



NEW MEXICO MORTGAGE FINANCE AUTHORITY

Board Meeting

344 4th St. SW, Albuquerque, NM

Wednesday, August 19, 2020 at 9:30 a.m.

Agenda

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of July 15, 2020 Board Meeting Minutes – Board Action
- Executive Director Updates
- Employee introductions:
 - Hall, Cooper, finance analyst (Gina Hickman)
 - Miriam Najera, intern (René Acuña)
 - Amber Roybal, document management tech (Joseph Navarrete)
 - Donna Maestas-DeVries, deputy director of programs (Izzy Hernandez)

Board Action Items

Action Required?

- 1 Adoption of Special rules of Orders – Consent Agenda (Eleanor Werenko)

YES

Consent Agenda

- 2 Fair Housing and Fair Lending Internal Executive Summary (Claire Hillary, Audit and Consulting Senior Manager, Emily Watson, Senior Audit Associate, REDW LLC) – Finance Committee YES
- 3 Architectural Reviews and Inspection Services RFP Award Recommendations (Christi Wheelock and Kathryn Turner) – Contracted Services/Credit Committee YES
- 4 Eastern Regional Housing Authority Commissioner Recommendations (Gina Bell) – Contracted Services/Credit Committee YES

Finance Committee

- 5 6/30/20 Quarterly Financial Statement Review (Gina Hickman) YES
- 6 6/30/20 Quarterly Investment Review (Cooper Hall) YES

Contracted Services/Credit Committee

- 7 Sacramento Apartments - Preservation Revolving Loan Fund (PRLF) loan request (Tim Martinez and George Maestas) YES

Other

- 8 Northern Regional Housing Authority (NRHA) Update (Izzy Hernandez/Gina Bell) NO
- 9 Servicing Expansion and Delinquency Update (Jeff Payne/Teresa Lloyd) NO
- 10 Rental Assistance Presentation (Rebecca Velarde) NO

Other Board Items

Information Only

- 11 (Staff is available for questions)
- Staff Action Requiring Notice to Board
 - COVID Staff Actions
 - FY2020 Quarterly Strategic Plan Update (Q3)

Monthly Reports

No Action Required

- 12 (Staff is available for questions)
- Communications Department Reports

Quarterly Reports

No Action Required

13 (Staff is available for questions)

- Quarterly Board Report

Announcements and Adjournment

Discussion Only

Confirmation of Upcoming Board Meetings

- September 8, 2020 Contracted Services 10:00 a.m. Finance Committee 1:30 p.m. (Virtual Meetings)
- September 16, 2020 - Wednesday – 9:30 a.m. (MFA Board of Directors Meeting) (Virtual Meeting)
- Board Retreat - September 22- 23, 2020 (Virtual Meetings)
- October 13, 2020 - Contracted Services 10:00 a.m. Finance Committee 1:30 p.m. (Virtual Meetings)
- October 21, 2020 - Wednesday - 9:30 a.m. (MFA Board of Directors Meeting) (Virtual Meeting)
- November 10, 2020 - Contracted Services 10:00 a.m. Finance Committee 1:30 p.m. (Virtual Meetings)
- November 18, 2020 - Wednesday - 9:30 a.m. (MFA Board of Directors Meeting) (Virtual Meetings)



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Board Action Items

Action Required?

- 1 Adoption of Special rules of Orders – Consent Agenda** (Eleanor Werenko) - MFA is proposing to implement a consent agenda. The adoption of a Special Rule of Order will formalize the use of a consent agenda. YES

Consent Agenda

- 2 Fair Housing and Fair Lending Internal Executive Summary** (Claire Hillary, Audit and Consulting Senior Manager, Emily Wilson, Senior Audit Associate, REDW LLC) - In July, REDW, MFA's contracted internal auditors, completed the Fair Housing and Fair Lending internal audit. The audit scope included fair lending practices, social media and advertising campaigns, fair housing complaint processing, and how MFA is reporting fair housing activities to HUD. There were no findings. (Finance Committee) YES
- 3 Architectural Reviews and Inspection Services RFP Award Recommendations** (Christi Wheelock and Kathryn Turner) - The Board approved the Request for Proposal for Architectural Review and Construction Inspection Services on May 20, 2020. MFA received four responses which met the Minimum Requirements. Staff recommends the Architectural Review and Construction Inspections Services be awarded to Jeebs and Zuzu, LLC, Mark Goldman Architect, Thomas Gifford Architect and Pyatt Studios. All four firms will be placed on the MFA list of approved providers and will furnish MFA with architectural reviews and construction inspection services for LIHTC and non-LIHTC, MFA-financed project. YES
- 4 Eastern Regional Housing Authority Commissioner Recommendations** (Gina Bell) - Staff recommends Board approval of two new Commissioners for the Eastern Regional Housing Authority Board. Both candidates fulfill the requirements per the NMSA Regional Housing Law and have expressed interest in serving as a commissioner. Matthew Wade would represent Lincoln County and Alfred Velasquez would represent Chavez county. Upon MFA Board approval, staff will send the recommendations to Governor Michelle Lujan-Grisham through the Board and Commissions Department for final approval. (Contracted Services/Credit Committee) YES

Finance Committee

- 5 6/30/20 Quarterly Financial Statement Review** (Gina Hickman) - ongoing YES
- 6 6/30/20 Quarterly Investment Review** (Cooper Hall) - ongoing YES

Contracted Services/Credit Committee

- 7 Sacramento Apartments- Preservation Revolving Loan Fund (PRLF) loan request** (Tim Martinez) - A PRLF loan request in the amount of \$510,726 for the Sacramento Apartments, located in Cloudcroft, NM.

Sacramento is a rehabilitation of an existing 20-unit multifamily project with 19 units income restricted to households earning 50% or less of Area Median Income. One unit is a non-income producing manager's unit. Of the 19 income restricted units, 18 are currently subsidized under a USDA Rural Development rental assistance contract, renewed annually. YES

Other

- 8 Northern Regional Housing Authority (NRHA) Update** (Izzy Hernandez/Gina Bell) - For informational purposes, staff will provide an overview of the format for the monthly updates that will be provided on how Northern Regional Housing Authority is progressing on 1) HUD's Action Plan 2) Audit Findings 3) Status of vacant units and 4) Directors Monthly Report. NO
- 9 Servicing Expansion and Delinquency Update** (Jeff Payne/Teresa Lloyd) - This presentation will focus on MFA's Servicing Expansion project, insights into the selection of our current, hybrid subservicing relationship, resulting benefits and innovations, and the path forward to achieve a traditional subservicing relationship. The board will also be updated on delinquency trends in our subserviced portfolio, what is influencing delinquency, and efforts to address delinquency. NO
- 10 Rental Assistance Presentation (Rebecca Velarde)** - MFA staff have been closely monitoring the need for rental assistance during the COVID-19 pandemic and have been continually forecasting need in an ever-shifting environment. Staff will discuss projected need, the factors that could affect future need and how MFA is addressing it. NO

Other Board Items

Information Only

- 11 (Staff is available for questions)**
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Monthly Reports

No Action Required

- 12 (Staff is available for questions)**
- Communications Department Reports

Quarterly Reports

No Action Required

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Minutes

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Board Meeting Minutes

344 4th St. SW, Albuquerque, NM
Wednesday, July 15, 2020 at 9:30 a.m.

Chair Reyes convened the meeting on July 15, 2020 at 9:33 a.m. Secretary Hernandez called the roll. Members present: Chair Angel Reyes, Vice Chair Derek Valdo, Sally Malavé (designee for Attorney General Hector Balderas), Lieutenant Governor Howie Morales, Diana Rosales-Ortiz (designee for state Treasurer Tim Eichenberg), Rosalyn Nguyen Chafey and Rebecca Wurzbarger (joined the meeting at 9:43 a.m. during ED update). Absent: none. 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 and staff. He began by stating that today's meeting is being webcast. He introduced everyone on the phone and reminded the members of the protocol for today's webcast meeting. All members must identify themselves before they speak; this includes asking questions or making a motion. If at any time anyone loses their connection, please text Izzy and we will stop the meeting to wait for you to reconnect. There will be a roll call vote for all approvals.

Approval of Agenda – Board Action. Motion to approve the July 15, 2020 Board agenda as recommended: Nguyen Chafey. Second: Malavé. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, Lieutenant Governor Morales -yes, Rosales-Ortiz-yes, Malavé-yes, Nguyen Chafey-yes. Vote: 6-0.

Approval of June 17, 2020 Board Meeting Minutes – Board Action. Motion to approve the June 17, 2020 Board Meeting Minutes as presented: Lieutenant Governor Morales. Second: Valdo. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, Lieutenant Governor Morales -yes, Rosales-Ortiz-yes, Malavé-yes, Nguyen Chafey-yes. Vote: 6-0.

Member Wurzbarger joined the meeting during the Executive Directors update 9:43 a.m.

Hernandez provided the Board with the following information for his monthly update; he informed the Board that the MFA was not successful in receiving any funding during the Special Session. However, there is potential MFA might receive CDBG funds obtained through the CARES ACT. If we are successful, our intent is to use these funds for rental and housing assistance. If the state is not able to use the entire amount of CARES monies that came to the them; MFA might receive funds to use for mortgage and rental assistance. NM Housing Trust Fund (NMHTF) – Rental Assistance Program (RAP) 2nd Round will go to delegates for approval on the 21st; 10 Applications were received to assist 17 households in 10 properties. Enhanced Unemployment – Expires end of July; if not extended it could affect the need for rental and mortgage assistance. MFA received the HUD agreements for the additional \$4.1m in ESG funds and will be executing agreements with providers. In addition to that we received \$8.7 of additional ESG funds and are awaiting HUD Agreements. Staff continues to work on strategies; continue contacting potential partners to develop capacity and increase the footprint in areas MFA has not been able to reach. MFA was recently notified that the Governor appointed two new board members to the Land Title Trust Fund (LTF) and 3 new board member to the New Mexico Housing Trust Fund (NMHTF) which are MFA advisory Committees. He informed the Board that Desert Hope in Las Cruces will have the first virtual Groundbreaking on July 23rd. Hopeworks Groundbreaking, week of 20 July and the Developers Forum will be held on 23 July. He gave a homeownership market update stating that MFA is on pace with last year 2019 - \$9.6m; 2020 - \$9.9m. Hernandez reviewed the upcoming actions; Building Remodel – Contract/Timeline Negotiations. 3rd Round of NMHTF RAP – 30 June, 15 July. Structuring a Mortgage Assistance Program, Amend Action/Consolidated Plan (New CARES \$), Keep an eye on potential new CARES Relief funds, House version contains funds for mortgage assistance, Planning for Board Retreat – September, restarting strategic planning work – January to Board and budget work.

Contracted Services/Credit Committee

1 Award Recommendation for MFA Building Renovation: Construction Services (Izzy Hernandez and Rebekah Bellum, Architect - Cherry/See/Reames Architects, PC.). Hernandez began his presentation by introducing Rebekah Bellum, Architect with Cherry See Reames. He then reminded the Board that the RFP was released on May 25, 2020 and responses were due on July 1, 2020. Thirteen (13) contractors attended the Mandatory Pre-proposal Conference on June 9, 2020; Four (4) contractors submitted proposals for our consideration. He stated that the renovation will result in 13 additional office spaces for a total of 98 office spaces. The renovations include 3 offices, 11 cubicles, 1 conference

room, 2 huddle rooms, 1 fireproof room, break room enhancements and room for two telecommuting areas to accommodate approximately 10-12 staff. He reviewed the scoring as listed behind tab one and will be made a part of the official Board packet. Staff recommends that the Board approve staff entering contract negotiations with Weil Construction Inc. who obtained the highest score for the MFA Building Renovation Construction Services. Hernandez informed the Board that during Contracted Services/Credit Committee member Wurzburger requested a schedule of value (actual cost breakdown). Bellum stated that the schedule of value will be requested when the contract is approved and available to the Board. Motion to approve the Award Recommendation for MFA Building Renovation: Construction Services to Weil Construction Inc. as recommended: Wurzburger. Second: Malavé. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, Lieutenant Governor Morales-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzburger-yes, Nguyen Chafey-yes. Vote: 7-0.

- 2 Villa Mirasol - HOME loan request (Jacobo Martinez).** Martinez began his presentation by introducing Tom Andrews, Thomas Development Group, LLC as Developer for this project who will provide a brief presentation about Villa Mirasol and answers to any technical questions the Board might have. Martinez reminded the Board that this project was approved as a 2020 LIHTC allocated project at last month's meeting. The HOME loan request is in the amount of \$360k, 0% interest for the new construction of a 48-unit multifamily project located in Sunland Park, NM. All 48 units are income-restricted to households earning 50% or less of Area Median Income (AMI) and will serve Households with Children. Andrews then provided an overview of the project including information on green building included in the project and answered questions from the Board. Motion to approve the Villa Mirasol - HOME loan request as recommended: Malavé. Second: Wurzburger. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, Lieutenant Governor Morales-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzburger-yes, Nguyen Chafey-yes. Vote: 7-0.

Chair Reyes informed the Board that George Maestas would present Las Rosas I & II together and then the Board would vote separately on each item.

- 3 Las Rosas I - Preservation Revolving Loan Fund (PRLF) loan request (George Maestas)** – Maestas began by introducing Jeff Curry director of development for JL Gray Co. as Developer for this project who will provide a brief presentation about Las Rosas I & II and answers to any technical questions the Board might have. Maestas provided a brief description of the Preservation Revolving Loan Fund (PRLF) Program explaining that USDA Rural Development (RD) has approved MFA as an intermediary of the Section 515 Multi-Family Housing Preservation Revolving Loan Fund (PRLF) to provide loans for the preservation and revitalization of existing low-income multifamily housing that is financed by Rural Development through their 515, 514, and 516 programs. Funding priority is given for applicants with matching funds and experience in administration of revolving loan fund programs. Staff is requesting approval of a Preservation Revolving Loan Fund (PRLF) loan request in the amount of \$682,555, interest rate 3% for the Las Rosas I Apartments, located in Tularosa, NM. The Las Rosas I project includes the rehabilitation of a 28-unit multifamily project with 20 units (71%) serving households with children. Twenty-seven units are income-restricted to households earning 50% or less of Area Median Income (AMI). One unit is a non-income producing manager's unit. Las Rosas was also presented and is a request in the amount of \$925,710, interest rate 1.5% for the Las Rosas II Apartments, located in Tularosa, NM. Motion to approve Las Rosas I - Preservation Revolving Loan Fund (PRLF) loan request as recommended: Wurzburger. Second: Valdo. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, Lieutenant Governor Morales-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzburger-yes, Nguyen Chafey-yes. Vote: 7-0.

