New Mexico, we're committed to preserving communities and keeping them safe, affordable, and energy-efficient.

In fiscal year 2024, we invested over **\$16.8 million** to preserve **1,108 homes** ensuring families have stable and healthy living spaces.

### 2024 Production Highlights



**18,981**  
**5,769**  
**940**  
**\$736,970,000**

Families served  
Homes produced, financed or preserved  
New rental and single-family homes financed  
Total funding administered



**Over \$3 million**  
provided to *rehabilitate*  
256 homes



**Over \$13.8 million**  
provided to *weatherize*  
852 homes



Scan for more information on  
our **Home Rehabilitation** and  
**Weatherization** programs!



## Turn **Tax Season** into **Savings Season** with the New Mexico State Tax Credit Program!

### WHY DONATE?

Help fellow New Mexicans like Dennis and Iesha (pictured above) become homeowners and receive a **tax credit equal to 50% of the value of the donation.**



### WHO CAN DONATE?

Individuals and businesses.

### WHAT TO DONATE?

Donations may include land, buildings, money or services.

### WHERE TO DONATE?

1		To the New Mexico Affordable Housing Charitable Trust, a 501(c)3 organization administered by Housing New Mexico (only accepts cash, stocks, and bonds) <b>OR</b>
2		Directly to affordable housing developments

Dennis and Iesha became homeowners through Santa Fe Habitat for Humanity thanks to affordable housing state tax credits.

*"Being a homeowner, to me, means that this is mine. It's independence. Being at peace is the one thing we love the most."*  
- Iesha

*"Our life has changed; it's gotten more stable. It's nice to know we have somewhere to stay."* - Dennis



[housingnm.org](https://housingnm.org)

## Outreach

**March 4:** Hozho Center for Personal Enhancement Grand Opening  
(Gamerco/Gallup)



**March 11-15:** New Mexico Activities Association State High School Basketball  
Championships (Albuquerque)



**March 26:** 2025/2026 New Mexico State Plan for the U.S. Department of Energy's  
Weatherization Assistance Program (NM Energy\$mart) Public Hearing (Albuquerque)

**March 28:** South Central Council of Governments Meeting (Socorro)



# Constituent Inquiries

145



- About Us
- Programs
- Partners
- Plans & Reports
- Funding Opportunities
- Meetings, Notices & Webcasts
- Logins
- Contact Us

Search

ENG ESP

## Contact Us

Housing New Mexico | MFA is open from 8 a.m. to 5 p.m. Monday through Friday.  
Mortgage payments may be dropped in the front drop box anytime.



Housing New Mexico offers a wide variety of housing-related programs. Please select the drop-down menu topic that best applies to your situation.\*

Please Select



First name\*

Last name\*

Phone number\*

Email\*

Property address\*

## Social Media Analytics

LinkedIn: Housing New Mexico

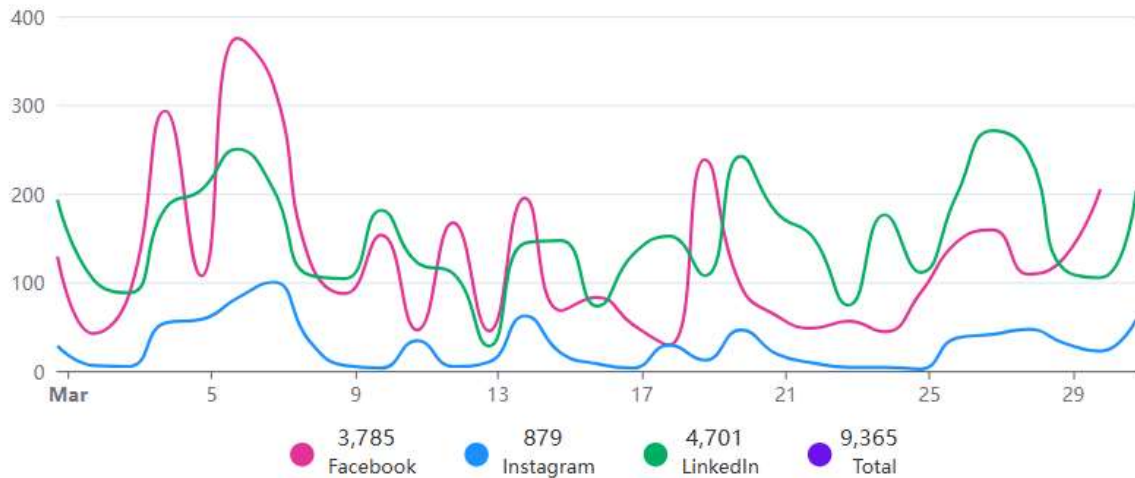
Facebook: @HousingNewMexico

Instagram: @HousingNewMexico

YouTube: @HousingNewMexico

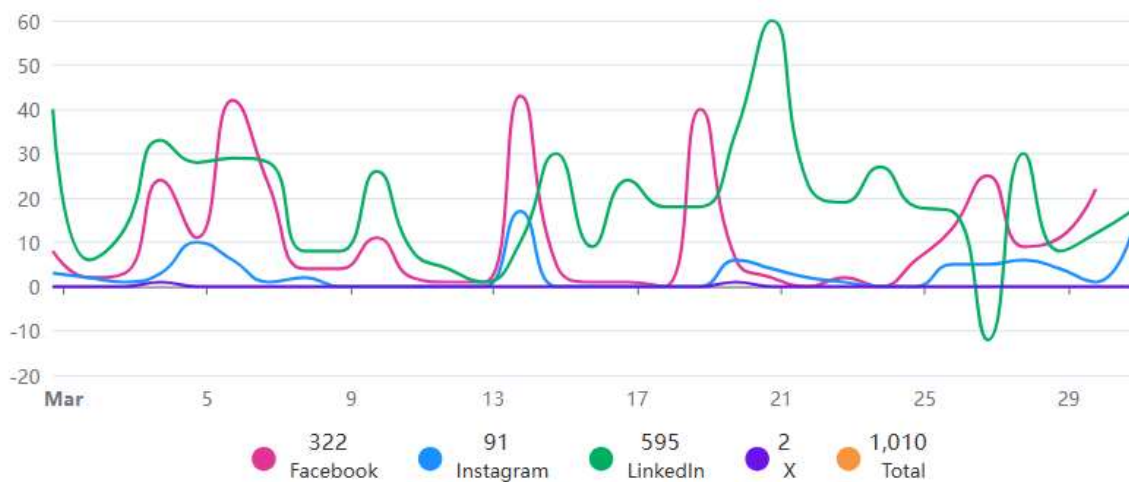
X/Twitter: @HousingNM

### Cross-Channel Impressions ⓘ



Impressions = The number of times Housing New Mexico social media page content was displayed.

### Cross-Channel Engagements ⓘ



Engagements = Depending on platform, engagements include likes, comments, shares, clicking on links, saves, story replies, post clicks.