- 4 Las Rosas II - Preservation Revolving Loan Fund (PRLF) loan request (George Maestas).** The Las Rosas II project includes the rehabilitation of a 29-unit multifamily project with 24 units (83%) serving households with children. Twenty-eight units are income-restricted to households earning 50% or less of Area Median Income (AMI). One unit is a non-income producing manager's unit. The requested loan amount exceeds MFA current Guidelines, However MFA has the discretion to increase the loan amount. Maestas further informed the Board that the interest rate is less than the MFA guidelines of 3.00% however MFA's policy requires only that MFA lend the funds at a rate higher than 1%, in order to cover costs to administer the funds. The requested 1.5% interest rate is in an effort to make the project feasible. Jeff Curry provided an overview of Las Rosas I & II and answered questions from the Board regarding tenant relocation and rent increases. - Motion to approve the Las Rosas II - Preservation Revolving Loan Fund (PRLF) loan request as recommended: Valdo. Second: Lieutenant Governor Morales. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, Lieutenant Governor Howie Morales-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzburger-yes, Nguyen Chafey-yes. Vote: 7-0.

- 5 Award Recommendation for Legal Counsel Services (Robyn Powell).** Powell reminded the Board that they approved the Request for Proposal (RFP) for General Counsel Legal Services at the May 20, 2020 Board meeting. The RFP was advertised in the New Mexico Bar Bulletin and posted on MFA's website. In addition, 23 firms were directly solicited to respond to the RFP. MFA received five responses with four of them meeting the Minimum Requirements. She reviewed the minimum requirements, services to be performed, evaluation and scoring. Staff recommends the General Counsel Legal Services award be made to Stelzner, Winter, Warburton, Flores & Dawes, P. A. for a term of three (3) years, with the option of two (2) one-year extensions at the option of the Policy Committee. Discussion ensued regarding experience and fees. Motion to approve the General Counsel Legal Services award be made to Stelzner, Winter, Warburton, Flores & Dawes, P. A. as recommended: Nguyen Chafe. Second: Malavé. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, Lieutenant Governor Howie Morales-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-abstained, Nguyen Chafey-yes. Vote: 6-0 (Wurzbarger abstained).
- 6 Regional Housing Authorities (RHA) Annual Reports (Gina Bell)** Bell began her presentation by introducing the three Executive Directors of the RHA's, ERHA: Chris Herbert served as Executive Director since 2006, WRHA: Cathy DeMarco served as Executive Director Since 2003 and NRHA: MFA's Board of Directors approved an Executive Director candidate for NRHA in August of 2019. After the offer was made to the candidate, she declined the offer. Currently, Terry Baca, Executive Director of Raton Housing Authority, is the Acting Executive Director of NRHA. The plan is for NRHA to work jointly with Raton HA. Bell provided background information explaining that in the 2009 Legislative Session, the New Mexico state Legislature enacted Senate Bill 20 (Laws of New Mexico 2009, Chapter 28) amending the Regional Housing Law 11-3A-20 NMSA 1978, to re-define the activities of the Regional Housing Authorities and to mandate that MFA provide oversight of certain activities, to include submission of an Annual Report. The Department of Housing and Urban Development (HUD) funds the Regional Housing Authorities and is the agency that approves operational activities such as budgets, procurement and 5-year plans. Bell further informed the Board that MFA is in a role of oversight and works closely with HUD to obtain information as required per the 2009 Senate Bill 20 and went over MFA's oversight responsibilities; Review of the RHAs operating budget (MFA Staff). Approve any new member(s) of the RHAs Board of Commissioners (MFA Board), Approve new Executive Directors (MFA Board), Review reports of the creation/dissolution of nonprofit entities of the RHAs (MFA Staff and Board), Approve contracts and MOU's with a value greater than \$100,000 (MFA Board), Approve transfers, sales or liquidations of any real or personal property with a value greater than \$100,000 (MFA Board Approval) and Review of the RHA's external financial audits (MFA Staff and Board). She further informed the Board that no funding was appropriated to MFA for the RHA oversight during the 2020 legislative session. She reviewed the report provided behind tab six which will be made a part of the original Board packet. The report included operational and fiscal activities from the three NM RHA's; Eastern Regional located in Roswell (ERHA), Western Regional located in Silver City (WRHA) and Northern Regional located in Taos (NRHA). The Executive Directors of the three agencies provided an overview of activities going on within their agencies and reviewed their reports located behind the memo; Audit-Schedule of Findings and Questioned Costs and stood for questions from the Board. Discussions ensued regarding concerns of NRHA's status. Motion to approve the Regional Housing Authorities (RHA) Annual Reports as presented: Wurzbarger. Second: Malavé. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-abstained, Lieutenant Governor Morales-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen Chafey-yes. Vote: 7-0.

Finance Committee

- 7 Capital Magnet Fund Board Resolution-Commitment Authority (René Acuña).** Acuna began his presentation with staff's recommendation to adopt the Capital Magnet Fund (CMF) resolution to formalize the commitment of the \$3.6mm grant awarded to MFA in 2018 by the Capital Magnet Fund to the HOMENow Down Payment Assistance Program. This resolution is requested to fulfill the requirements set forth in 12 CFR 1807.501(b) and to comply with the Community Development Financial Institution Fund's February 2020 "Guidance Related to Requirements to Make a Commitment of CMF Funds by a Resolution of the Board of Directors Pursuant to the Waiver of General Applicability." He reviewed the background information provided in the memo located behind tab seven, including the timeline of the CMF. Acuna further noted that the resolution was drafted with the guidance of general counsel and CMF staff. Motion to approve the Capital Magnet Fund Board Resolution-Commitment Authority as recommended: Wurzbarger. Second: Valdo. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, Lieutenant Governor Morales-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen Chafey-yes. Vote: 7-0.

- 8 Capital Magnet Fund-Grant Opportunity (Gina Hickman).** Hickman began her presentation with a request for approval to apply for a \$6 million grant to the Capital Magnet Fund, U.S. Department of Treasury, for an affordable housing fund to provide down payment assistance for MFA mortgage loans. She stated that as Acuna mentioned in his presentation MFA had applied and been awarded these funds in the 2017 round and at that time developed the HOMENow program. She informed the Board that as of June 18, 2020, MFA has committed (funded and unfunded) \$3.5 million of the CMF award. Hickman reviewed the details of the CMF grant pointing out which areas apply to MFA as listed in the memo located behind tab eight which will become an official part of the Board packet. She further informed the Board that this has become a very competitive grant, while MFA was unsuccessful in the 2019 application process, CFM did provide a debrief document which outlined areas in which we could improve our application. The application is due at the end of July; results of the application will be communicated in the January/February timeframe. Hickman further stated that in order to continue to provide these resources to New Mexico borrowers, MFA would like to apply for the 2020 funding round. Motion to approve the MFA apply for the Capital Magnet Fund-Grant Opportunity as recommended: Malavé. Second: Nguyen Chafey. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, Lieutenant Governor Morales-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen Chafey-yes. Vote: 7-0.
- 9 First Down Program Policy Update (René Acuña/Jeff Payne).** Acuna began his presentation with a request for approval for proposed changes to the FIRSTDown, second mortgage down payment assistance loan (“DPA”) program policy. He stated that these changes are needed to provide flexibility to staff in setting interest rates to comply with conventional program requirements in response to changes in the market and to provide borrowers with loan term options that might better fit their circumstances. Staff is recommending the addition of two shortened repayment options as well as the potential for more attractive interest rates at the shorter loan terms. FIRSTDown DPA loans provide down payment and closing cost assistance for first time homebuyers in conjunction with the FIRSTHome, first mortgage program. He reviewed background information as provided in the memo located behind tab nine, which will be included in the official Board packet. He further informed the Board that the advantages to a shorter FIRSTDown program loan term are as follows: the homebuyer builds equity faster over time, the increased monthly payment to the borrower is minimal, it reduces MFA’s risk of future losses and MFA’s investment in FIRSTDown second mortgages turns into cash quicker, making it available for future first-time homebuyers. Acuna highlighted the changes in the FIRSTDown Program Policies located behind the memo. Motion to approve the First Down Program Policy Update as recommended: Valdo. Second: Malavé. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, Lieutenant Governor Morales-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen Chafey-yes. Vote: 7-0.
- 10 Management and Preservation of Official Records of the Board of Directors Policy (Izzy Hernandez).** Hernandez reminded the Board that last month the Board approved the MFA’s Electronic Signature Policy and informed them that this policy falls in line with that policy. The proposed policy would address the management and preservation of the official records of the Board of Directors. The purpose of the policy is to favor the preservation of digital records over analog records, to provide a framework for digitization projects, to reduce paper records for cost-and space-effective storage, to provide better access to information, to ensure the longevity of the Board’s records, to ensure that digitized records are authentic, complete, and accessible prior to the destruction of physical copies, and to allow for electronic signatures on Board Minutes, Resolutions and other documents consistent with MFA’s Electronic Signature Policy. Motion to approve the Management and Preservation of Official Records of the Board of Directors Policy as recommended: Wurzbarger. Second: Malavé. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, Lieutenant Governor Morales-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen Chafey-yes. Vote: 7-0.

Other

- 11 Information Technology Update (Joseph Navarrete).** Navarrete provided a presentation which focused on MFA’s current Data Security trends, penetration and vulnerability scanning philosophy, system reliability and redundancy, software, and key IT projects.

Other Board Items - Information Only

- 12 There were no questions asked of staff**
- Staff Action Requiring Notice to Board

Monthly Reports - No Action Required

- 13 There were no questions asked of staff**

- 5/31/20 Financial Statements.
- Communications Department Reports

Announcements and Adjournment - Confirmation of Upcoming Board Meetings. Chair Reyes informed the Board that the next Board of directors meeting be held is scheduled on August 19, 2020 and may be held at the offices of the MFA at 9:30 a.m. Due to COVID-19 pandemic and current state orders in place, next month's meeting may be conducted remotely.

There being no further business the meeting was adjourned at 12:33 p.m.

Approved: August 19, 2020

Chair, Angel Reyes

Secretary, Isidoro Hernandez

Tab 1

CONSENT AGENDA

General Overview

A consent agenda is a board meeting practice that groups routine business and reports into one agenda item. The consent agenda can be approved in one action, rather than filing motions on each item separately. Its use can move routine items along quickly so that the Board of Directors can devote more time to discussing important issues.

MFA is proposing the use of a consent agenda to make time available for more developed discussions about important issues that are central to MFA's mission.

Proposed Special Rule of Order Authorizing Use of Consent Agenda

I. Adoption of Special Rule of Order

- Prior to the first use of a consent agenda it is advised that the Board adopt a Special Rule of Order. The following Special Rule of Order is proposed for the consideration of the Board of Directors:

“A consent agenda may be presented by the Board Chair at the beginning of a meeting. Items may be removed from the consent agenda on the request of any one member. Items not removed may be adopted by general consent without debate. Removed items may be taken up either immediately after the consent agenda or placed later on the agenda at the discretion of the assembly.”

- Adoption of the Special Rule of Order requires the vote of a majority of the entire membership of the Board.

Process/Procedure

- I. The Board Chair, in consultation with the Executive Director, will decide which agenda items will initially be placed on the consent agenda. Initial placement of items on the consent agenda will occur in advance of the Contracted Services and Finance Committee meetings.
- II. Any Contracted Services or Finance Committee Member may recommend that an item before the Committee either be placed on, or moved off, the consent agenda.
- III. The proposed consent agenda and associated documents will be distributed to Committee Members approximately one week in advance of the Committee Meeting and to all Board Members approximately one week in advance of the meeting of the full Board of Directors. All documentation associated with consent agenda items will be provided to Board Members in advance so that Board Members may make an informed vote on all items grouped under the consent agenda.
- IV. The MFA Policy Committee will be available to answer any questions individual Board Members may have with respect to proposed consent agenda items. Answers to any questions posed will be shared with all Board Members in advance of the meeting of the

Board of Directors. At the meeting simple questions, clarifications, or short amounts of dialogue relative to a consent item may be discussed after the motion to approve the consent agenda, but before approval. If further discussion is required, the item may be removed from the consent agenda and added to the regular agenda.

- V. At the beginning of the meeting, the Board Chair will ask Board Members if any of the consent agenda items should be moved to the regular agenda.
- VI. An item from the consent agenda must be moved at the request of any Board Member if the individual wants to vote against the specific item or for any other reason.
- VII. When there are no items to be moved or if all requested items have been moved, the Board Chair or Secretary will read out loud the remaining consent items. The Board Chair will move to adopt the consent agenda. If there are no objections, the Board Chair will announce that the items on the consent agenda have been adopted. **NOTE: During telephone or web-ex meetings a roll call vote will be called to ensure compliance with the Open Meetings Act.**
- VIII. The Secretary will include the full text of the resolutions, reports, and recommendations that were adopted as part of the consent agenda.

Tab 2



NEW MEXICO MORTGAGE FINANCE AUTHORITY

Finance/Operations Committee Meeting

Tuesday, August 11, 2020 at 1:30 p.m.

Webex - call-in information is 1-844-992-4726 (access code): 146 414 2960
or you can join the call from the calendar item

Agenda Item	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
<u>Consent Agenda</u>		YES
1 Fair Housing and Fair Lending Internal Audit Report and Executive Summary (Claire Hillary, Audit and Consulting Senior Manager, Emily Wilson, Senior Audit Associate, REDW LLC)	3-Ø	
<u>Agenda</u>		YES In October
2 Draft 2021 QAP (Kathryn Turner)	3-Ø	
3 6/30/20 Quarterly Financial Statement Review (Gina Hickman)	3-Ø	YES
4 6/30/20 Quarterly Investment Review (Cooper Hall)	3-Ø	YES
<u>Discussion</u>		NO
5 FY2021 Budget Discussion and Timeline (Yvonne Segovia)	✓	
<u>Presentation</u>		NO
6 Servicing Expansion and Delinquency Update (Jeff Payne and Teresa Lloyd)	✓	

Committee Members present:

Derek Valdo, Chair

☐ present

☐ absent

☒ conference call

State Treasurer Tim Eichenberg or
Proxy Diana Rosales - Ortiz

☐ present

☐ absent

☒ conference call

Lt. Governor Howie Morales or
Proxy Martina C'de Baca

☐ present

☐ absent

☒ conference call

[Signature]



New Mexico Mortgage Finance Authority

Fair Housing and Fair Lending Internal Audit

Executive Summary

July 2020

New Mexico Mortgage Finance Authority Fair Housing and Fair Lending

Executive Summary

New Mexico Mortgage Finance Authority
Board of Directors

We performed the internal audit services described below solely to assist New Mexico Mortgage Finance Authority (MFA) in evaluating compliance with Fair Housing and Fair Lending laws and regulations and internal policies and procedures.

PURPOSE AND OBJECTIVES

Our internal audit focused on evaluating MFA's processes for complying with Fair Housing and Fair Lending laws and regulations related to social marketing campaigns, proprietary lender collateral forms and communication with lenders. Additionally, we assessed the sufficiency of documentation in the Action Plan reports submitted to HUD and complaint process.