## Top Post Performance

### f Housing New Mexico ⓘ



**Housing New Mexico**  
Mar 6, 2025 2:00 PM

Housing New Mexico | MFA is accepting Requests for



Clicks	Reactions	Comments
21	31	1
Shares	Reach	Impressions
14	754	796



**Housing New Mexico**  
Mar 14, 2025 2:00 PM

We had an amazing time at the job fairs at the University of New



Clicks	Reactions	Comments
38	12	0
Shares	Reach	Impressions
1	227	241



**Housing New Mexico**  
Mar 20, 2025 2:00 PM

🏀🏆 We had an amazing time at the New Mexico Activities



Clicks	Reactions	Comments
29	17	0
Shares	Reach	Impressions
3	268	286

### 📷 Housing New Mexico ⓘ



**Housing New Mexico**  
Mar 14, 2025 2:00 PM

We had an amazing time at the job fairs at the University of New



Comments	Likes	Saves
0	18	0
Engagement	Shares	Reach
18	0	85
Impressions		
99		



**Housing New Mexico**  
Mar 20, 2025 2:00 PM

🏀🏆 We had an amazing time at the @NMAASports New Mexico



Comments	Likes	Saves
0	13	0
Engagement	Shares	Reach
13	0	73
Impressions		
85		



**Housing New Mexico**  
Mar 4, 2025 2:00 PM

🏡 Exciting news! The Hozho Center for Personal Enhancement



Comments	Likes	Saves
1	11	0
Engagement	Shares	Reach
12	0	81
Impressions		
97		



## Top Post Performance

**in** Housing New Mexico ⓘ



**Housing New Mexico**  
Mar 20, 2025 2:00 PM

🏀🏆 We had an amazing time at the @NMACT State High School



Likes	Comments	Shares	Clicks
38	1	3	67



**Housing New Mexico**  
Mar 14, 2025 2:00 PM

We had an amazing time at the job fairs at the University of New



Likes	Comments	Shares	Clicks
24	0	0	68



**Housing New Mexico**  
Mar 4, 2025 2:00 PM

🏡 Exciting news! The Hozho Center for Personal Enhancement



Likes	Comments	Shares	Clicks
10	0	1	69

**X** Housing New Mexico ⓘ



**Housing New Mexico**  
Mar 20, 2025 2:00 PM

We had a great time at the @\_NMAA State High School



Likes	Impressions	Reposts
1	66	0



**Housing New Mexico**  
Mar 4, 2025 2:00 PM

🏡 Exciting news! The Hozho Center near Gallup received



Likes	Impressions	Reposts
0	36	1



**Housing New Mexico**  
Mar 5, 2025 2:00 PM

🏡 In fiscal year 2024, Housing New Mexico invested \$5.85M in



Likes	Impressions	Reposts
0	17	0

## March Website Traffic Overview

<https://housingnm.org/>

Top-Viewed Page "/" = Home Page



## Housing New Mexico Monthly Dashboard

### Website Traffic Overview | Google Analytics 4

#### TOTAL VISITS

**40,893**



Previous period: **2%**  
Previous year: **-5%**

#### NEW USERS

**18,324**



Previous period: **-7%**  
Previous year: **-15%**

#### TOTAL USERS

**24,501**



Previous period: **-3%**  
Previous year: **-8%**

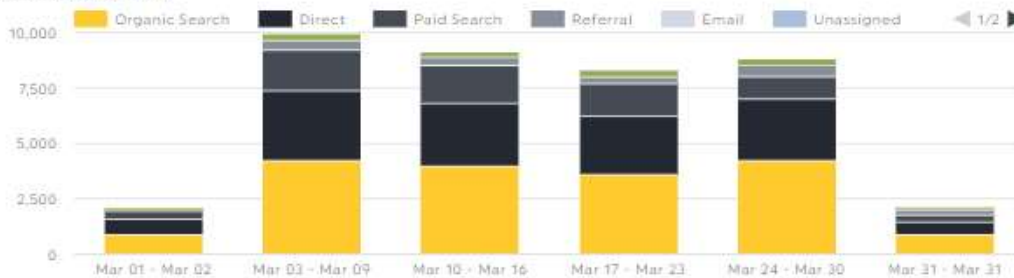
#### VIEWS

**73,332**



Previous period: **5%**  
Previous year: **-12%**

#### SESSIONS BY MEDIUM



#### PAGES PER VISIT

**1.79**

Previous period: **3%**  
Previous year: **-8%**

#### BOUNCE RATE

**51.41%**

Previous period: **-4%**  
Previous year: **7%**

#### TOP VIEWED PAGES

##### Page path

	Views ▾		Total users	
/	17,019	+1,150	9,960	+562
/lenders-realtors/current-rates	2,897	+266	773	+58
/programs/homebuyers/mortgage-programs	2,034	+103	1,390	+121
/mortgage-loans/make-payment	1,905	+35	1,316	+43
/lenders-realtors	1,862	+150	535	+16
/programs/find-housing/rentals/affordable	1,783	+52	1,126	+17
/programs/homebuyers	1,774	+66	1,145	+11
/lenders-realtors/income-and-purchase-price-limits	1,561	-11	616	-19
/programs/homebuyers/income-and-purchase-price-limits	1,332	+147	988	+132
/contact/mfa	1,148	-48	854	-18





New Mexico Housing Trust Fund Monthly Overview

April 16, 2025

New Mexico Housing Trust Fund Funding Source	Total Allocation	Total Procurement*		Total Awarded		Procured but not Awarded	Total Expended		Awards Proposed at 3/2025 Board Meeting	Award Amount	Activity
Severance Tax Bond 2024	\$ 37,530,000	\$ 37,530,000	100%	\$ 36,900,000	98%	\$ 630,000	\$ 22,010,469	59%	DreamTree Project	\$ 500,000	Housing innovation
Severance Tax Bond 2025	\$ 34,620,000	\$ 34,620,000	100%	\$ 34,334,972	99%	\$ 285,028	\$ 12,161,241	35%			
Legislative 2024 \$50 Million Allocation	\$ 50,000,000	\$ 40,180,000	80%	\$ 30,500,437	61%	\$ 9,679,563	\$ 5,799,211	12%	West Mesa Ridge A	\$ 3,000,000.00	Rental development
Total	\$ 122,150,000	\$ 112,330,000	92%	\$ 101,735,409	83%	\$ 10,594,591	\$ 39,970,921	33%			
Awards in green are included in the total awarded but are being proposed at the current Housing New Mexico Board of Directors meeting. All awards and expenditures are as of the final Policy Committee meeting on April 1, 2025.											

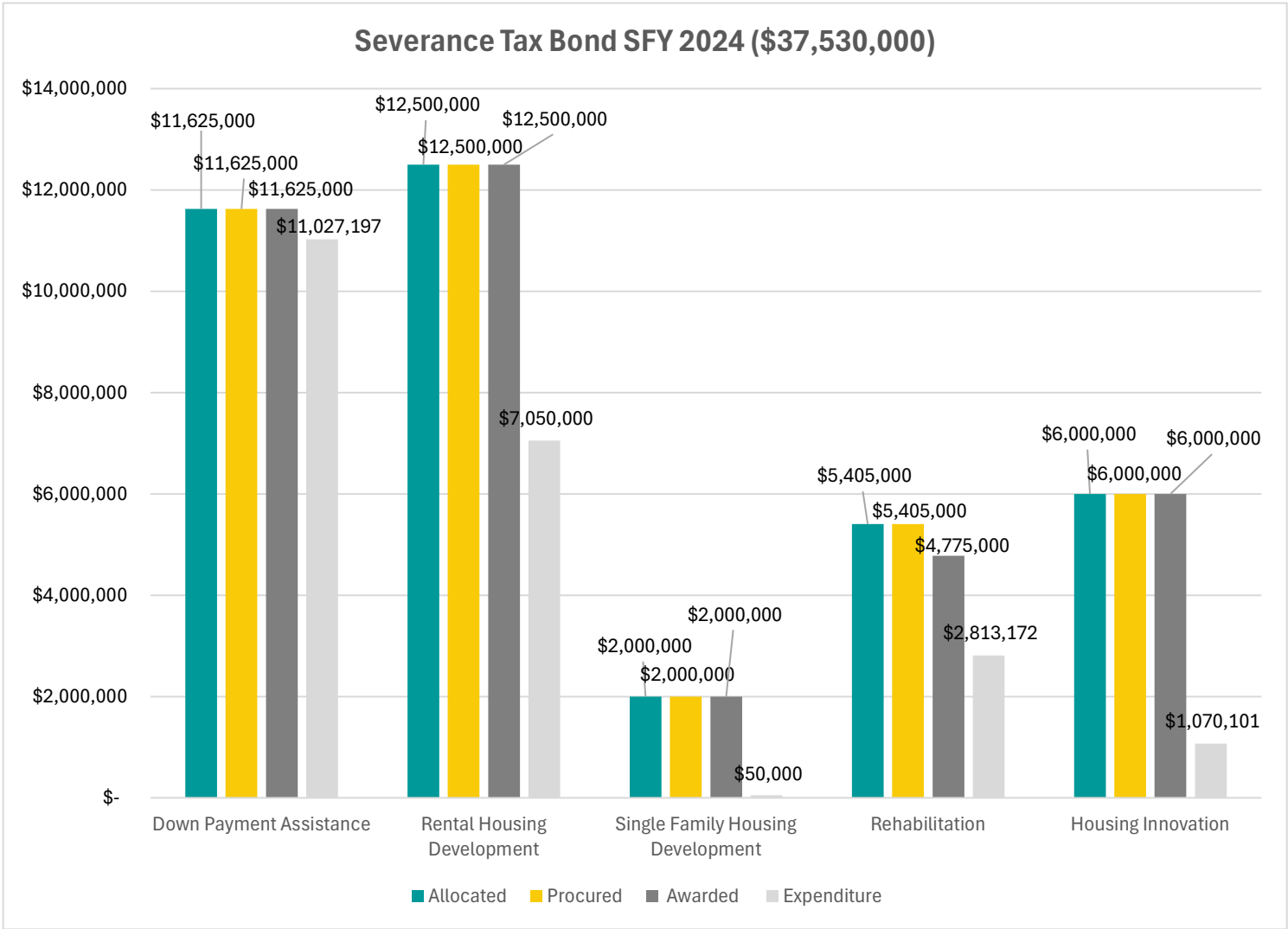
\*Procurement is defined as Housing New Mexico has a program to deploy the funding and is available to potential applicants (homebuyers, service providers, developers, and other applicants).

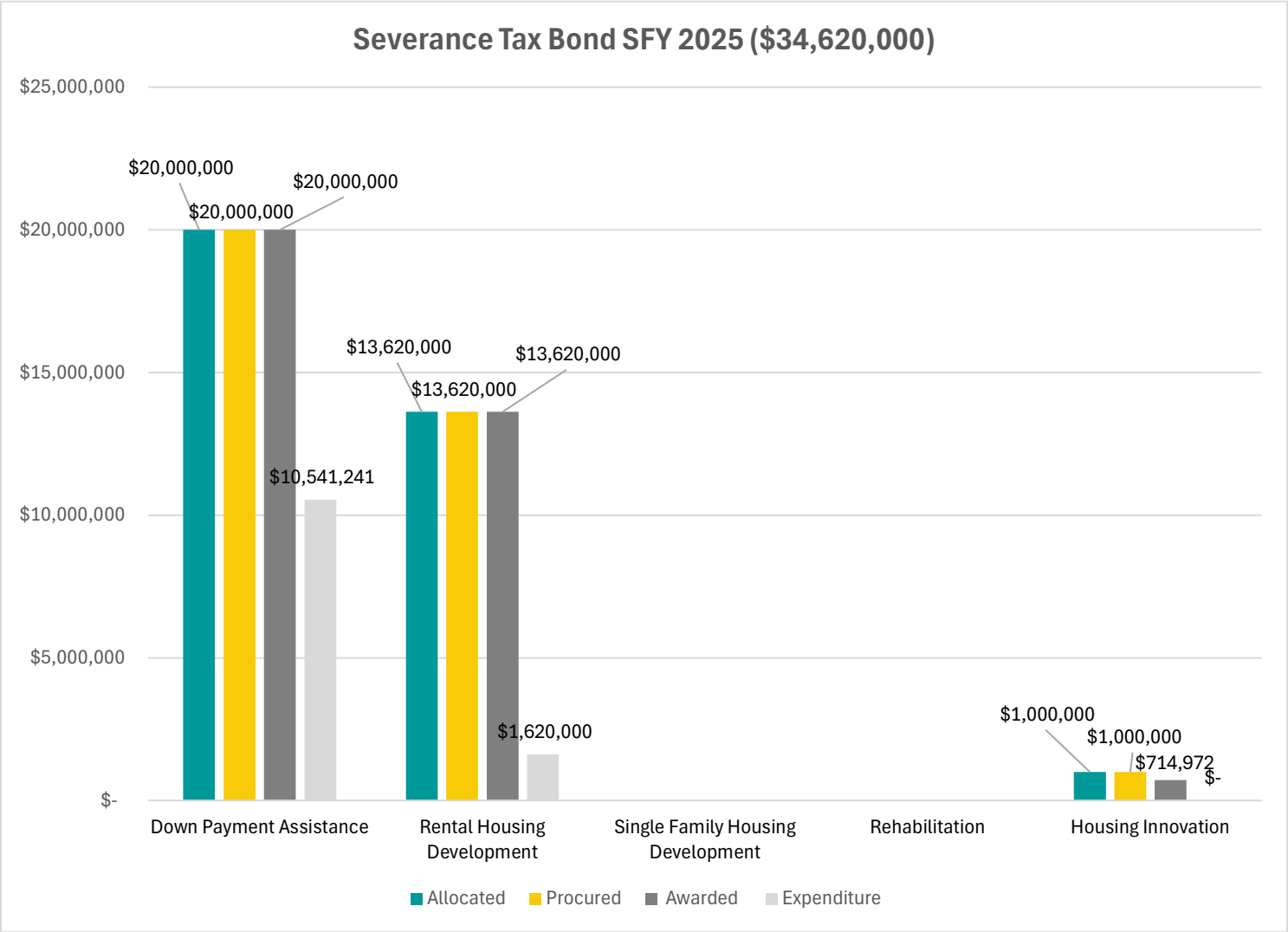
**New Mexico Housing Trust Fund Awards**  
**April 16, 2025**