SUMMARY OF PROCEDURES

REDW interviewed MFA employees, and reviewed the laws and regulations surrounding Fair Housing and Fair Lending. We tested a sample of MFA responses to impediments in the 2019 Action Plan submitted to HUD to ensure support provided was quantifiable, properly documented, and sufficiently addressed the impediment. We compared the Fair Housing complaint tracking process to MFA's policy. Additionally, we tested the current process in place for notifying lenders of Fair Lending policies.

REDW tested a sample of social media postings and direct mailing campaigns to ensure MFA was in compliance with Fair Housing Act advertising requirements and Regulation N. Lastly, we obtained all fillable lender collateral forms that are used by lenders for the MFA mortgage product programs and tested to determine all forms adhered to requirements as outlined in the HUD Fair Housing Act Advertising Guidelines.

SUMMARY OF RESULTS

Based on the testwork performed over the course of the audit, processes and related controls for requirements related to Fair Housing and Fair Lending appeared to be functioning properly. Our testing identified applicable guidelines were being followed related to communication with lenders, social marketing campaigns, analysis of impediments, and the complaint process. REDW provided best practice recommendations to management.

As a result of our testing, REDW did not identify any reportable observations.

* * * * *

Further detail of our purpose, objectives, and procedures is included in the full internal audit report.

REDW LLC

Albuquerque, New Mexico
July 22, 2020

Tab 3

TO: Board of Directors

Through: Contracted Services/Credit Committee August 11, 2020

Through: Policy Committee July 15, 2020

FROM: Christi Wheelock

DATE: August 11, 2020

SUBJECT: Architectural Review and Construction Inspection Services Award
Recommendation

Recommendation:

Staff recommends approval of Architectural Review and Construction Inspection Services awards to be made to Jeebs and Zuzu Architectural Services, Mark Goldman Architects, Thomas Gifford Architects and Pyatt Studios; rejecting Jorge Gonzales as the minimum threshold was not met.

Background:

The Board approved the Request for Proposal (RFP) for Architectural Review and Construction Inspection Services on May 20, 2020. The RFP was advertised in the Albuquerque Journal, the Santa Fe New Mexican, the Las Cruces Sun News and posted on the AIA website and MFA website. Emails were sent to 42 architectural firms and personal follow up telephone calls were made to 33 firms. MFA received five responses with four of them meeting the Minimum Requirements. One was rejected as they did not meet the minimum threshold requirements.

Discussion:

Minimum Threshold Requirements:

1. All Offerors must demonstrate that it has significant current experience/knowledge in/of the development, design, renovation and construction of medium-to-large scale multifamily rental and/or single family development projects, preferably in New Mexico. Experience with federal housing subsidy programs is preferred. A minimum of three years' experience with this work.
2. All Offerors must be licensed/registered/certified in the state of New Mexico and in good standing pursuant to the relevant licensing laws.

Services to be Performed

As requested by MFA, services to be provided under this RFP include, but are not limited to, architectural review and construction inspection services as described below. While the below scope of work summarizes all the work that could be done with MFA, the specific scope of work for each

engagement will be memorialized in an engagement letter. Each engagement's scope of work will vary due to project financing sources and stage of development process. Offerors may submit proposals to perform the entire scope of work, Scope Item II.A alone, or Scope Item II.B alone.

A. Review of Financing Applications Against Design Standards

Time is of the essence for any work performed under this Scope Item II.A, and Offeror must agree to complete any work with respect to this section within three weeks from date of engagement. MFA receives approximately 15 to 20 initial financing applications at the beginning of each competitive LIHTC round and various other applications throughout the rest of the year.

- 1. MFA Design Standards**
- 2. Capital Needs Assessment**
- 3. National Housing Trust Fund (NHTF) and HOME Property Standards**
- 4. State of New Mexico Housing Trust Fund (NMHTF) Rehabilitation Standards**
- 5. Written Opinion on Standards**
 - a. Submit a written opinion to MFA as to whether the project conforms to the applicable standards and any variances from these standards.
 - b. Submit a written recommendation as to approval or disapproval of overall design and/or specific design elements.

B. Architectural Plan Review and Construction Inspection for Awarded Projects

1. Pre-Construction Activity

- a. Review the project documentation:
- b. Submit a written opinion to MFA as to whether the project conforms to the following standards (if applicable) and any variances to these standards.
- c. Submit a written recommendation as to approval or disapproval of overall design and/or specific design elements.

2. Construction Period Activity

Due to the complexity of the funding sources it provides, MFA's role may be as a traditional lender, a governmental agency, or both. As such, the Offeror could conduct one or both of Scope Items II.B.2.a and II.B.2.b (inspections may be combined in certain circumstances).

- a. Conduct three project inspections during project construction for MFA in its role as a governmental agency.
- b. Conduct standard verifications of contractor's monthly application for payment for MFA in its role as lender.
- c. Submit a written report to MFA to address each of the items above within ten (10) calendar days of the date of the onsite field inspection. Written reports shall include a recommendation as to approval or disapproval of each payment request and release of funds, complete with photographs.

3. Completion Activity

- a. Inspect assigned project upon completion of construction.
- b. Review certificates of occupancy, project architect's certification and all other completion documentation.
- c. Submit final report within fifteen (15) calendar days of the completion inspection, which must specifically state that the project was built.

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MFA Architectural Review and Construction Inspection Services RFP - Scores	Max. Points	Jeebs and Zuzu	Thomas Gifford	Mark Goldman	Pyatt Studios	Jorge Gonzales
Threshold: Offeror must demonstrate that it has significant, current experience/knowledge in/of the development, design, renovation and construction of medium-to-large scale multifamily rental and/or single family development projects, preferably in New Mexico. Experience with federal housing subsidy programs is preferred. A minimum of three years' experience with this work.	Must Meet	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> Did not meet Threshold
Offeror must be licensed/registered/certified in the state of New Mexico and in good standing pursuant to the relevant licensing laws.	Must Meet	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1. Experience and Capability: (maximum of 50 Points total) Evaluation of the professional qualifications, background and experience of the Offeror, including: Expertise and experience in the development, design, renovation, and construction of multifamily rental and/or single family development projects; <ol style="list-style-type: none"> Statement describing experience and technical capability and capacity to provide responsive and professional services to MFA. A description of New Mexico clients for which Offeror has worked or performed services, currently or in the last 10 years. Names and resumes of the key personnel including support staff to be assigned to MFA engagements. Names of at least three references of persons who have worked with the same key personnel proposed. 	0-30	30	29	30	25	
Expertise and experience in development projects financed with MFA funding, federal funding or LIHTCs.	0-20	20	20	15	13	
2. Work Plan: Evaluation of Offeror's work plan to provide the services. Offeror's proposal for delivering services, including organization of responsibilities, approach, and the availability of personnel for consultation and discussion, as necessary to serve the needs of MFA. Please include steps and time frames to complete all of the tasks described in Part II of the RFP. Detailed discussion of Offeror's staffing and other elements of its capacity to complete the scope of services specified in Part II of this RFP.	0-20	20	18	10	20	

3. Hourly Fees: The Offeror(s) with the lowest average hourly fees will be awarded 20 points. All other Offeror(s) will receive a lower amount of points proportionate to the difference in the average fees. Fee basis should be an all-inclusive, hourly fee, which should include staff time and “out-of-pocket expenses.” Offeror must provide an hourly fee breakdown for each staff position it would propose to use and/or make available to MFA for use as needed. Offeror must also state how long the Offeror can hold the all-inclusive hourly fee rates with the minimum amount of time being two years. If selected, engagement letters with Offerors must reflect the all-inclusive, hourly fee rates proposed. Please include a statement as to whether the Offeror’s proposed rates are the best offered by the firm to any client.	0-20	12	10	13	20	
4. Capacity: Demonstrated ability and capacity to provide the services and meet timing requirements.	0-10	10	10	7	8	
Maximum Points (minimum of 70 points required) Up to 100	100	92	87	75	86	

Contract Term

Upon approval of Offerors, MFA will issue an award letter. The contract shall terminate 3 years after start date unless earlier terminated pursuant to the terms of the Contract between MFA and Offeror. At the option of MFA’s Board of Directors, the contract may be extended for two (2), one (1) year periods under the same terms and conditions.

Summary:

The Board approved the Request for Proposal for Architectural Review and Construction Inspection Services on May 20, 2020. MFA received four responses which met the Minimum Requirements and one response that did not meet the minimum threshold; all were scored by the approved scoring committee. Staff recommends the Architectural Review and Construction Inspections Services be awarded to Jeebs and Zuzu, LLC, Mark Goldman Architect, Thomas Gifford Architect and Pyatt Studios. All four firms will be placed on the MFA list of approved providers and will furnish MFA with architectural reviews and construction inspection services for LIHTC and non-LIHTC, MFA-financed projects.

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Tab 4



MEMORANDUM

TO: MFA Board of Directors

Through: *Contract Services – August 12, 2020*

Through: Policy Committee – August 4, 2020

FROM: Gina Bell, Director of Community Development

DATE: August 19, 2020

SUBJECT: Commissioner Recommendations for Eastern Regional Housing Authority

Recommendation:

Approve the recommendation of Matthew Wade and Alfred Velasquez as Commissioners for Eastern Regional Housing Authority.

Background:

As required with the NMSA Regional Housing Law, Section 5. 11-3 A-6, Powers of Regional Housing Authority in Board of Commissioners, appointments of Board of Regional Housing Authorities and Terms, all recommendations for appointments as Commissioners are required to be reviewed and approved by MFA's Board of Directors prior to being recommended to the Governor.

Discussion:

During the July 2020 MFA board meeting, staff presented the 2019 Annual Report for the Regional Housing Authorities. At that time there were six Commissioners reported for Eastern Regional Housing Authority. Since that meeting the Boards and Commissions Department has notified Chris Herbert, Executive Director of Eastern Regional that Mike O-Hara who represented Otero county and Waymon Dowdy who represented Curry county would not be re-approved to serve in the role of a Commissioner for the agency. With the loss of these two Commissioners, Eastern Regional will only have four active Commissioners.

Mr. Herbert contacted stakeholders for the purpose of filling commissioner vacancies as each of the Regionals are required to have a minimum of seven Commissioners on their Boards. Applications and resumes were received from Matthew Wade to fill the vacancy in Lincoln County and Alfred Velasquez would represent Chavez county.

The threshold requirements for commissioners of regional housing authorities 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.

Mr. Wade has held the position of Controller for Wildhorse Transportation Services since 2009. His experience in the field of accounting includes account payable, audits, budgets and payroll. Mr. Wade has been a resident of New Mexico his entire life and with his accounting and business background he would be a good addition to Eastern Regional Housing Authorities Board.

Alfred Velasquez holds a master's degree in Education Administration from Eastern New Mexico University. He currently works with the Head Start Program in Roswell. He has also taught at the All Saints Catholic School and the Roswell Independent School District. Mr. Velasquez worked at Tabosa Development Services for eight years. During that time, he served as a Day Habilitation Program Director for four years and the Human Resources Director for four years. He has served as a Counseling Associate with Turquoise Health and Wellness and a Case Manager with Alianza of New Mexico. As a Commissioner, Mr. Velasquez would bring a strong background in social services to the Board of Eastern Regional.

Summary:

Staff recommends Board approval of two new Commissioners for the Eastern Regional Housing Authority Board. Both candidates fulfill the requirements per the NMSA Regional Housing Law and have expressed interest in serving as a commissioner. Matthew Wade would represent Lincoln County and Alfred Velasquez would represent Chavez county. Upon MFA Board approval, staff will send the recommendations to Governor Michelle Lujan-Grisham through the Board and Commissions Department for final approval.

Matthew Wade

Controller - Wild Horse Transportation Services, LLC

Roswell, NM 88201

wadema8699@gmail.com

575 626 6416

- Team player who can interact efficiently with executives, clients and employees with excellent oral and written communications skills and multitasking abilities.
- Almost 10 years of experience in financials, mainly as a Controller, providing Financial Analysis, Financial Ratios and applications, as well as production strategy and use of capital.
- 10 years of experience in Compliance, highly committed with all applicable laws and regulations.
- Experience in Sales and Inventory

Authorized to work in the US for any employer

Work Experience

Controller

Wild Horse Transportation Services, LLC
(Family Business)

January 2009 to Present

Compliance Officer (part time)

Pima Oilfield Rentals
January 2009 to Present

Compliance Agent

Gene's Permit Service
December 2006 to December 2009

Salesman

Vet Pharm & Feed
November 2005 to December 2006

Education

Bachelor of Science in Animal Science, Agricultural Production Management

Eastern New Mexico University - Portales, NM
2016

Skills

accounting. (10+ years), accounts payable (10+ years), audits (10+ years), budget (10+ years), budgets (10+ years), accounting, Employee Relations, Payroll, Management, Quickbooks, Powerpoint

(20+ years) Caring for horses and cattle, horse training, showing, maintaining applicable records, feed, doctoring, buying and selling both grades of livestock on a commercial and personal level.

Additional Information

- Interpersonal skills: Decision making, problem-solving, negotiation, and collaborative.
- Technical skills: Quickbooks and Microsoft Office, financial and scientific mathematics.

Professional Skills

Compliance

- File appropriate compliance reports with State of New Mexico and The Federal Department of Transportation.
- Acquire necessary state and federal permits.
- Conduct or coordinate audits of company tax accounts and financial transaction to ensure compliance with state and federal regulation agencies.
- Monitor compliance systems to ensure their effectiveness.
- Confer with clients to discuss necessary steps for expansion or to resolve issues. Controller / Financials
- Prepare or direct preparation of financial statements, business activity reports, financial position forecasts, annual
- budgets, and reports required by regulatory agencies.
- Develop, implement and enforce internal control policies and procedures for activities such as budget administration,

cash and credit management and accounting.

- Advise owners on short term and long term financial objectives, policies and actions.
- Develop and maintain relationships with banking, insurance, and accounting personnel to facilitate financial activity.
- Maintained knowledge of tax code changes, and of accounting procedures for proper evaluation of financial records.
- Evaluate needs for additional funding and investment of surplus funding.
- Analyze financial data to develop solutions or alternative uses of capital.
- Analyze past financial details for future decision making.
- Review forms and reports, prepare documents for accounting firms and to present to financial institutions.
- Prepare and file annual tax reports, tax returns, tax planning and negotiate tax payments with respective agencies.
- Monitor financial activities and details such as cash flow and reserve levels.

- Perform duties such as payroll, accounts payable procedures, receive cash and checks and make deposits. Sales
- Understanding clients' needs and providing solutions with available products and or services.
- Advise customers on substitution or modification of products.
- Discuss use of various products, chemicals, medicine and equipment.
- Receive and fill orders for products from clients, prepare sales slips or sales contracts. • Mark and store products; stock inventory.
- Place new merchandise on display.