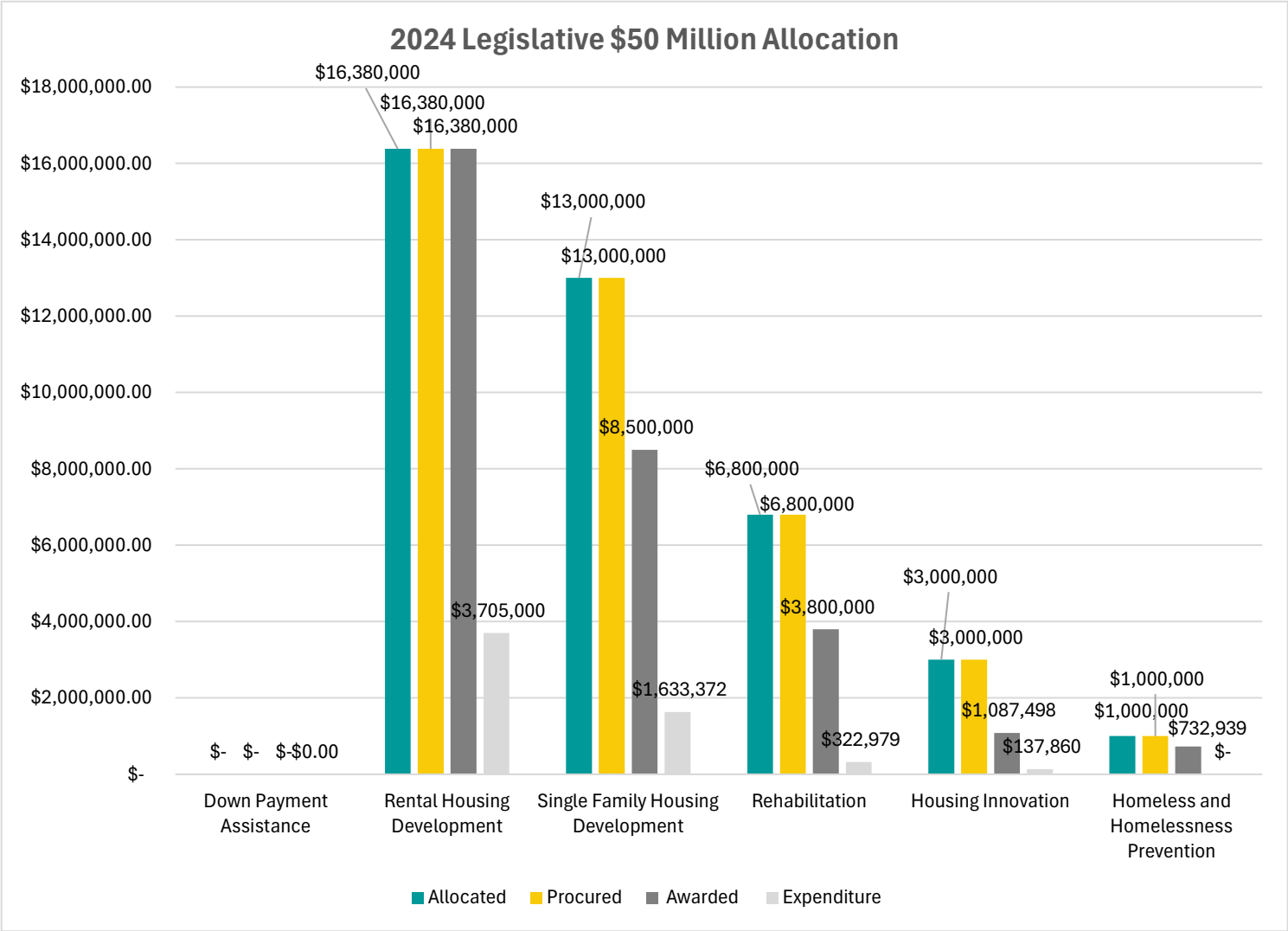
Awardee	Award	Award Amount	Certified Use	Activity	New Mexico Housing Trust Fund Funding Source	Anticipated Impact (Households)	City	County
Homeownership Department	FirstDown Plus	\$ 10,625,000	Down payment assistance (DPA)	Down Payment Assistance	SFY24 STB	708	Statewide	Statewide
Homeownership Department	HomeForward DPA	\$ 1,000,000	Down payment assistance (DPA)	Down Payment Assistance	SFY24 STB	67	Statewide	Statewide
Southwest Regional Housing and Community Development		\$ 134,655	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	SFY24 STB	3	Southwestern NM	Dona Ana, Eddy, Grant, Hidalgo, Luna, Sierra, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, and Lea Counties
Southwest Regional Housing and Community Development		\$ 99,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	SFY24 STB	1	Southwestern NM	Dona Ana, Eddy, Grant, Hidalgo, Luna, Sierra, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, and Lea Counties
Home Improvement Program		\$ 536,919	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	SFY24 STB	27	Statewide	Guadalupe, Quay, Harding, Union, Rio Arriba, San Juan, McKinley, and Los Alamos Counties
San Felipe Pueblo		\$ 229,426	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	SFY24 STB	3	San Felipe Pueblo	Sandoval County
Central New Mexico Housing Corporation		\$ 475,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	SFY24 STB	33	Central NM	Bernalillo, Sandoval, Torrance, Valencia, Taos, Colfax, Union, Mora, Harding, San Miguel, Guadalupe, Quay, Cibola, McKinley, San Juan, Rio Arriba, Santa Fe, Los Alamos
Southwest Regional Housing and Community Development		\$ 300,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	SFY24 STB	21	Southwestern NM	Dona Ana, Eddy, Grant, Hidalgo, Luna, Sierra, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, and Lea Counties
Restoring Our Communities Program		\$ 2,000,000	Single family acquisition and rehabilitation	Restoring Our Communities	SFY24 STB	12	Albuquerque/ North Central NM	Bernalillo County
Chelsea Investment Corp.	Three Sisters	\$ 3,500,000	Rental and single family development	Gap Financing	SFY24 STB	70	Las Cruces	Dona Ana County
La Serena Apartments, LLC	La Serena Apartments	\$ 1,000,000	Rental and single family development	Gap Financing	SFY24 STB	100	Albuquerque	Bernalillo County
Pedrena Apartments LLC	Pedrena Apartments	\$ 1,000,000	Rental and single family development	Gap Financing	SFY24 STB	80	Las Cruces	Dona Ana County
NCNO Limited Partnership, LLLP	Encino Senior Gardens	\$ 2,000,000	Rental and single family development	Gap Financing	SFY24 STB	165	Albuquerque	Bernalillo County
Peachetree Canyon Limited Partnership (to be formed)	Peachtree Canyon I	\$ 3,000,000	Rental and single family development	Gap Financing	SFY24 STB	144	Las Cruces	Dona Ana County
EC Ruidoso LP	Elk Meadows Apartments	\$ 2,000,000	Rental and single family development	Gap Financing	SFY24 STB	72	Ruidoso	Lincoln County
Post Las Brisas, LLC	Las Brisas Apartments	\$ 1,000,000	Rental and single family development	Preservation	SFY24 STB	120	Albuquerque	Bernalillo County
Homewise	Sombra del Oeste	\$ 500,000	Rental and single family development	SF Development	SFY24 STB	10	Albuquerque	Bernalillo County
Homewise	Miraflores	\$ 500,000	Rental and single family development	SF Development	SFY24 STB	7	Santa Fe	Santa Fe County
Town of Silver City		\$ 500,000	Rental and single family development	Housing Innovation	SFY24 STB	8	Silver City	Grant County
NM Ramp Project		\$ 500,000	Rental and single family development	Housing Innovation	SFY24 STB	100	Statewide	Bernalillo, Chaves, Cibola, Dona Ana, Eddy, Lea, Los Alamos, Luna, Rio Arriba, Roosevelt, San Juan Sandoval, Santa Fe, Torrance, and Valencia Counties
Sawmill CLT		\$ 262,498	Rental and single family development	Housing Innovation	SFY24 STB	105	Albuquerque	Bernalillo County
HagermanForward Inc.		\$ 500,000	Rental and single family development	Housing Innovation	SFY24 STB	18	Chavez County	Chaves County
San Felipe Pueblo		\$ 450,000	Rental and single family development	Housing Innovation	SFY24 STB	24	San Felipe Pueblo	Sandoval County
Ohkay Owingeh		\$ 500,000	Rental and single family development	Housing Innovation	SFY24 STB	10	Ohkay Owingeh	Rio Arriba County
North Central New Mexico Economic Development District		\$ 1,000,000	Rental and single family development	Housing Innovation	SFY24 STB	4	North Central NM	Colfax, Los Alamos, Mora, Rio Arriba, San Miguel, Sandoval, Santa Fe, and Taos Counties
Homeownership Department	FirstDown Plus	\$ 15,500,000	Down payment assistance (DPA)	Down Payment Assistance	SFY25 STB	1,033	Statewide	Statewide
Homeownership Department	HomeForward DPA	\$ 4,500,000	Down payment assistance (DPA)	Down Payment Assistance	SFY25 STB	300	Statewide	Statewide
Somos Apartments Limited Partnership	Somos Apartments	\$ 4,000,000	Rental and single family development	Gap Financing	SFY25 STB	70	Albuquerque	Bernalillo County



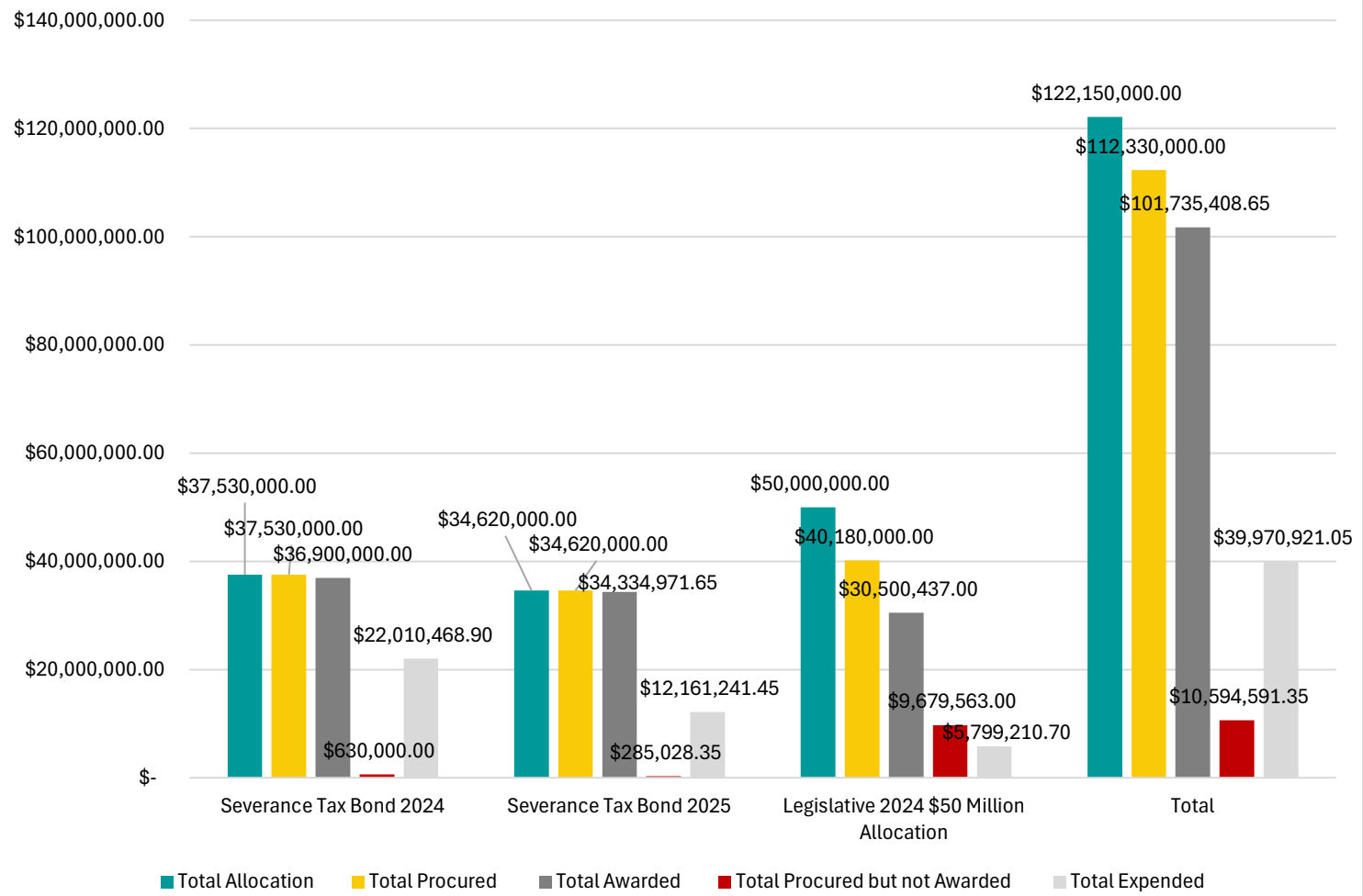
Awardee	Award	Award Amount	Certified Use	Activity	New Mexico Housing Trust Fund Funding Source	Anticipated Impact (Households)	County	County
Ocate SF, LLC ( to be formed)	Ocate Apartments	\$ 3,000,000	Rental and single family development	Gap Financing	SFY25 STB	60	Santa Fe	Santa Fe County
Country Club SF, LLC (to be formed)	Country Club Apartments	\$ 3,000,000	Rental and single family development	Gap Financing	SFY25 STB	62	Santa Fe	Santa Fe County
Chelsea Investment Group	Mariposa Apartments	\$ 2,000,000	Rental and single family development	Gap Financing	SFY25 STB	51	Taos	Taos County
Rio Rancho Leased Housing Authority I, LLP	Sandoval Flats	\$ 1,620,000	Rental and single family development	Gap Financing	SFY25 STB	216	Rio Rancho	Sandoval County
Rio Rancho Leased Housing Authority I, LLP	Sandoval Flats	\$ 1,380,000	Rental and single family development	Gap Financing	2024 Legislative Allocation	216	Rio Rancho	Sandoval County
Artisan's Guild Contracting, LLC	El Toro Community	\$ 3,000,000	Rental and single family development	SF Development	2024 Legislative Allocation	29	Roswelll	Chaves County
YSM Development Advisors LLC	Salazar South	\$ 2,500,000	Rental and single family development	SF Development	2024 Legislative Allocation	81	Taos	Taos County
HOME and VHRMP		\$ 500,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	2024 Legislative Allocation	19	Statewide	Guadalupe, Quay, Harding, Union, Rio Arriba, San Juan, McKinley, and Los Alamos Counties
Central New Mexico Housing Corporation		\$ 125,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	2024 Legislative Allocation	9	Central NM	Bernalillo, Sandoval, Torrance, Valencia, Taos, Colfax, Union, Mora, Harding, San Miguel, Guadalupe, Quay, Cibola, McKinley, San Juan, Rio Arriba, Santa Fe, Los Alamos Counties
Southwest Regional Housing and Community Development		\$ 175,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	2024 Legislative Allocation	5	Southwestern NM	Dona Ana, Eddy, Grant, Hidalgo, Luna, Sierra, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, and Lea Counties
Redfeather Development		\$ 400,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	2024 Legislative Allocation	4	Navajo Nation	Navajo Nation
Central New Mexico Housing Corporation		\$ 75,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization - Energy\$mart Solar Program	2024 Legislative Allocation	5	Central NM	Bernalillo, Sandoval, Torrance, Valencia, Taos, Colfax, Union, Mora, Harding, San Miguel, Guadalupe, Quay, Cibola, McKinley, San Juan, Rio Arriba, Santa Fe, Los Alamos Counties
Southwest Regional Housing and Community Development		\$ 2,400,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization - Energy\$mart Solar Program	2024 Legislative Allocation	170	Southwestern NM	Dona Ana, Eddy, Grant, Hidalgo, Luna, Sierra, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, and Lea Counties
City of Las Cruces		\$ 1,500,000	Rental and single family development	Housing Innovation	SFY24 STB	-	Las Cruces	Dona Ana County
Village of Ruidoso		\$ 287,502	Rental and single family development	Housing Innovation	SFY24 STB	10	Ruidoso	Lincoln County
Redfeather Development		\$ 25,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	2024 Legislative Allocation	2	Navajo Nation	Navajo Nation
Village of Ruidoso		\$ 712,498	Rental and single family development	Housing Innovation	2024 Legislative Allocation	-	Ruidoso	Lincoln County
Forget Me Not Park		\$ 375,000	Homelessness and Homelessness Prevention	Homeless and Homelessness Prevention (Housing Innovation)	2024 Legislative Allocation	40	Socorro/ Truth or Consequences Area	Socorro County
Home Improvement Program		\$ 100,000	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	2024 Legislative Allocation	7		Guadalupe, Quay, Harding, Union, Rio Arriba, San Juan, McKinley, and Los Alamos Counties
Tierra del Sol Housing Corporation	Vado New Horizons	\$ 1,000,000	Rental and single family development	SF Development	2024 Legislative Allocation	56		Dona Ana County
Lincoln Avenue Communities	Cresta Ranch	\$ 4,000,000	Rental and single family development	Gap Financing	2024 Legislative Allocation	240		Santa Fe County
DBG Properties	Tierra Linda Apartments	\$ 3,000,000	Rental and single family development	Gap Financing	2024 Legislative Allocation	240		Bernalillo County
Saranam		\$ 732,939	Homelessness and Homelessness Prevention	Homeless and Homelessness Prevention (Housing	2024 Legislative Allocation	13		Bernalillo County
Dominium Development and Acquisition LLC	Turquoise Trail	\$ 2,000,000	Rental and single family development	Rental Developmet	2024 Legislative Allocation	312	Santa Fe	Santa Fe County
Synergy Community Development Corp	Sunset 1600 Apartments	\$ 3,000,000	Rental and single family development	Rental Developmet	2024 Legislative Allocation	60	Roswelll	Chaves County
Santa Fe Community Housing Trust	Arroyo Oeste Phase II	\$ 1,000,000	Rental and single family development	SF Development	SFY24 STB	20	Santa Fe	Santa Fe County
Y.M.H. Inc.	South 40 Subdivision	\$ 2,000,000	Rental and single family development	SF Development	2024 Legislative Allocation	47	Hobbs	Lea County
Dona Ana County Health and Human Services Department		\$ 714,972	Rental and single family development	Housing Innovation	SFY25 STB	8		Dona Ana County
DreamTree Project		\$ 500,000	Rental and single family development	Housing Innovation	SFY24 STB	250	Taos	Taos County
Chelsea Investment Corp.	West Mesa Ridge A	\$ 3,000,000	Rental and single family development	Rental Developmet	2024 Legislative Allocation	128	Albuquerque	Bernalillo County
Total		\$ 101,735,409						







## New Mexico Housing Trust Fund Update as of March 31, 2025



New Mexico Mortgage Finance Authority

Combined Financial Statements  
and Schedules

February 28, 2025



Housing New Mexico (MFA)  
Financial Review  
For the five-month period ended February 28, 2025

Comparative Fiscal Year-to-date Figures (Dollars in millions):		5 months <u>2/28/2025</u>	5 months <u>2/29/2024</u>	% Change <u>Year / Year</u>	Forecast <u>2/28/2025</u>	Actual to <u>Forecast</u>
<b>PRODUCTION</b>						
1	Single family bonds issued (new money):	\$190.0	\$245.0	-22.4%	\$116.7	62.9%
2	Single family loans sold (TBA):	\$53.9	\$39.3	37.2%	\$29.2	84.7%
3	Total Single Family Production	\$243.9	\$284.3	-14.2%	\$145.8	67.2%
4	Single Family MBS Payoffs (unscheduled):	\$27.2	\$18.7	45.6%	\$27.4	-0.9%
<b>STATEMENT OF NET POSITION</b>						
5	Avg. earning assets:	\$2,389.2	\$1,852.9	28.9%	\$2,184.3	9.4%
6	General Fund Cash and Investments:	\$102.8	\$100.4	2.4%	\$114.4	-10.2%
7	SIC FMV Adj. (General Fund):	\$0.3	\$0.7	-63.0%	N/A	N/A
8	Total bonds outstanding:	\$2,134.5	\$1,765.1	20.9%	\$1,898.3	12.4%
<b>STATEMENT OF REVENUES, EXPENSES, AND NET POSITION</b>						
9	General Fund expenses (excluding capitalized assets):	\$13.1	\$12.1	8.0%	\$14.4	-9.1%
10	General Fund revenues:	\$19.5	\$15.6	24.9%	\$15.3	27.3%
11	Combined net revenues (all funds):	\$23.9	\$11.4	110.3%	N/A	N/A
12	SIC FMV Adj. (Combined net revenues):	\$0.2	\$0.9	-80.2%	N/A	N/A
13	Combined net position:	\$402.0	\$312.4	28.7%	\$345.7	16.3%
14	Combined return on avg. earning assets:	2.40%	1.47%	63.1%	N/A	N/A
15	SIC FMV Adj. (return on avg. earning assets):	0.02%	0.11%	-84.7%	N/A	N/A
16	TBA cash profit (% of loans):	1.30%	0.52%	151.8%	0.50%	159.9%
17	Combined interest margin:	0.92%	0.93%	-0.8%	0.39%	134.5%
<b>MOODY'S BENCHMARKS</b>						
18	Net Asset to debt ratio (5-yr avg):	23.37%	23.60%	-1.0%	23.13%	1.0%
19	Net rev as a % of total rev (5-yr avg):	12.59%	10.87%	15.8%	6.18%	103.8%
<b>SERVICING</b>						
20	Subserviced portfolio	\$2,724.9	\$2,322.2	17.3%	\$2,595.4	5.0%
21	Servicing Yield (subserviced portfolio)	0.366%	0.379%	-3.2%	0.357%	2.6%
22	Combined average delinquency rate (MFA serviced loans)	9.87%	7.51%	31.4%	9.50%	3.9%
23	DPA loan delinquency rate	9.46%	7.54%	25.5%	N/A	N/A
24	Default rate (MFA serviced loans)	0.91%	0.86%	5.6%	N/A	N/A
25	Subserviced portfolio delinquency rate (first mortgages)	11.02%	10.71%	2.9%	N/A	N/A
26	Net Mortgage Servicing Rights Valuation (as of Q1 end)	\$12.7	\$9.4	35.6%	N/A	N/A