Resume

1 of 3

Name: **Alfred M. Velasquez, Jr.**
701 Moore Avenue, Roswell, New Mexico 88201
Mailing: P.O. Box 885, Roswell, New Mexico 88202
575-622-2058 (Home) / 575-317-2813 (Cell)

Professional Summary:

Past three years experienced in successful planning, scheduling, monitoring, supervising, organizing various indoor/outdoor activities, interacting with Clients/Staff. Very people oriented, positive demeanor, reliable/dependable, honest/trustworthy, and a positive role model. Experience in various trainings, computer skills, arts/crafts, community relations, recognized as a "Valued Employee" several times throughout career.

Educational Background:

Trainings / Workshops: Instructional Computer Trainings, CPR/First Aid Trainings, Defensive Driver Training, Teaching & Support Strategies, Assisting With Medication Delivery, Advocacy Training, Positive Behavior Supports, Person-Centered Planning, Friends & Relationships Course Curriculum, Participatory Communication & Choice-Making, Recognizing & Reporting Abuse, Neglect and Exploitation, MANDT Systems, Teaching & Support Strategies, Incident Reporting, DDS Pre-Service, Foundation for Health & Wellness, Agency Safety, Case Management, Computer Literacy, various DOH Trainings/Workshops

Graduate Credit: Completed over 90 credit hours (Master's Degree); Education Administration/Eastern New Mexico University, Portales/Roswell, New Mexico

Graduate Credit: Completed over 160 credit hours (Bachelor of Science Degree / Elementary Education Eastern New Mexico University, Portales, New Mexico

Roswell Independent School District: In-Service Training: Reading / "Success For All" Training, Art, Science, Social Studies, Math Workshops, Training Seminars, Computer Training Skills, Fred Jones Workshops; "Positive Classroom Discipline" / "Positive Classroom Instruction", Teacher of the Gifted, Testing / Evaluation of Gifted Students, Giftedness plus additional background trainings.

Experience:

SNMCAC Head Start Program: Site Supervisor for SNMCAC Head Start Programs in the Roswell area (8/26/2019 to Current). Overall supervision and management of three Head Start Centers with a total of 57 employees.

Tobosa Developmental Services: Day Habilitation Program Director (2/2015-5/15/2019); Planning, Organizing, Delivering Day-to-Day Activities, Scheduling Monthly Activity Calendars, Monitoring/Supervising Building Usage, Planning Outside Activities/Client-Staff Field Trips, Shopping for Center Activities, Attend Meetings/Workshops, Organize Community Activities, Community Involvement, Organized/Maintained Booth at Main Street Mall/Antiques, Teach Computer Skills, Teach Various Learning Skills.

Counseling Associates: (1/2013-6/2014)/Turquoise Health & Wellness (7/2014-2/2015); Case Worker, Client Related Issues, Managing Housing/Utilities, Bill Paying, Grocery Shopping, Various Appointments, Transportation Issues, Supportive Case Management, Personal Issues, Health/Hygiene Issues, One/One & Group Setting Meetings, Home Visits, overall Client Advocacy.

Tobosa Developmental Services: Human Resources Director (2/2009-1/2013) Advocate for Clients/Staff, Manage Employment Relations, Manage Compensation—Benefits Functions, Recruiting, Interviewing New Employees, Filing, Past/Present Record

Experience:

Tobosa Developmental Services:

Keeping, Employee Job Related Issues, Working Conditions, Wages, Promotions, Employee Benefits, Handle Various Administrative Tasks, Filing Grievances, Schedule Employee Meetings, Workshops and Trainings.

All Saints Catholic School: Teacher / Temporary Principal (2007-2008). Third Grade Teacher for Half Year/Teaching Regular Curriculum, Served As School Principal for Second Semester, Manage/Supervise Daily School Activities, Attend Meetings/Workshops, Evaluate Staff

Roswell Independent School District: Substitute Teacher (2006-2007)

Reading/Math Tutor/Pecos Elementary School (2007-2008)

Alianza of New Mexico: Case Manager (10/2005-01/2006). Supervised/Scheduled Receptionist-Secretary Positions, Provided Direct Services to/in S.E. New Mexico Living With HIV/Aids, Record Keeping, Data Entry, Scheduling, Travel, Schedule Appointments, Provide Assistance With Medical, Housing, Utility Services, Manage Inquiries/Payments.

Alianza of New Mexico: Administrative Assistant (8/2002-10/2005). Maintained Accounting Records, Data Entry, Peachtree Data Entry, Ryan White Care-Ware Data Entry, Inventory/Inventory Control, Filing, Supervise/Schedule Receptionist-Secretary Position, Numerous Other Office Duties.

Roswell Independent School District: "Success For All" Reading Facilitator (1999-2003) Supervised/Managed/Evaluated Staff & Students in K-6 Reading Program, Organized and Provided Tutors for Various Reading Levels, Developed Tutoring/Mentoring Programs, Tested/Evaluated/Monitored Reading Proficiency, Managed Student Placements, Provided Home Visits, Maintained Variety of Day-to-Day Scheduling, Organized/Developed Volunteer Programs, Maintained Various Data & Record Keeping Files, Provided Incentive Programs for Student Success & Levels of Achievement, Provided Training Workshops for Staff/Parents, Participated in Various Workshops/Training Experiences.

Roswell Independent School District: Gifted Program/Teacher of the Gifted (1996-1999) Participated in Gifted Programs at Various Elementary Schools (Chisum, Del Norte, East Grand Plains, Nancy Lopez, Pecos, Sunset Elementary Schools), Provided Organized Lesson/Curriculum in Advanced Study, etc., Provided Training, Participated/Scheduled Off Campus Field Trips/Activities, Participated in Various Workshops/Training Experiences for Staff Development.

Missouri Avenue School: Grade 2 & Grade 3 Teacher (1979-1996)

Edgewood Elementary School: Grade Six Teacher (1978-1979)

Nancy Lopez Elementary School: Permanent Substitute Teacher (1977)

Professional Affiliations:

Member/Commissioned Notary Public (5/13/2005-5/12/2009) National Notary Publics.

Roswell Education Association: Retired Life Member

Roswell Education Association: Member (1978-2003/Extended Life Member)

Served on Various Committees, Officer (Vice-President for Two Terms, Chairperson on Various Committees, Minority Caucus, State Elected Delegate / National Education Association, State Elected Delegate / National Representative Association, Past Member of National Art Education Association, NASA/Educational Horizons, Parent/Teacher Associations

Community Affiliations:

Boys & Girl Club of Roswell

Member: St. John's Catholic Church

Past Member: Working Mother's Day Nursery (1984-2003)

Board of Directors Member / Served as Vice-President

Past Member: Roswell Hispano Chamber of Commerce

Community Affiliations:

Board of Directors, Membership Committee, Pinatafest Committee, Pinatafest Director, Education Committee, Student Participation in RISD School Workshops.

Community Affiliations:

Past Member: Roswell Chamber of Commerce

Leadership Roswell Graduate (1998-1999), Air Show New Mexico / Volunteer, Keep Roswell Beautiful / Volunteer

Partners in Education Committees: Burger King Restaurants, Church's Chicken, Bank of the Southwest, HEYCO, Parent/Teacher Organizations

Civic Affiliations:

March of Dimes, Roswell Jaycees / Dreams Come True Foundation, Membership, Roswell Assistance League / Frolics, Children, Youth and Family / "Say YES to LIFE" - Coordinator

Volunteer:

Roswell Community Kitchen, Tobosa KIK Committee, Roswell Adult Center, Roswell Boys/Girls Club, Girl Scouts of America, JOY Center, Roswell Job Corp, Keep Roswell Beautiful / Bag-A-Thon, United Way of Chaves County, American Cancer Society, March of Dimes, YES to LIFE Club, Children/Youth/Family Coordinator,

Awards / Honors:

Tobosa Developmental Services; Employee of the Month (February 2009), Eastern New Mexico State Fair / First Place Award—Missouri Avenue School Float Entry; Electric Light Parade / First Place Float Entry, Missouri Avenue Float Entry; Electric Light Parade / First Place Float Entry—Bank of the Southwest; Pinatafest / Sun Bowl Parade—El Paso, Texas—Princess Award for Outstanding Children's Float Entry; Pinatafest / Best All-Around Pinata Award—Missouri Avenue Elementary School (1998-1993); Roswell Education Association / State of New Mexico "Hall of Fame" 92005; Roswell Independent School District / Outstanding Service Award—25 Years of Service; Roswell Outstanding "Success For All" Facilitator (2001); Laureate Award Winner / "Excellence In Teaching Award" (1998); Laureate Award Finalist, "Member Laureate Circle" (1992, 1994-1998); Teacher Recognition Award / Roswell School Board (1983, 1987, 1990, 1994, 2001, 2003); Who's Who in Education (1990); Who's Who Among American High School Students (1972)

REFERENCES:

Name: Alfred M. Velasquez, Jr.
701 Moore Avenue, Roswell, New Mexico 88201
Mailing: P.O. Box 885, Roswell, New Mexico 88202
575-622-2058 (Home) / 575-317-2813 (Cell)

Ms. Elouise Ortega
1621 W. Summit
Roswell, New Mexico 88203
575-444-9558

Mr. Cecil Dowdy
3000 Golondrina Dr.
Roswell, New Mexico 88201
575-420-4800

Mrs. Joann Palomino
903 Lusk
Roswell, New Mexico 88203
575-208-8578

Ms. Elisa Begueria
2807 Onate Rd.
Roswell, New Mexico 88201
575-910-2145

(Additional References Available Upon Request)

Tab 5

New Mexico Mortgage Finance Authority

Combined Financial Statements
And Schedules

JUNE 30, 2020

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the nine-month period ended June 30, 2020

COMPARATIVE YEAR-TO-DATE FIGURES (Dollars in millions):

	9 months 6/30/2020	9 months 6/30/2019	% Change Year / Year	Forecast 6/30/2020	Actual to Forecast	Forecast/Target 9/30/20
PRODUCTION						
1 Single family issues (new money):	\$190.0	\$199.9	-5.0%	\$190.0	0.0%	\$190.0
2 Single family loans sold (TBA):	\$110.5	\$85.1	29.8%	\$157.5	-29.8%	\$210.0
3 Total Single Family Production	\$300.5	\$285.0	5.4%	\$347.5	-13.5%	\$400.0
4 Multifamily issues:	\$0.0	\$0.0	0.0%	\$0.0	0.0%	\$20.0
5 Single Family Bond MBS Payoffs:	\$56.5	\$30.5	85.2%	\$59.8	-5.5%	\$79.7
STATEMENT OF NET POSITION						
6 Avg. earning assets:	\$1,389.2	\$1,147.6	21.1%	\$1,365.6	1.7%	\$1,373.9
7 General Fund Cash and Securities:	\$73.7	\$90.6	-18.7%	\$81.5	-9.6%	\$89.6
8 General Fund SIC FMV Adj.:	(\$0.4)	(\$1.0)	60.0%	\$0.0	N/A	\$0.0
9 Total bonds outstanding:	\$1,161.4	\$971.6	19.5%	\$1,217.8	-4.6%	\$1,155.2
STATEMENT OF REVENUES, EXPENSES AND NET POSITION						
10 General Fund expenses (excluding capitalized assets):	\$13.6	\$12.2	11.5%	\$14.7	-7.5%	\$19.3
11 General Fund revenues:	\$19.3	\$15.5	24.5%	\$17.7	9.0%	\$23.5
12 Combined net revenues (all funds):	\$9.7	\$6.5	49.2%	\$6.8	43.7%	\$9.0
13 Combined net revenues excluding SIC FMV Adj. (all funds):	\$10.1	\$7.2	40.3%	\$6.8	49.6%	\$9.0
14 Combined net position:	\$255.2	\$241.4	5.7%	\$252.3	1.2%	\$254.4
15 Combined return on avg. earning assets:	0.94%	0.76%	23.1%	0.65%	43.9%	0.65%
16 Combined return on avg. earning assets excluding SIC FMV Adj. (all funds):	0.96%	0.84%	14.3%	0.65%	47.7%	0.65%
17 Net TBA profitability:	1.44%	0.80%	80.0%	1.25%	15.2%	1.25%
18 Combined interest margin:	0.90%	1.06%	-15.1%	0.52%	73.1%	0.52%
MOODY'S BENCHMARKS						
19 Net Asset to debt ratio (5-yr avg):	29.39%	29.90%	-1.7%	28.55%	2.9%	28.55%
20 Net rev as a % of total rev (5-yr avg):	11.43%	10.60%	7.8%	10.40%	9.9%	10.40%
SERVICING						
21 Subserviced portfolio	\$1,373.9	\$1,049.9	30.9%	\$1,400.9	-1.9%	\$1,447.9
22 Servicing Yield (subserviced portfolio)	0.39%	0.39%	0.0%	0.41%	-4.9%	0.41%
23 Combined average delinquency rate (MFA serviced)	9.13%	10.02%	-8.9%	14.00%	-34.8%	14.00%
24 DPA loan delinquency rate (all)	8.26%	9.39%	-12.0%	N/A	N/A	N/A
25 Default rate (MFA serviced-annualized)	1.20%	1.35%	-11.1%	1.50%	-20.0%	1.50%
26 Subserviced portfolio delinquency rate (first mortgages)	13.78%	8.93%	54.3%	N/A	N/A	N/A
27 Purchased Servicing Rights Valuation Change (as of 6/30)	(\$0.7)	\$1.4	-150.0%	N/A	N/A	N/A

Note: Forecast updated as of March 30, 2020

Legend:

Positive Trend Caution Negative Trend Known Trend/Immaterial

**NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW**

For the nine-month period ended June 30, 2020

SUMMARY OF NEW BOND ISSUES:

Single Family Issues:

\$120.0 mm 2019 Series F Bonds-New Money (November)
\$70.0 mm 2020 Series A Bonds-New Money (February)

Multi-family Issues:

None

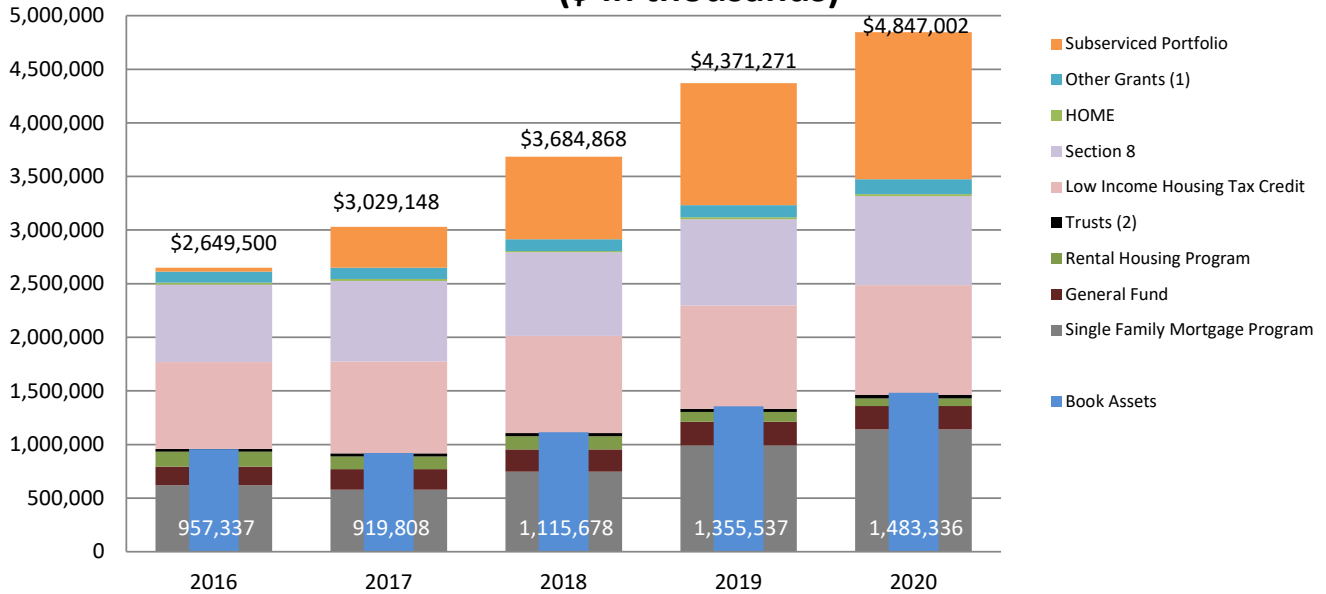
SIGNIFICANT MONTHLY FINANCIAL VARIANCES:

► Due to decreases in mortgage rates, prepayments are trending higher than last year.
► Due to market conditions related to the health crisis, the State Investment Council (SIC) General Fund portfolio had been experiencing significant fair market value losses. However, in the third quarter the market rebounded and the General Fund portfolio experienced fair market value increases of \$3.3 million offsetting those losses. While these market movements are non-operating in nature, they impact General Fund revenues, combined net revenues and return on average earning assets. Just a reminder that the accounting records are one month in arrears due to SIC timeframes.