Legend:

Positive Trend	Caution	Negative Trend	Known Trend/Immaterial
----------------	---------	----------------	------------------------

Housing New Mexico (MFA)  
Financial Review  
For the five-month period ended February 28, 2025

**SUMMARY OF BOND ISSUES:**

Single Family Issues:

\$70M 2024 Series G

\$120M 2025 Series A/B

**CURRENT YEAR FINANCIAL TRENDS & VARIANCES:**

**PRODUCTION**

- On February 26, 2025, Housing New Mexico successfully closed on its 2025 Series A/B bond issue, which provided \$120 million to fund new single-family first-time homebuyer mortgages. This issuance is comparable to the 2024 Series A/B bonds that were issued last year of the same size. When compared to 2024 Series G, the prior issuance before 2025 Series A/B, MFA is anticipating a pick-up in mortgage production to normal levels after slowdowns caused by higher interest rates, low housing inventory, and general market uncertainty. MFA's bond issuances are now closer in line to its year-end forecast.
- MBS unscheduled payoffs appear to have significantly jumped, when compared to last year's figure. Contrarily, payoffs are in line with forecasted levels, indicating a return to relatively normal levels. Payoffs in general are driven primarily by the economic climate; if market mortgage interest rates begin offering more favorable levels than previously borrowed at or household capital becomes more available, borrower's can pay off their mortgages or refinance elsewhere. While the large jump is not necessarily a negative trend, it is important to pay attention to, as MFA can use the unexpected proceeds to call its bond debt sooner.

**STATEMENT OF NET POSITION**

- General Fund SIC investments are continuing an observed trend of volatility, held back as compared to last year's strong returns. While not a major concern, the impact of the adjustment is due to inflationary concerns in the U.S. equity market. This volatility is having similar impacts on combined net revenues and return on average earning assets.

**STATEMENT OF REVENUES, EXPENSES AND NET POSITION**

- General Fund revenues have already exceeded their budget due to proceeds from the sale of Housing New Mexico's old downtown building and successful housing program income. Consolidated net revenues also exceeded last year's figure primarily driven by grant income from the New Mexico Housing Trust Fund (NMHTF) and state-appropriated funding.

**MOODY'S BENCHMARKS**

- Based on Moody's issuer credit rating scorecard, Housing New Mexico's 23.37% net asset to debt ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA's creditworthiness under stressful circumstances (>20%). Housing New Mexico's net revenue as a percent of total revenue (5-year average) is currently 12.59%, indicating high profitability and favorable trends (>10%). Moody's Investor Services completed an updated credit opinion on Housing New Mexico's Issuer Credit Rating in December 2024, to which they assigned the Aa3 rating with a stable outlook. Comments included a high asset-to-debt ratio, solid profitability, and a conservative/low-risk profile not exposed to variable-rate debt. Additionally, Moody's reaffirmed its Aaa rating on MFA's single-family indenture in February 2025.

**SERVICING**

- Housing New Mexico continues to monitor delinquencies and defaults on its loan portfolio to identify reduction strategies and refer borrowers to available loss mitigation programs. Its internal servicing delinquency rate is currently 9.87%, a trending increase compared to this time last year, but decreased from 10.00% last month. The subserviced portfolio delinquency rate, currently serviced by Idaho Housing Finance Authority, is 11.02%, essentially unchanged from last year. The subserviced portfolio is characterized by approximately 82% FHA-insured loans, 16% conventional GSE-insured loans, and 2% whole loans. The reason for increasing delinquency can be correlated with the macroeconomic changes in mortgage servicing described below (see note on fair-market value)
- The Mortgage Bankers Association (MBA) reported in their quarterly survey as of December 31, 2024, indicating the national delinquency rate for FHA fixed-rate loans is 10.65% (seasonally adjusted), and 8.23% in New Mexico. Additionally, HUD reported Single Family Loan Performance Trends for November 2024 showing a 14.98% national delinquency (for FHA-insured purchase loans only), which increased from 14.10% in October (n.b. although there is a typical lag to the data, HUD's monthly report on Single Family Loan Performance Trends has not been updated for several months). *(These figures can be used for market comparison, but may not always align with trends seen internally)*
- Housing New Mexico's annualized default rate is 0.91%, which is slightly higher than last February, but decreased from 0.93% last month. Macroeconomic inflationary pressures and high mortgage rates are contributors to default trends.
- The fair-market value for mortgage servicing rights as of December 2024 is \$35.9 million; subtracting out the cost (\$23.2 million), leaves MFA with a net value in purchased mortgage servicing rights of \$12.7 million, an increase of about \$3.9 million in the net over the quarter. GASB requires Housing New Mexico to record the value of servicing rights at the 'lower of cost or market'. The elevated FMV is related to uncertainty in the interest rate environment and sustained, lower projections for future prepayment speeds across the market (these projections may differ from Housing New Mexico's observed payoffs). Additionally, increased earnings rates impacted the portfolio value positively. Valuations are obtained each quarter.

**ADDITIONAL NOTES**

- Bond Payoffs, GF expenses, and servicing delinquency & default rates use an inverse scale to measure year-over-year change. The colors in the comparison columns reference a materiality threshold of 10%, with a cautionary range between 10% and 25%.
- The originally forecasted numbers for FY 2025 are based off of actual data ending September 2023.

NOTES TO FINANCIAL STATEMENTS  
(For Informational Purposes Only)  
(in Thousands of Dollars)

(Note 1) MFA Net Position as of February 28, 2025

UNAPPROPRIATED NET POSITION:

\$ 39,379	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
\$ 114,760	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
\$ 591	is held for New Mexico Affordable Housing Charitable Trust.
<b>\$ 154,730</b>	Total Unappropriated Net Position

APPROPRIATED NET POSITION: GENERAL FUND

By actions of the Board of Directors on various dates, General Fund net assets have been appropriated as follows:

\$ 125,074	for use in the Housing Opportunity Fund (\$110,961 in loans and grants plus \$14,113 unfunded, of which \$8,195 is committed).
\$ 12,094	for future use in Single Family & Multi-Family housing programs.
\$ 1,015	for loss exposure on Risk Sharing loans.
\$ 14,484	invested in capital assets, net of related debt.
\$ 45,498	invested in mortgage servicing rights.
\$ 24,150	for the future General Fund Budget year ending 09/30/25 (\$39,224 total budget less \$15,214 expended budget through 2/28/25.)
<u>\$ 222,315</u>	Subtotal - General Fund