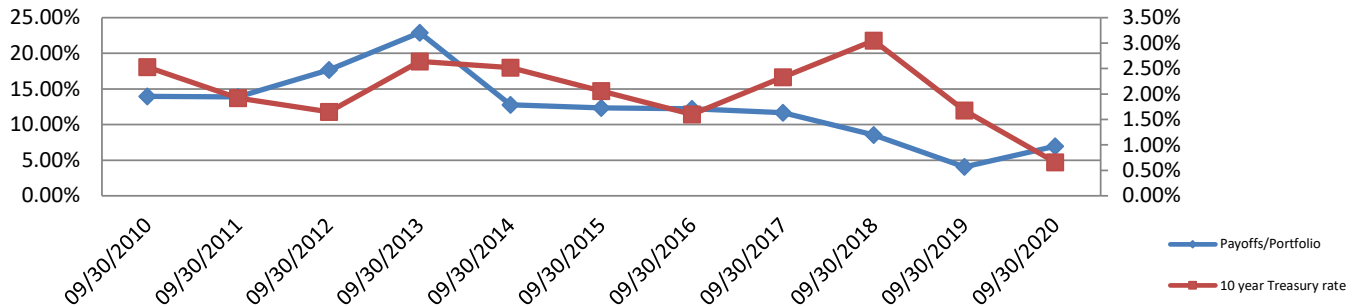
CURRENT YEAR FINANCIAL TRENDS & VARIANCES:

► Servicing expansion continues to provide additional revenues as the subserviced portfolio and purchased servicing rights asset bases increase.
► Best execution for the Single Family Mortgage first-time homebuyer loans was moved to TBA loan sales on March 17th due to a dysfunctional bond market. In the bond execution the majority of the revenue is earned over time and with TBA loan sales all revenue is received upfront. This strategic change will increase upfront administrative fees. MFA does not anticipate issuing single family bonds for the remainder of the fiscal year.
► Incurred approximately \$1.6 million in cost of issuance for Single Family Mortgage program bond issuance (\$190 million); majority of the expense was paid for through bond premium.
► The subservicing oversight position reports to the Director of Servicing and provides full-time monitoring of loss mitigation activities, collections and foreclosure services provided by MFA's subservicer. They coordinate with the Compliance Officer on risk management strategies and reporting. Staff actively analyzes default trends, quality control reports and portfolio profile characteristics to understand reasons for higher than expected delinquency rates. These delinquencies have an effect on the credit risk associated with MFA's down payment assistance portfolio as well as the financial impacts associated with defaults on the first mortgages themselves. Staff is actively engaged with the subservicer to identify additional delinquency reduction strategies, particularly early intervention strategies to prevent loans from becoming seriously delinquent. As risk has increased significantly since the pandemic the management of this portfolio has become even more of a priority. MFA staff is now receiving weekly forbearance information to analyze trends at the portfolio level. MFA's subservicing oversight team is receiving regular and improved reporting to better monitor and reconcile portfolio activities. Additionally, MFA's subservicer has increased staff and implemented improved technology to support forbearance and delinquency trends. Communication and reporting have improved significantly over the last three months. The foreclosure moratorium is having an impact on delinquencies as we are unable to move these seriously delinquent loans through the judicial and claims process. Of the 13.78 percent portfolio delinquency rate, 7.67 percent represents loans in forbearance. As of June 30th, 40 percent of MFA loans on forbearance plans are actually current. The subserviced portfolio is 84% FHA insured loans. The Mortgage Bankers Association quarterly survey as of March 31, 2020 indicates that the delinquency rate for FHA loans nationally is 9.69 percent and for New Mexico 7.07 percent. However these are early pandemic numbers. FHA Single Family Loan Performance Trends for May 2020 show 18.59% delinquency (for purchase loans only) up from 11.98% in February 2020 reflecting the impact of COVID-19 forbearance agreements.
► Fair market value for purchased servicing rights as of June 30, 2020 was \$13.1 million, a decrease of approximately (\$.7) million under cost. GASB requires MFA to utilize "lower of cost or market" accounting for this asset. Due to significant market fluctuations associated with the health crisis, MFA will be recording this decline in fair value for this asset in July 2020. Current purchased servicing rights are recorded at a cost of \$13.8 million. Valuations are obtained on a quarterly basis.
► Based on Moody's issuer credit rating scorecard, MFA's 29.39 percent net asset ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining MFA's creditworthiness under stressful circumstances (> 20 percent). The net revenue as a percent of total revenue measures performance and profitability and MFA's 11.43 percent ratio (5-year average) points to high profitability with favorable trends (10-15 percent range). While ratios currently fall within expected thresholds, there are some trends that are affecting these ratios. In future years MFA will see the net asset ratio decline as net revenues will not be increasing at the same rate as bonds outstanding.
► Moody's Investor Services completed an updated credit opinion on MFA in June 2020. They reaffirmed the Aa3/stable rating. Comments included high asset to debt ratio, good profitability and low risk profile due to mortgage-backed security structure, multifamily Risk Sharing Program and no exposure to variable rate debt. Additionally, Moody's reaffirmed the Aaa/stable rating on the single family indenture in the spring of 2019.

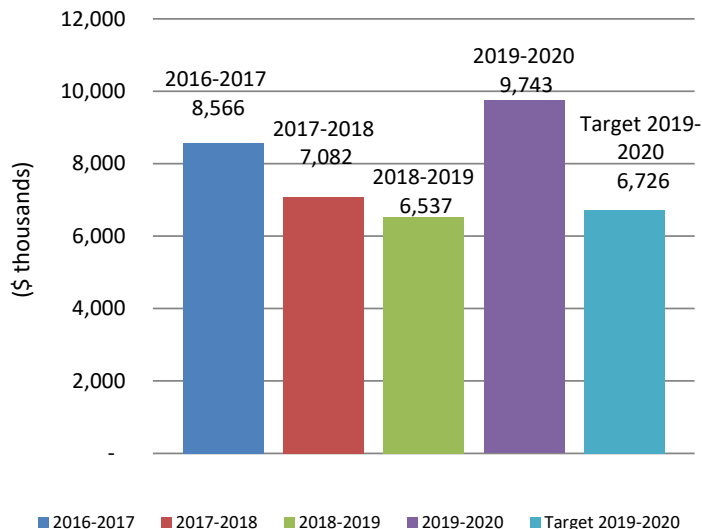
Assets Under Management as of 9/30/2020 (\$ in thousands)



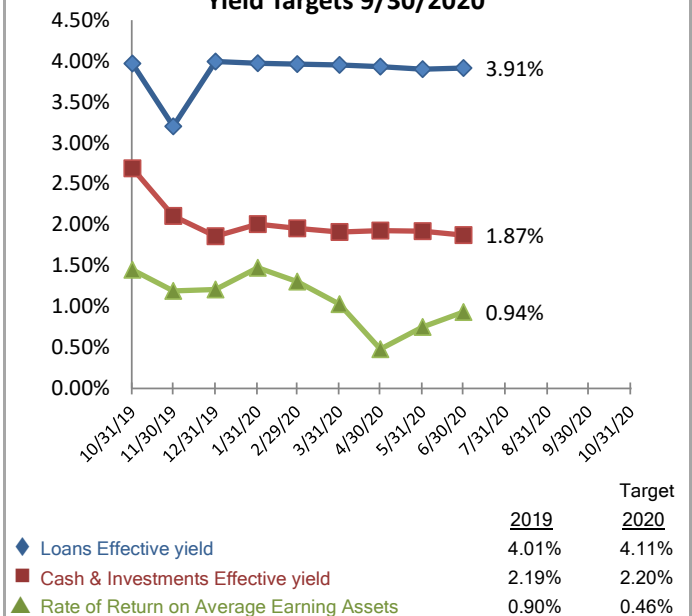
YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2020



YTD Excess Revenues over Expenses as of 6/30/2020

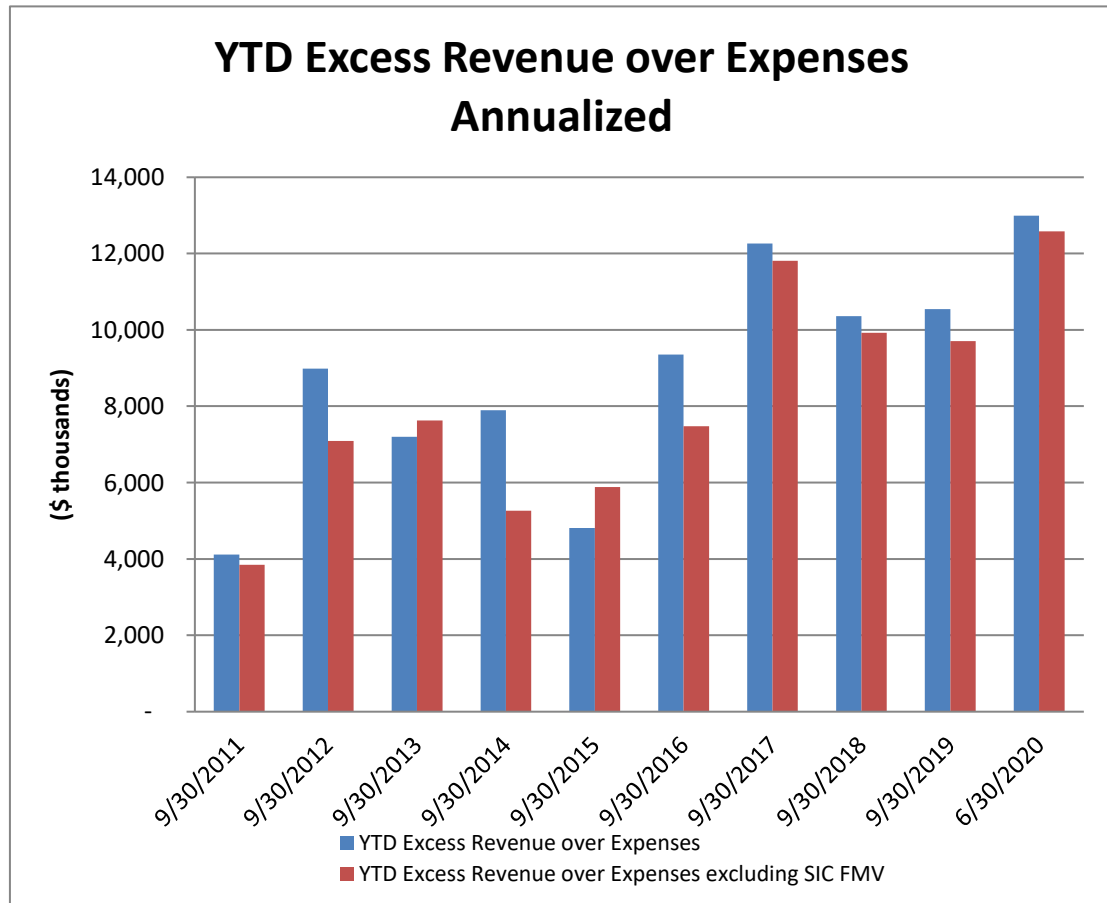
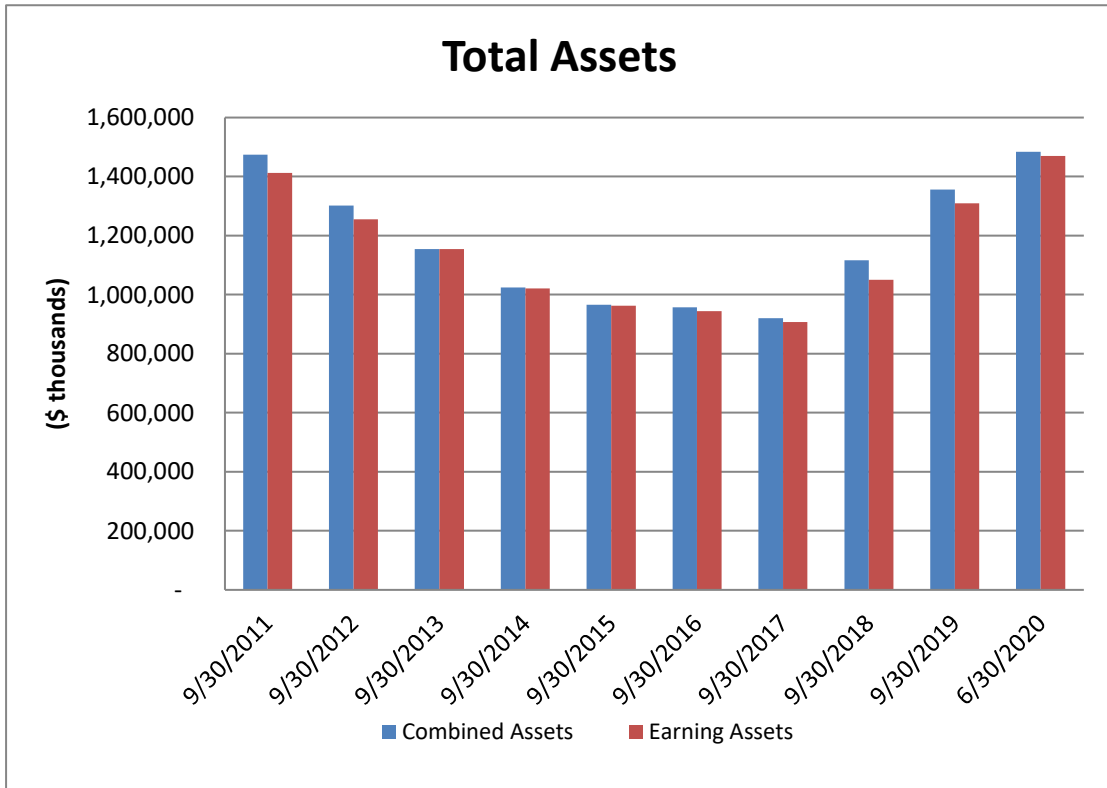