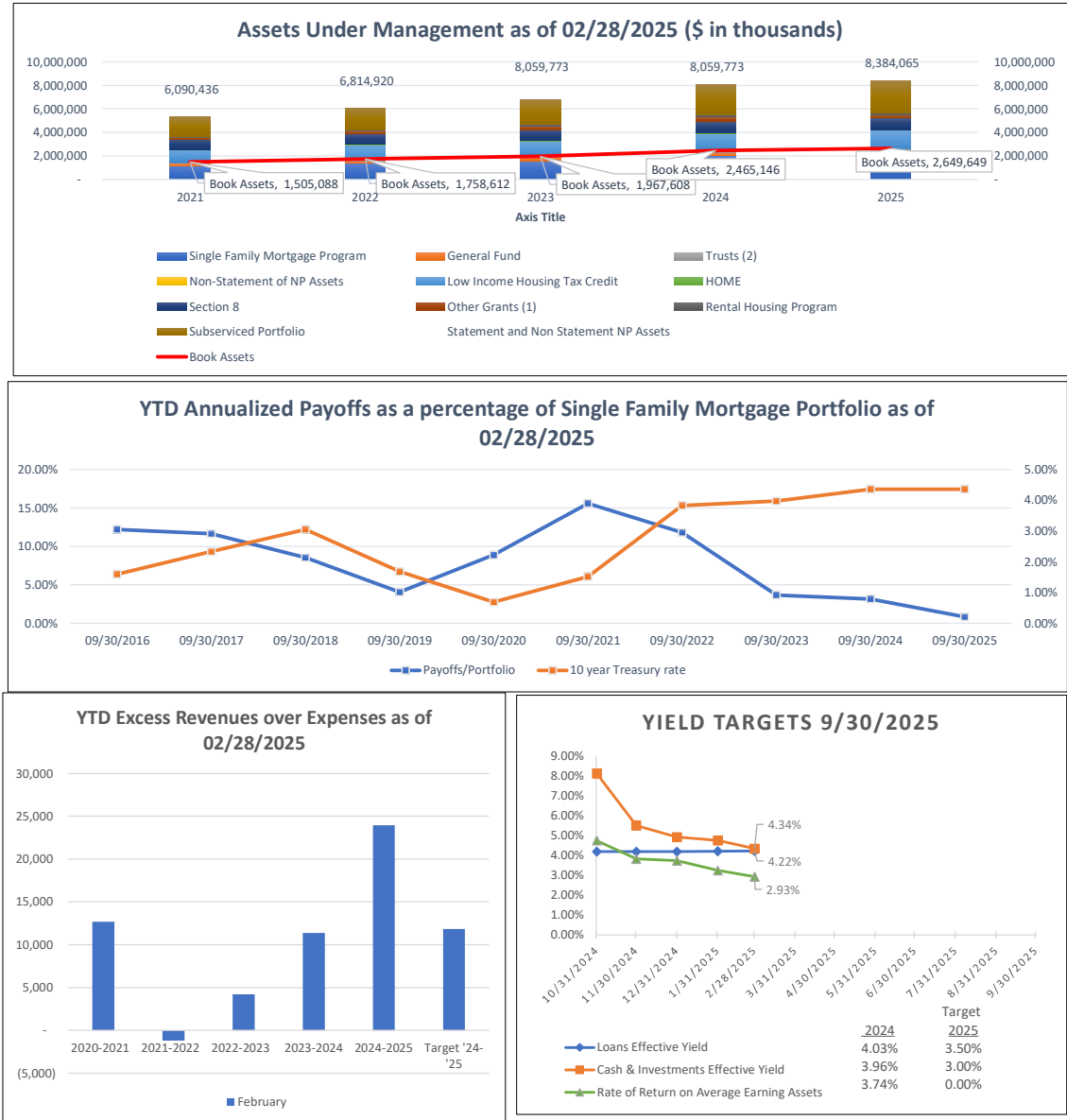
APPROPRIATED NET POSITION: HOUSING

\$ 24,916	for use in the federal and state housing programs administered by MFA.
<u>\$ 24,916</u>	Subtotal - Housing Program
<b>\$ 247,231</b>	Total Appropriated Net Position
<b>\$ 401,961</b>	Total Combined Net Position at February 28, 2025

Total combined Net Position, or reserves, at February 28, 2025 was \$402 million, of which \$155 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$247 million of available reserves, with \$103 million primarily liquid in the General Fund and in the federal and state Housing programs and \$144 million illiquid in the programs of the General Fund, have been:

- for use in existing and future programs
- for coverage of loss exposure in existing programs
- to meet servicing requirements, and
- for support of operations necessary to carry out the programs.

MFA's general plan for bond program reserves as they may become available to MFA over the next 30 years is to use the reserves for future programs, loss exposure coverage, servicing requirements and operations.



(1) Weatherization Assistance Programs; Emergency Shelter Grant; State Homeless; Housing Opportunities for People With Aids; NM State Tax Credit; Governor's Innovations; EnergySaver; Tax Credit Assistance Program; Tax Credit Exchange; Neighborhood Stabilization Program; Section 811 PRA; Homeownership Preservation Program (2) NM Affordable Housing Charitable Trust Fund; Land Title Trust Fund; Housing Trust Fund

NEW MEXICO MORTGAGE FINANCE AUTHORITY  
COMBINED STATEMENT OF NET POSITION  
FEBRUARY 2025  
(THOUSANDS OF DOLLARS)

	<u>YTD 2/28/2025</u>	<u>YTD 02/29/24</u>
<u>ASSETS:</u>		
<u>CURRENT ASSETS:</u>		
CASH & CASH EQUIVALENTS	\$101,152	\$44,198
RESTRICTED CASH HELD IN ESCROW	11,636	10,810
SHORT-TERM INVESTMENTS	-	-
ACCRUED INTEREST RECEIVABLE	8,810	6,789
OTHER CURRENT ASSETS	6,777	8,020
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	-
INTER-FUND RECEIVABLE (PAYABLE)	0	-
TOTAL CURRENT ASSETS	<u>128,375</u>	<u>69,817</u>
CASH - RESTRICTED	224,554	175,650
LONG-TERM & RESTRICTED INVESTMENTS	62,070	68,024
INVESTMENTS IN RESERVE FUNDS	-	-
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,975,606	1,642,407
MORTGAGE LOANS RECEIVABLE	231,647	191,971
ALLOWANCE FOR LOAN LOSSES	(15,546)	(9,065)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	14,484	11,645
OTHER REAL ESTATE OWNED, NET	4,230	3,237
OTHER NON-CURRENT ASSETS	6	10
INTANGIBLE ASSETS	24,111	22,075
TOTAL ASSETS	<u>2,649,538</u>	<u>2,175,769</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
REFUNDINGS OF DEBT	111	139
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>2,649,649</u>	<u>2,175,908</u>
<u>LIABILITIES AND NET POSITION:</u>		
<u>LIABILITIES:</u>		
<u>CURRENT LIABILITIES:</u>		
ACCRUED INTEREST PAYABLE	\$31,785	\$20,333
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	17,925	20,334
ESCROW DEPOSITS & RESERVES	11,184	10,665
TOTAL CURRENT LIABILITIES	<u>60,895</u>	<u>51,332</u>
BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	2,134,478	1,765,080
MORTGAGE & NOTES PAYABLE	51,698	46,395
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	414	471
TOTAL LIABILITIES	<u>2,247,484</u>	<u>1,863,279</u>
DEFERRED INFLOWS	204	235
TOTAL LIAB/DEFERRED INFLOWS	<u>2,247,688</u>	<u>1,863,514</u>
<u>NET POSITION:</u>		
NET INVESTED IN CAPITAL ASSETS	14,484	11,645
UNAPPROPRIATED NET POSITION (NOTE 1)	154,730	80,511
APPROPRIATED NET POSITION (NOTE 1)	232,747	220,238
TOTAL NET POSITION	<u>401,961</u>	<u>312,395</u>
TOTAL LIABILITIES & NET POSITION	<u>2,649,649</u>	<u>2,175,908</u>

NEW MEXICO MORTGAGE FINANCE AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FIFTH MONTH ENDED FEBRUARY 2025  
(THOUSANDS OF DOLLARS)