Yield Targets 9/30/2020

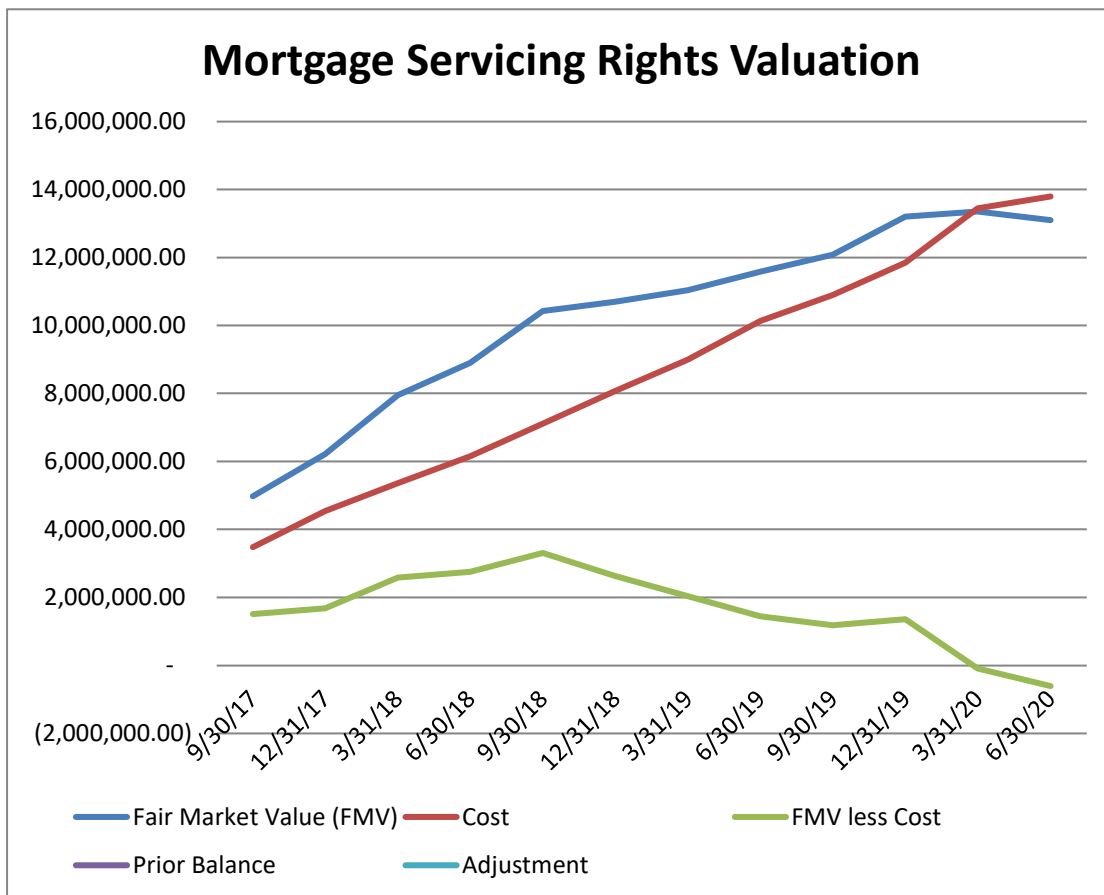
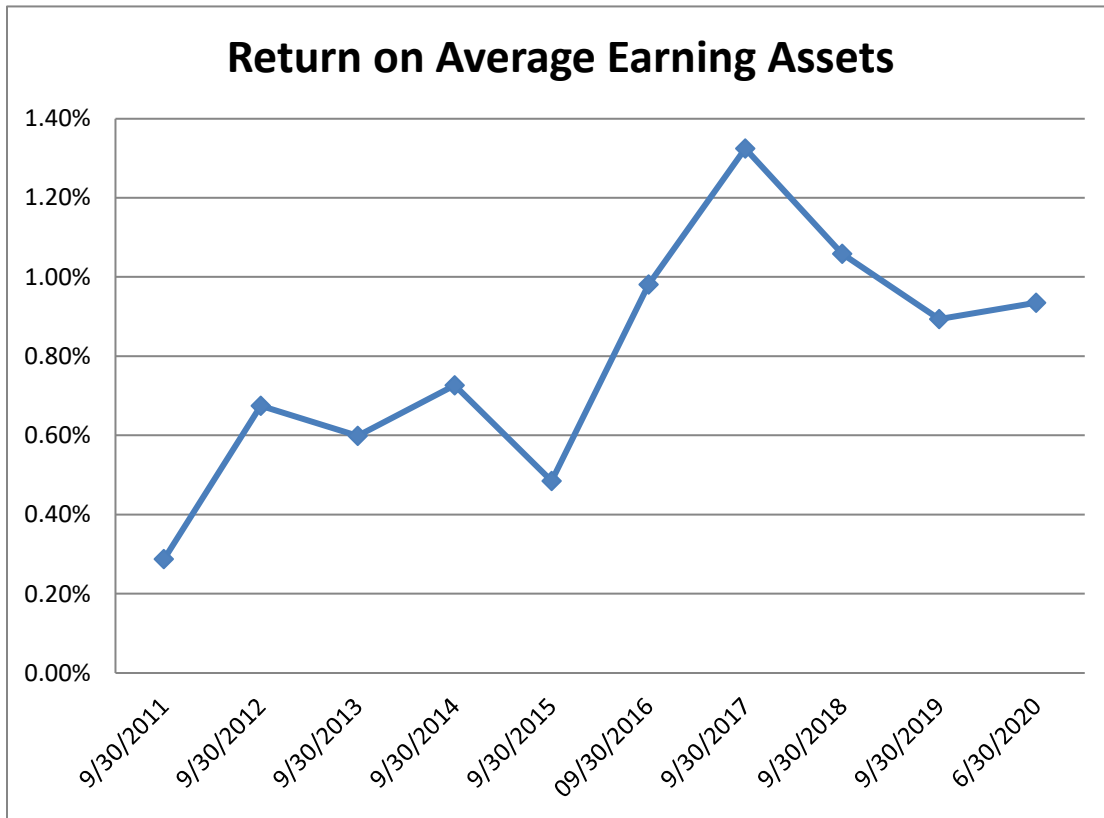


(1) Weatherization Assistance Programs; Emergency Shelter Grant; State Homeless; Housing Opportunities for People With Aids; NM State Tax Credit; Governor's Innovations; EnergySaver; Tax Credit Assistance Program; Tax Credit Exchange; Neighborhood Stabilization Program; Section 811 PRA; Homeownership Preservation Program (2) NM Affordable Housing Charitable Trust Fund; Land Title Trust Fund; Housing Trust Fund

QUARTERLY FINANCIAL GRAPHS



QUARTERLY FINANCIAL GRAPHS



NEW MEXICO MORTGAGE FINANCE AUTHORITY
COMBINED STATEMENT OF NET POSITION
JUNE 2020
(THOUSANDS OF DOLLARS)

	<u>YTD 6/30/20</u>	<u>YTD 6/30/19</u>
<u>ASSETS:</u>		
<u>CURRENT ASSETS:</u>		
CASH & CASH EQUIVALENTS	\$24,854	\$39,892
RESTRICTED CASH HELD IN ESCROW	10,093	13,046
SHORT-TERM INVESTMENTS	2,678	-
ACCRUED INTEREST RECEIVABLE	4,539	3,916
OTHER CURRENT ASSETS	2,342	2,081
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	(0)
INTER-FUND RECEIVABLE (PAYABLE)	-	-
TOTAL CURRENT ASSETS	<u>44,506</u>	<u>58,934</u>
CASH - RESTRICTED	58,188	67,014
LONG-TERM & RESTRICTED INVESTMENTS	67,204	65,808
INVESTMENTS IN RESERVE FUNDS	-	323
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,077,449	850,650
MORTGAGE LOANS RECEIVABLE	223,517	231,710
ALLOWANCE FOR LOAN LOSSES	(5,349)	(2,505)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	1,139	1,202
OTHER REAL ESTATE OWNED, NET	2,615	29
OTHER NON-CURRENT ASSETS	-	-
INTANGIBLE ASSETS	<u>13,765</u>	<u>9,989</u>
TOTAL ASSETS	<u>1,483,034</u>	<u>1,283,155</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
REFUNDINGS OF DEBT	302	399
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u><u>1,483,336</u></u>	<u><u>1,283,554</u></u>
<u>LIABILITIES AND NET POSITION:</u>		
<u>LIABILITIES:</u>		
<u>CURRENT LIABILITIES:</u>		
ACCRUED INTEREST PAYABLE	\$15,292	\$11,403
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	8,853	9,721
ESCROW DEPOSITS & RESERVES	<u>9,934</u>	<u>12,930</u>
TOTAL CURRENT LIABILITIES	34,078	34,054
BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	1,161,396	971,608
MORTGAGE & NOTES PAYABLE	32,509	36,276
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	155	170
TOTAL LIABILITIES	<u>1,228,139</u>	<u>1,042,108</u>
<u>NET POSITION:</u>		
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	1,139	1,202
UNAPPROPRIATED NET POSITION (NOTE 1)	67,132	63,289
APPROPRIATED NET POSITION (NOTE 1)	<u>186,926</u>	<u>176,954</u>
TOTAL NET POSITION	<u>255,197</u>	<u>241,446</u>
TOTAL LIABILITIES & NET POSITION	<u><u>1,483,336</u></u>	<u><u>1,283,554</u></u>

NEW MEXICO MORTGAGE FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE NINE MONTHS ENDED JUNE 2020
(THOUSANDS OF DOLLARS)

	<u>YTD 6/30/20</u>	<u>YTD 6/30/2019</u>
<u>OPERATING REVENUES:</u>		
INTEREST ON LOANS	\$37,022	\$30,995
INTEREST ON INVESTMENTS & SECURITIES	2,676	2,900
LOAN & COMMITMENT FEES	2,291	2,281
ADMINISTRATIVE FEE INCOME (EXP)	5,546	3,805
RTC, RISK SHARING & GUARANTY INCOME	52	95
HOUSING PROGRAM INCOME	637	722
LOAN SERVICING INCOME	4,243	3,098
OTHER OPERATING INCOME	-	1
SUBTOTAL OPERATING REVENUES	<u>52,466</u>	<u>43,895</u>
<u>NON-OPERATING REVENUES:</u>		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	(453)	(556)
OTHER NON-OPERATING INCOME	28	15
GRANT AWARD INCOME	36,910	35,663
SUBTOTAL NON-OPERATING REVENUES	<u>36,485</u>	<u>35,123</u>
TOTAL REVENUES	<u>88,951</u>	<u>79,018</u>
<u>OPERATING EXPENSES:</u>		
ADMINISTRATIVE EXPENSES	11,217	10,352
INTEREST EXPENSE	30,368	24,789
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(2,018)	(1,564)
PROVISION FOR LOAN LOSSES	331	579
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	108	81
AMORT. OF SERV. RIGHTS & DEPRECIATION	1,121	520
BOND COST OF ISSUANCE	1,625	2,010
SUBTOTAL OPERATING EXPENSES	<u>42,752</u>	<u>36,768</u>
<u>NON-OPERATING EXPENSES:</u>		
CAPACITY BUILDING COSTS	504	118
GRANT AWARD EXPENSE	35,781	35,594
OTHER NON-OPERATING EXPENSE	171	-
SUBTOTAL NON-OPERATING EXPENSES	<u>36,456</u>	<u>35,712</u>
TOTAL EXPENSES	<u>79,208</u>	<u>72,480</u>
NET REVENUES	9,743	6,537
OTHER FINANCING SOURCES (USES)	0	-
NET REVENUES AND OTHER FINANCING SOURCES(USES)	<u>9,743</u>	<u>6,537</u>
NET POSITION AT BEGINNING OF YEAR	<u>245,454</u>	<u>234,909</u>
NET POSITION AT TD 6/30/20	<u>255,197</u>	<u>241,446</u>

NOTES TO FINANCIAL STATEMENTS

(For Informational Purposes Only)
(Thousands of Dollars)

(Note 1) MFA Net Position as of June 30, 2020:

UNAPPROPRIATED NET POSITION:

\$ 34,423	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
\$ 32,268	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
\$ 441	held for New Mexico Affordable Housing Charitable Trust .
<u>\$ 67,132</u>	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:

\$ 115,511	for use in the Housing Opportunity Fund (\$101,917 in loans plus \$13,594 unfunded, of which \$3,042 is committed).
\$ 32,725	for future use in Single Family & Multi-Family housing programs.
\$ 1,634	for loss exposure on Risk Sharing loans.
\$ 1,139	invested in capital assets, net of related debt.
\$ 13,828	invested in mortgage servicing rights.
<u>\$ 8,343</u>	for the future General Fund Budget year ending 9/30/20 (\$25,861 total budget less \$17,518 expended budget through 06/30/20.)
<u>\$ 173,180</u>	Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

By actions of the Board of Directors on December 7, 1999, Housing assets have been appropriated as follows:

\$ 14,886	for use in the federal and state housing programs administered by MFA.
\$ 14,886	Subtotal - Housing Program
<u>\$ 188,066</u>	Total appropriated Net Position
<u>\$ 255,197</u>	Total combined Net Position at June 30, 2020

Total combined Net Position, or reserves, at June 30, 2020 was \$255.2 million, of which \$67.1 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$188.1 million of available reserves, with \$73.7 million primarily liquid in the General Fund and in the federal and state Housing programs and \$114.4 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.