	<u>YTD 2/28/2025</u>	<u>YTD 02/29/24</u>
<u>OPERATING REVENUES:</u>		
INTEREST ON LOANS	\$37,723	\$28,858
INTEREST ON INVESTMENTS & SECURITIES	5,508	4,451
LOAN & COMMITMENT FEES	1,893	2,222
ADMINISTRATIVE FEE INCOME (EXP)	3,267	2,418
RTC, RISK SHARING & GUARANTY INCOME	46	26
HOUSING PROGRAM INCOME	1,772	654
LOAN SERVICING INCOME	4,461	4,016
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	<u>54,669</u>	<u>42,645</u>
<u>NON-OPERATING REVENUES:</u>		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	2,042	907
OTHER NON-OPERATING INCOME	1	100
GRANT AWARD INCOME	46,361	44,550
SUBTOTAL NON-OPERATING REVENUES	<u>48,404</u>	<u>45,557</u>
TOTAL REVENUES	<u>103,073</u>	<u>88,202</u>
<u>OPERATING EXPENSES:</u>		
ADMINISTRATIVE EXPENSES	10,717	9,962
INTEREST EXPENSE	34,057	25,729
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(2,177)	(1,699)
PROVISION FOR LOAN LOSSES	14	(35)
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	93	87
AMORT. OF SERV. RIGHTS & DEPRECIATION	1,320	720
BOND COST OF ISSUANCE	1,703	2,072
SUBTOTAL OPERATING EXPENSES	<u>45,726</u>	<u>36,835</u>
<u>NON-OPERATING EXPENSES:</u>		
CAPACITY BUILDING COSTS	96	103
GRANT AWARD EXPENSE	33,325	39,885
OTHER NON-OPERATING EXPENSE	-	-
SUBTOTAL NON-OPERATING EXPENSES	<u>33,421</u>	<u>39,988</u>
TOTAL EXPENSES	<u>79,147</u>	<u>76,823</u>
NET REVENUES	23,926	11,379
OTHER FINANCING SOURCES (USES)	-	0
NET REVENUES AND OTHER FINANCING SOURCES(USES)	<u>23,926</u>	<u>11,379</u>
NET POSITION AT BEGINNING OF YEAR	<u>378,035</u>	<u>301,015</u>
NET POSITION AT /28/2025	<u>401,961</u>	<u>312,395</u>

**GENERAL FUND**  
**Fiscal Year 2024-2025 Budget**  
**For the five months ended 2/28/25**

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
<b>Revenue</b>							
Interest Income	837,495	4,270,346	4,124,138	9,897,930	(146,208)	5,627,584	43.14%
Interest on Investments & Securities	285,056	1,464,701	1,635,792	3,925,900	171,090	2,461,199	37.31%
Loan & Commitment Fees	15,946	91,237	187,250	449,400	96,013	358,163	20.30%
Administrative Fee Income (Exp)	866,372	5,255,184	4,090,111	9,816,267	(1,165,073)	4,561,083	53.54%
Risk Sharing/Guaranty/RTC fees	6,061	27,346	103,353	248,048	76,007	220,702	11.02%
Housing Program Income	237,824	1,771,760	1,009,185	2,422,045	(762,574)	650,285	73.15%
Loan Servicing Income	774,168	4,460,966	4,148,654	9,956,770	(312,312)	5,495,804	44.80%
Other Operating Income			-	-	-	-	
<b>Operating Revenues</b>	<b>3,022,923</b>	<b>17,341,540</b>	<b>15,298,483</b>	<b>36,716,360</b>	<b>(2,043,057)</b>	<b>19,374,820</b>	<b>47.23%</b>
Gain (Loss) Asset Sale/Debt Ex	330,126	2,126,421	-	-	(2,126,421)	(2,126,421)	
Other Non-operating Income	40	896	42	100	(854)	(796)	896.00%
<b>Non-Operating Revenues</b>	<b>330,166</b>	<b>2,127,317</b>	<b>42</b>	<b>100</b>	<b>(2,127,275)</b>	<b>(2,127,217)</b>	<b>2127317.23%</b>
<b>Revenue</b>	<b>3,353,089</b>	<b>19,468,857</b>	<b>15,298,525</b>	<b>36,716,460</b>	<b>(4,170,332)</b>	<b>17,247,603</b>	<b>53.02%</b>
<b>Expenses</b>							
Salaries	586,765	2,970,036	3,315,705	7,837,121	345,669	4,867,085	37.90%
Overtime	872	4,974	10,268	24,269	5,294	19,295	20.50%
Incentives	4,080	205,907	287,716	680,175	81,809	474,267	30.27%
Payroll taxes, Employee Benefits	296,076	1,467,267	1,781,508	4,247,507	314,241	2,780,240	34.54%
Compensation	887,793	4,648,184	5,395,197	12,789,072	747,013	8,140,888	36.34%
Business Meals Expense	537	1,799	5,654	13,570	3,855	11,771	13.26%
Public Information	(12,956)	149,220	199,745	479,389	50,526	330,169	31.13%
In-State Travel	2,543	15,067	72,221	173,331	57,154	158,264	8.69%
Out-of-State Travel	16,203	41,607	105,218	252,523	63,611	210,916	16.48%
Travel & Public Information	6,326	207,693	382,839	918,813	175,146	711,120	22.60%
Utilities/Property Taxes	18,355	171,819	52,000	124,800	(119,819)	(47,019)	137.68%
Insurance, Property & Liability	20,051	108,647	108,623	260,694	(24)	152,047	41.68%
Repairs, Maintenance & Leases	180,508	740,344	585,932	1,406,238	(154,411)	665,894	52.65%
Supplies	2,246	22,106	14,165	33,996	(7,941)	11,890	65.03%
Postage/Express mail	6,525	30,535	15,880	38,112	(14,655)	7,577	80.12%
Telephone	1,234	9,078	12,027	28,864	2,949	19,786	31.45%
Janitorial	4,005	21,442	18,583	44,600	(2,859)	23,158	48.08%
Office Expenses	226,563	1,071,102	773,019	1,855,245	(298,083)	784,143	57.73%
Dues & Periodicals	4,455	32,615	33,567	80,560	952	47,945	40.49%
Education & Training	3,470	32,874	67,705	162,492	34,831	129,618	20.23%
Contractual Services	54,902	401,164	652,323	1,565,575	251,159	1,164,411	25.62%
Professional Services-Program	10,542	73,790	42,667	102,400	(31,123)	28,610	72.06%
Direct Servicing Expenses	800,343	3,700,439	3,525,145	8,460,347	(175,295)	4,759,908	43.74%

**GENERAL FUND**  
**Fiscal Year 2024-2025 Budget**  
**For the five months ended 2/28/25**

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Program Expense-Other	24,592	88,596	135,152	324,365	46,556	235,769	27.31%
Rebate Analysis Fees			663	1,590	663	1,590	
Other Operating Expense	898,304	4,329,477	4,457,220	10,697,329	127,743	6,367,852	40.47%
Interest Expense	241,773	1,286,309	1,660,155	3,984,372	373,846	2,698,063	32.28%
Non-Cash Expenses	311,542	1,334,894	1,530,656	3,673,574	195,762	2,338,680	36.34%
Expensed Assets	5,968	94,529	72,604	174,250	(21,925)	79,721	54.25%
<b>Operating Expenses</b>	<b>2,578,269</b>	<b>12,972,189</b>	<b>14,271,690</b>	<b>34,092,656</b>	<b>1,299,501</b>	<b>21,120,467</b>	<b>38.05%</b>
Program Training & Tech Asst	16,076	95,358	48,924	117,417	(46,435)	22,059	81.21%
Program Development	151	755	56,816	136,358	56,061	135,603	0.55%
Capacity Building Costs	16,227	96,113	105,740	253,775	9,626	157,662	37.87%
<b>Non-Operating Expenses</b>	<b>16,227</b>	<b>96,113</b>	<b>105,740</b>	<b>253,775</b>	<b>9,626</b>	<b>157,662</b>	<b>37.87%</b>
<b>Expenses</b>	<b>2,594,496</b>	<b>13,068,302</b>	<b>14,377,429</b>	<b>34,346,431</b>	<b>1,309,127</b>	<b>21,278,129</b>	<b>38.05%</b>
<b>Excess Revenue over Expenses</b>	<b>758,592</b>	<b>6,400,555</b>	<b>921,096</b>	<b>2,370,029</b>	<b>(5,479,460)</b>	<b>(4,030,526)</b>	<b>270.06%</b>



**GENERAL FUND CAPITAL BUDGET**  
**Fiscal Year 2024-2025 Budget**  
**For the five months ended 2/28/25**

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
<b>2690 PURCHASED SERVICING RIGHTS</b>	417,811	1,762,267	1,873,717	4,496,920	111,450	2,734,653	39.19%
<b>2950 COMPUTER HARDWARE</b>	-	247,610	127,218	305,324	(120,392)	57,714	81.10%
<b>2960 SOFTWARE LICENSES</b>	-	5,650	35,417	85,000	29,767	79,350	6.65%
<b>2920 FURNITURE &amp; EQUIPMENT-10 YR</b>	-	-	-	-	-	-	
<b>2930 FURNITURE &amp; EQUIP, 5 YR.</b>	-	-	-	-	-	-	
<b>2860 BUILDING</b>	-	81,715	75,000	75,000	(6,715)	(6,715)	108.95%
<b>2840 LAND</b>	-	-			-	-	
<b>2937 AUTOMOBILE</b>	-	47,989	22,708	54,500	(25,280)	6,511	88.05%
<b>Capital Budget</b>	417,811	2,145,230	2,134,060	5,016,744	(11,170)	2,871,514	42.76%