GENERAL FUND
Fiscal Year 2019-2020 Budget
For the nine months ended 6/30/2020

	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 %
Revenue							
Interest Income	550,115	4,991,613	5,149,413	6,777,286	157,800	1,785,673	73.65%
Interest on Investments & Securities	112,180	1,281,413	1,411,663	1,882,217	130,250	600,804	68.08%
Loan & Commitment Fees	7,422	48,506	7,500	10,000	(41,006)	(38,506)	485.06%
Administrative Fee Income (Exp)	1,769,411	8,598,134	6,418,317	8,784,423	(2,179,816)	186,289	97.88%
Risk Sharing/Guaranty/RTC fees	8,607	51,133	52,073	69,431	941	18,298	73.65%
Housing Program Income	12,315	637,408	677,916	1,084,053	40,509	446,645	58.80%
Loan Servicing Income	478,987	4,242,633	4,174,444	5,913,525	(68,188)	1,670,892	71.74%
Other Operating Income			750	1,500	750	1,500	
Operating Revenues	2,939,036	19,850,839	17,892,077	24,522,435	(1,958,762)	4,671,596	80.95%
Gain (Loss) Asset Sale/Debt Ex	851,903	(539,633)	(228,563)	(378,750)	311,070	160,883	142.48%
Other Non-operating Income	-	753	120	160	(633)	(593)	470.78%
Non-Operating Revenues	851,903	(538,879)	(228,443)	(378,590)	310,437	160,289	142.34%
Revenue	3,790,939	19,311,959	17,663,634	24,143,845	(1,648,325)	4,831,885	79.99%
Salaries	396,379	3,705,319	4,153,143	5,396,868	447,824	1,691,549	68.66%
Overtime	1,060	14,470	19,043	24,756	4,574	10,287	58.45%
Incentives	127,625	358,064	360,360	468,417	2,297	110,354	76.44%
Payroll taxes, Employee Benefits	189,811	1,698,618	1,954,815	2,567,648	256,197	869,030	66.15%
Compensation	714,875	5,776,470	6,487,362	8,457,690	710,891	2,681,219	68.30%
Business Meals Expense	-	749	3,795	5,060	3,046	4,311	14.81%
Public Information	(385)	109,329	209,179	278,905	99,850	169,576	39.20%
In-State Travel	278	36,610	72,855	97,140	36,245	60,530	37.69%
Out-of-State Travel	-	84,568	158,549	211,399	73,981	126,831	40.00%
Travel & Public Information	(107)	231,256	444,378	592,504	213,122	361,248	39.03%
Utilities/Property Taxes	6,052	53,261	55,239	73,652	1,979	20,392	72.31%
Insurance, Property & Liability	10,756	96,821	94,985	126,646	(1,836)	29,825	76.45%
Repairs, Maintenance & Leases	87,631	689,846	705,316	940,422	15,470	250,576	73.35%
Supplies	3,297	31,701	39,124	52,166	7,424	20,465	60.77%
Postage/Express mail	3,648	29,383	27,594	36,792	(1,789)	7,409	79.86%
Telephone	1,164	7,309	15,632	20,843	8,324	13,534	35.07%
Janitorial	3,977	22,988	18,810	25,080	(4,178)	2,092	91.66%
Office Expenses	116,525	931,308	956,701	1,275,601	25,392	344,293	73.01%
Dues & Periodicals	6,387	36,290	38,888	51,850	2,598	15,560	69.99%
Education & Training	2,383	45,987	92,033	122,711	46,046	76,724	37.48%
Contractual Services	97,207	683,071	844,501	1,136,001	161,429	452,929	60.13%
Professional Services-Program	500	90,738	43,677	58,236	(47,061)	(32,502)	155.81%
Direct Servicing Expenses	327,463	3,092,746	2,576,632	3,767,072	(516,114)	674,326	82.10%
Program Expense-Other	23,242	27,177	10,875	14,500	(16,302)	(12,677)	187.43%
Other Operating Expense	457,181	3,976,009	3,606,606	5,150,370	(369,403)	1,174,361	77.20%
Interest Expense	35,060	496,272	784,232	1,045,643	287,960	549,371	47.46%

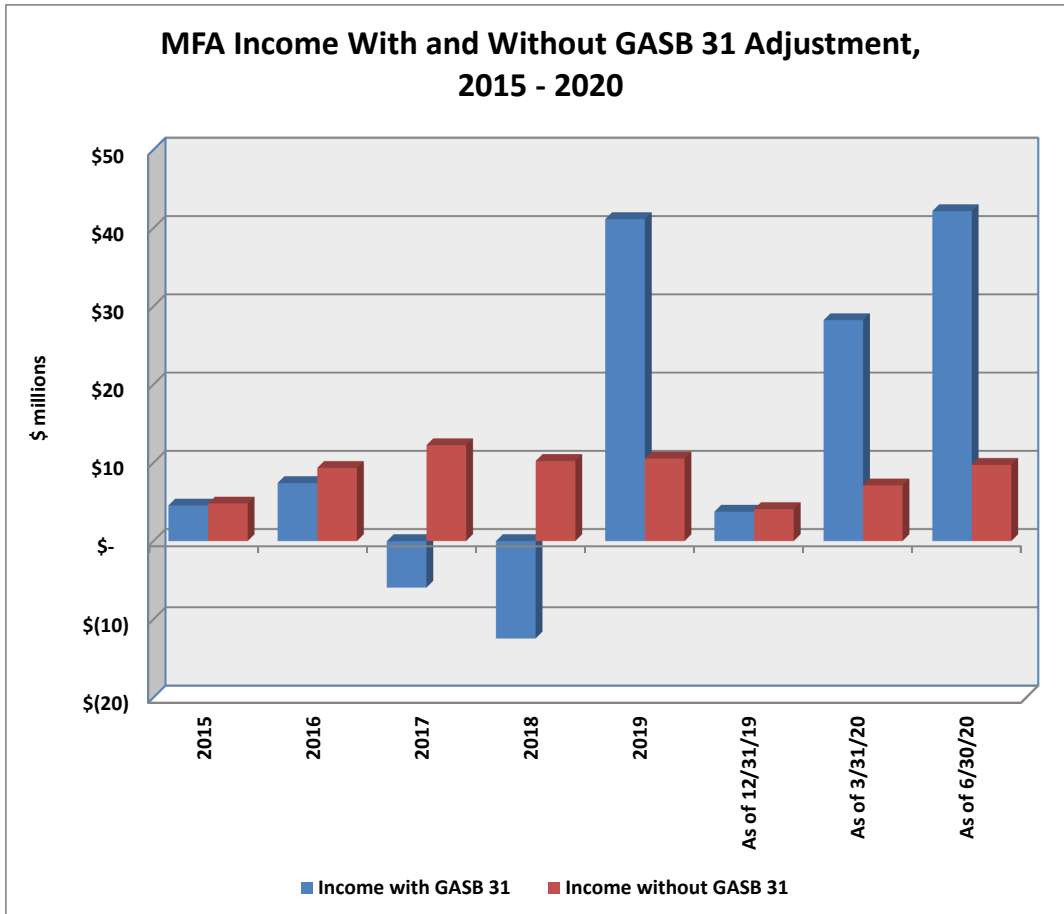
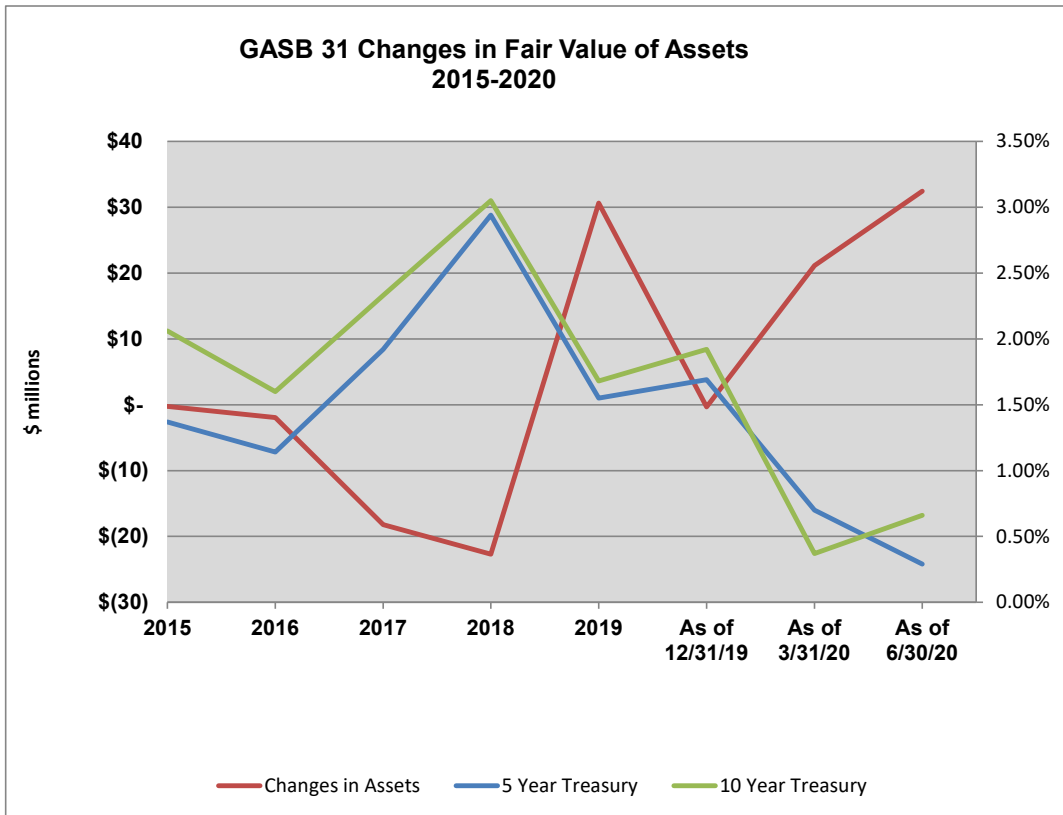
GENERAL FUND
Fiscal Year 2019-2020 Budget
For the nine months ended 6/30/2020

	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 %
Non-Cash Expenses	174,444	1,450,869	1,784,363	2,384,900	333,495	934,031	60.84%
Expensed Assets	7,258	188,122	133,252	177,670	(54,869)	(10,452)	105.88%
Operating Expenses	1,505,236	13,050,307	14,196,894	19,084,378	1,146,587	6,034,071	68.38%
Program Training & Tech Asst	236,132	388,417	413,786	551,715	25,370	163,298	70.40%
Program Development	9,399	115,148	106,350	141,800	(8,798)	26,652	81.20%
Capacity Building Costs	245,531	503,565	520,136	693,515	16,571	189,950	72.61%
Non-Operating Expenses	245,531	503,565	520,136	693,515	16,571	189,950	72.61%
Expenses	1,750,767	13,553,872	14,717,030	19,777,893	1,163,159	6,224,021	68.53%
Excess Revenue over Expenses	2,040,172	5,758,088	2,946,604	4,365,952	(2,811,484)	(1,392,136)	131.89%

GENERAL FUND CAPITAL BUDGET
Fiscal Year 2019-2020 Budget
For the nine months ended 6/30/2020

	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 %
2690 PURCHASED SERVICING RIGHTS	476,143	3,864,098	3,152,390	5,035,560	(711,708)	1,171,462	76.74%
2950 COMPUTER HARDWARE	25,748	71,348	138,243	184,324	66,895	112,976	38.71%
2960 SOFTWARE LICENSES	-	17,648			(17,648)	(17,648)	
2920 FURNITURE & EQUIPMENT-10 YR	-	-			-	-	
2930 FURNITURE & EQUIP, 5 YR.	-	-			-	-	
2860 BUILDING	3,335	10,664	863,035	863,035	852,371	852,371	1.24%
Capital Budget	505,226	3,963,758	4,153,668	6,082,919	189,910	2,119,161	65.16%

New Mexico Mortgage Finance Authority
Effect of GASB31 on Financials



New Mexico Mortgage Finance Authority
Loan and Credit Line Activity
As of 6/30/2020

Lender	Purpose	Collateral	Board Authorization Date	Authority Limit	Outstanding 3/31/20	Advances	Repayments	Outstanding 6/30/20	Maturity	Interest Rate as of 6/30/20	Interest Payments this quarter
Community Banks	Fund DPA program and assist financial institutions meet CRA requirements	DPA portfolio	March 2018	5,000,000	-	-	-	-	n/a	n/a	
FHLB	Mortgage Backed Security Warehouse, Loans Held for Sale Program	Mortgage loan pipeline	October 2017	60,000,000	35,000,000	27,000,000	42,000,000	20,000,000	10/24/2019	0.70%	44,893
FHLB	Mortgage Backed Security Warehouse, Loans Held for Sale Program & operations	Securities	October 2017	25,000,000	10,000,000	-	-	10,000,000	3/26/2021	2.48%	62,000
USDA-RD	Preservation Revolving Loan Fund Demonstration Program	PRLF mortgage loans	September 2015	2,125,000	-	-	-	-	n/a	n/a	
SBIC	Capitalize Primero Loan Fund	None	April 2014, March 2019	2,500,000	-	-	-	-	11/30/2023	n/a	-
FHLB	Mortgage Revenue Bond (MRB) Warehousing	MRB Mortgage backed securities	June 2013	30,000,000	-	-	-	-	n/a	n/a	
Wells Fargo	Capitalize Primero Loan Fund	None	October 2011	850,000	850,000	-	-	850,000	11/15/2023	2.00%	4,250
USDA-RD	Preservation Revolving Loan Fund Demonstration Program	PRLF mortgage loans	May 2011	2,000,000	1,659,165	-	-	1,659,165	1/20/2042	1.00%	-
TOTAL				122,475,000	47,509,165	27,000,000	42,000,000	32,509,165			111,142

Tab 6

June 30, 2020 Quarterly Investment Review
Agenda for Discussion at Finance Committee Meeting
Meeting Date: August 11, 2020

For reference:

Minutes of the May 15, 2020 investment discussion during the Finance Committee meeting.

For discussion:

Quarterly Investment Review of MFA General Fund and Housing Trust Fund investments:

- Executive Summary
- Portfolio Reports:
 1. General Fund Investment Policy Compliance Report
 2. General Fund Short and Intermediate-term Portfolio Summary
 3. General Fund Long-term Portfolio Summary
 4. Housing Trust Fund Portfolio Summary
 5. Portfolio Metrics and Economic Indicators

**New Mexico Mortgage Finance Authority
Minutes of Quarterly Investment Review
(Taking place during the Finance Committee August 11, 2020)**

Present: Chair Derek Valdo Member- Proxy Diana Rosales-Ortiz, and Proxy Martina C'de Baca

MFA Staff Present: Izzy Hernandez, Gina Hickman, Donna Maestas-De Vries, Jeff Payne, Cooper Hall, Kathryn Turner, Teresa Lloyd, Yvonne Segovia, Robyn Powell, Christine Wheelock

- Report being presented is as of June 30th, 2020
- Compliance Report (Diversification and Asset Allocation): Hall reviewed the General Fund Investment Compliance Report. He informed the committee that all asset classes are in compliance with the investment policy.
- Portfolio Summary- Short & Intermediate Term Investments: Hall reviewed asset classes and yield/ returns. He also mentioned MFA purchased four new bond securities during the quarter due to maturities or calls.
- Portfolio Summary- Long Term Investments Including State Investment Council Investments: Hall reviewed market values, rates of returns and realized gain/loss data for the mortgage backed securities and the State Investment Council (SIC) funds. It was also noted that \$3 million of MFA long-term mortgage-backed securities were purchased during the quarter due to the higher returns on that fixed income asset class. Hall also reminded the committee that MFA plans on holding to its long-term investment strategy.
- Portfolio Summary- Housing Trust Fund: Hall reminded the committee that the Housing Trust Fund is 100% invested in the SIC Core Plus Bond Fund. He also informed the committee of the Funds market value, rate of return and realized gain/loss data.
- Hall reviewed interest income detail, benchmarks and noted changes in economic indicators.
- Changes in the interest rate environment and related impacts were discussed during the presentation.

General Fund:

Asset Class	06/30/20 Balance	Yield/Rate of Return
Cash Held for Operations/Warehoused MBS	\$6,403,732	Various
Local Government Investment Pool	2,414,653	0.34%
Bond Ladder	15,096,550	1.70%
MFA's Mortgage Backed Securities-Intermediate Term	8,074,530	5.17%
MFA's Mortgage Backed Securities-Long Term	5,076,731	3.71%
Core Plus Bond Fund-Active (SIC)	9,282,670	5.11%
Large Cap Index Equity Fund (SIC)	8,991,874	3.18%
Small/Mid Cap Fund (SIC)	3,227,041	-8.04%
Non-US Developed Markets Fund (SIC)	3,863,556	-4.27%
Non-US Emerging Markets Fund (SIC)	1,118,401	1.95%

*Weighted Average Maturity

Housing Trust Fund:

Asset Class	06/30/20 Balance	Yield/Rate of Return
Core Plus Bond Fund-Active (SIC)	\$13,245,139	5.30%

INVESTMENT REPORT – EXECUTIVE SUMMARY FOR THE THIRD QUARTER OF FISCAL YEAR 2020

1. All asset classes are in compliance with MFA's investment policy.
2. During the third quarter of FY 2020, staff purchased four securities for the bond ladder due to maturities. Staff also made purchases of long-term MFA Mortgage Backed Securities in order to diversify the portfolio and achieve higher yields.
3. Due to federal fiscal policy and the Federal Open Market Committee lowering the targeted range of the federal funds rate to 0%-.25% in March, we are continuing to experience low yields in our fixed income portfolios. Due to significant declines in mortgage rates, the mortgage backed securities purchased this quarter also show lower rates of return, however, still provide the portfolio strong returns overall.
4. The State Investment Council portfolio is not currently meeting the target yield of 5% as of the third quarter of FY2020. Given current circumstances and economic conditions related to the health crisis and general disruption of capital markets, this was expected. The total portfolio has yielded a gain of 1.24% fiscal year to date primarily related to the Core Plus Bond Fund and the Domestic Large Cap Index Equity Fund showing the strongest returns. Realized fair market losses seen in Quarter 1 have mostly been recovered.
5. The Housing Trust Fund State Investment Council portfolio, which is 100% invested in a core bond fund experienced a return 5.30%.
6. As of the third quarter of FY2020 interest income is 67% of total budgeted interest income. As anticipated, changes in the interest rate environment experienced last quarter have impacted yields. This impact to yields is expected to persist.
7. Historically the State Investment Council portfolio has performed well when compared to established benchmarks. After the recent shocks to the market, the portfolio is under-performing to some benchmarks while exceeding others for the fiscal year.
8. As of June 30, 2020, MFA's General Fund and Housing Trust Fund balances are as follows:

General Fund:

Asset Class	06/30/20 Balance	Yield/Rate of Return	Benchmark Rate of Return
Cash Held for Operations/Warehoused MBS	\$6,403,732	Various	n/a
Local Government Investment Pool	2,414,653	0.34%	n/a
Bond Ladder	15,096,550	1.70%	1.85%
MFA's Mortgage Backed Securities-Intermediate Term	8,074,530	5.17%	n/a
MFA's Mortgage Backed Securities-Long Term	5,076,731	3.71%	n/a
Core Plus Bond Fund-Active (SIC)	9,282,670	5.11%	6.33%
Large Cap Index Equity Fund (SIC)	8,991,874	3.18%	5.96%
Small/Mid Cap Fund (SIC)	3,227,041	-8.04%	-8.03%
Non-US Developed Markets Fund (SIC)	3,863,556	-4.27%	-6.00%
Non-US Emerging Markets Fund (SIC)	1,118,401	1.95%	0.90%

Housing Trust Fund:

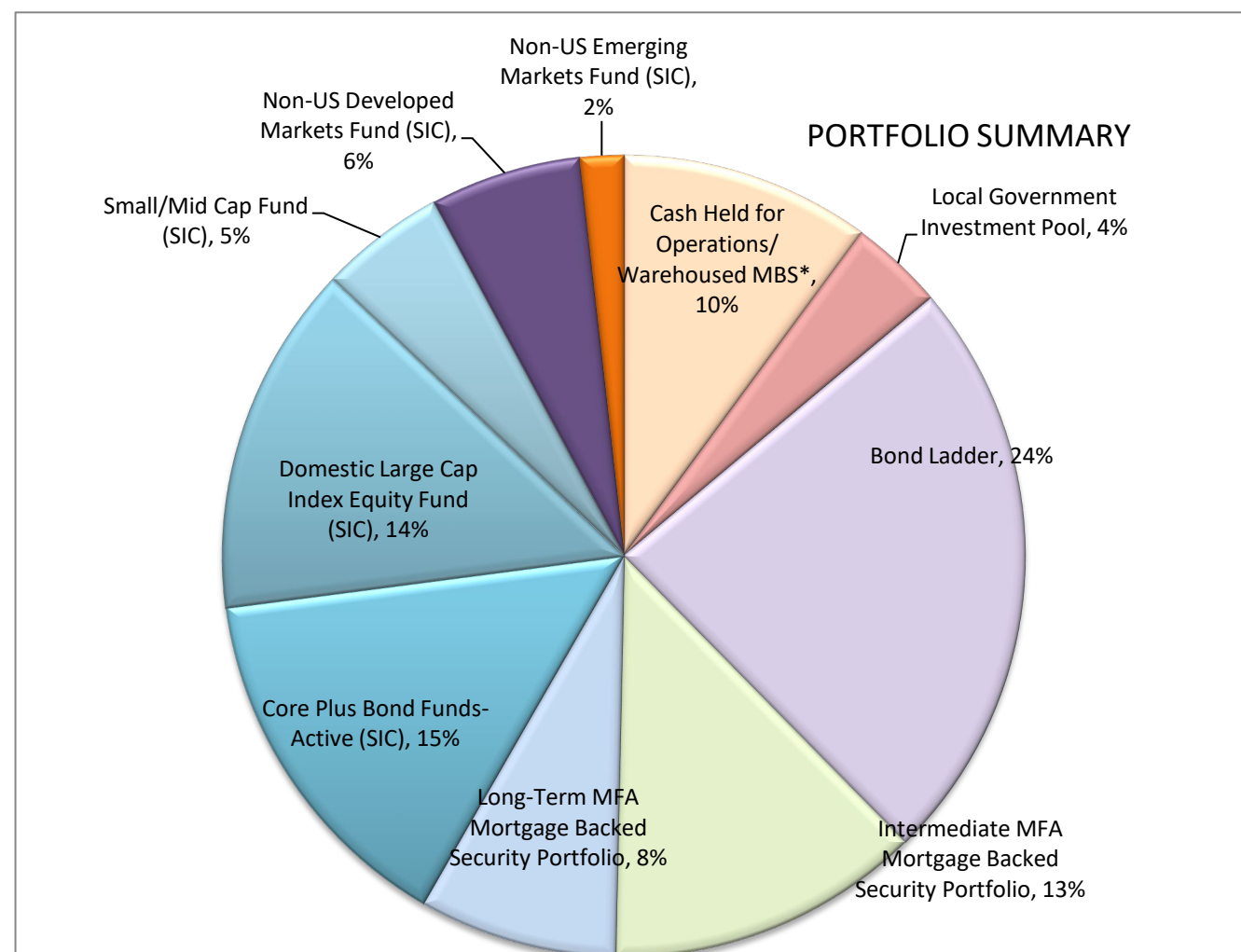
Asset Class	06/30/20 Balance	Yield/Rate of Return	Benchmark Rate of Return
Core Plus Bond Fund-Active (SIC)	\$13,245,139	5.30%	6.33%



GENERAL FUND INVESTMENT COMPLIANCE REPORT FOR QUARTER 3 (AS OF June 30th, 2020)

ASSET CLASS	Policy Requirement Target	Policy Requirement Range	Current Portfolio Carrying Value	Current %	Within \$ Limit Range	Action Plan
Short-Term Investments (Less than 1 year)						
Cash Held for Operations/Warehoused MBS*	14%	9%-19%	\$ 6,403,732	10%	Yes	
Local Government Investment Pool	6%	1%-11%	\$ 2,414,653	4%	Yes	
Intermediate Term Investments (1 to 10 years)						
Bond Ladder	27%	22%-32%	\$ 15,096,550	24%	Yes	
Intermediate MFA Mortgage Backed Security Portfolio	13%	8%-18%	\$ 8,074,530	13%	Yes	
Long-Term Investments (More than 10 years)						
Long-Term MFA Mortgage Backed Security Portfolio	4%	0%-9%	\$ 5,076,731	8%	Yes	
Core Plus Bond Funds-Active (SIC)	12%	7%-17%	\$ 9,282,670	15%	Yes	
Domestic Large Cap Index Equity Fund (SIC)	11%	6%-16%	\$ 8,991,874	14%	Yes	
Small/Mid Cap Fund (SIC)	5%	0%-10%	\$ 3,227,041	5%	Yes	
Non-US Developed Markets Fund (SIC)	6%	1%-11%	\$ 3,863,556	6%	Yes	
Non-US Emerging Markets Fund (SIC)	2%	0%-7%	\$ 1,118,401	2%	Yes	
			<u>\$ 63,549,738</u>	<u>100.00%</u>		

*Does not include capital borrowed for loan operations or restricted funds.



SIC FUND ALLOCATION

	Policy	Actual
SIC Core Plus Bond-Active	33%	35%
SIC Large Cap Index Equity	31%	34%
Small/Mid Cap Index	14%	12%
Non-US Developed Markets	17%	15%
Non-US Emerging Markets	5%	4%

BOARD ACTIONS

August 2005 - approved General Fund Investment
February 2008 - approved new Large Cap Index ETF Pool
January 2009 - approved Revision to Investment Policy
October 2010 - Approved Revision to Investment Policy
May 2011 - Approved revision to Investment Policy
April 2012 - Approved revision to Investment Policy
April 2013 - Approved revision to Investment Policy
April 2016 - Approved revision to Investment Policy
October 2017 - Approved revision to Investment Policy

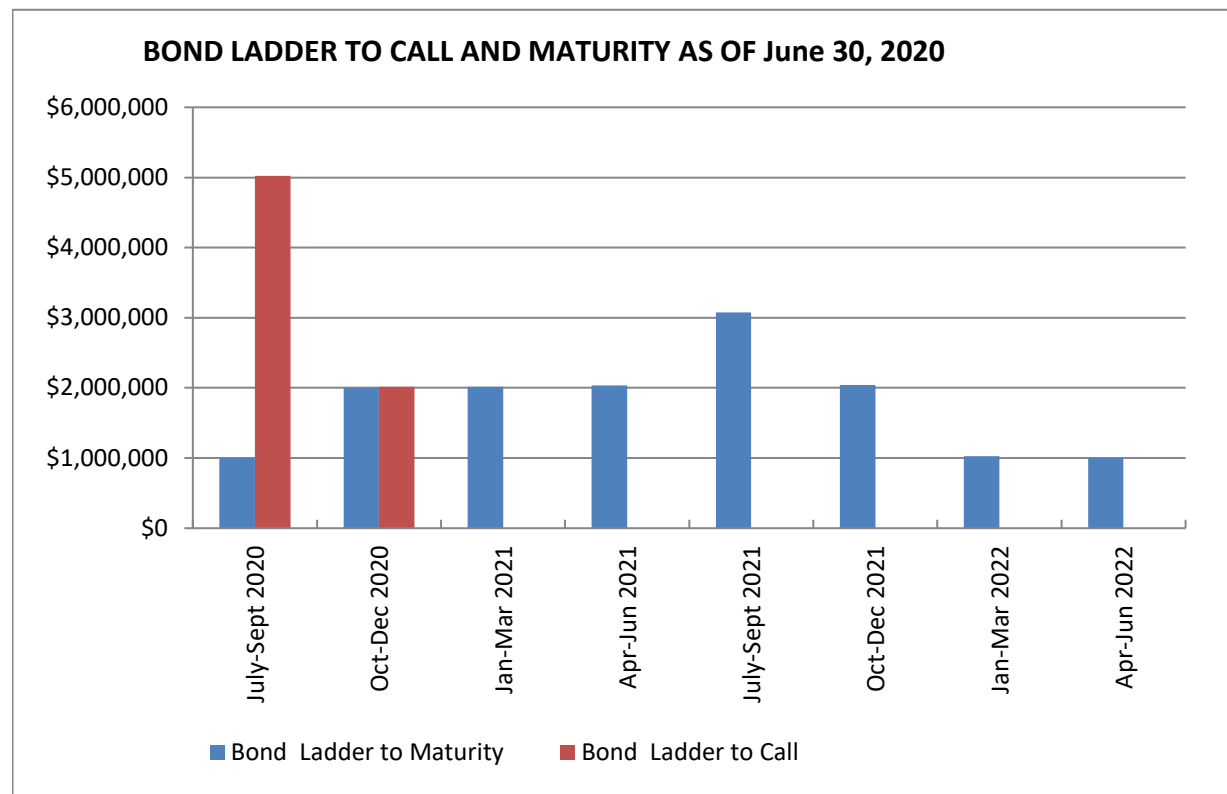


PORTFOLIO SUMMARY - Short & Intermediate Investments

General Fund	Book Value YTD/Quarter 3 as of 6/30/2020	Book Value YTD/Quarter 3 as of 6/30/2019	Unrealized Gain/Loss YTD/Quarter 3 as of 6/30/2020	Yield to Maturity YTD/Quarter 3 as of 6/30/2020	Yield to Maturity YTD/Quarter 3 as of 6/30/2019
Short-Term					
Cash Held for Operations/Warehoused MBS*	\$ 6,403,732	\$ 7,227,247	N/A	Various	Various
Local Government Investment Pool	\$ 2,414,653	\$ 4,643,390	N/A	0.34%	2.46%
Intermediate-Term					
Bond Ladder	\$ 15,096,550	\$ 17,066,243	\$ 182,610	1.70%	2.07%
MFA Mortgage Backed Security Portfolio	\$ 8,074,530	\$ 8,052,579	\$ 637,136	5.17%	5.26%
Yield to Maturity for Intermediate-Term Investments				2.95%	3.09%
Total Short & Intermediate Term	\$ 31,989,465	\$ 36,989,459	\$ 819,745		

*Does not include capital borrowed for loan operations or restricted funds.

**Weighted average maturity.



BOND LADDER SECTOR ALLOCATION

	Book Value	% of Total Dollars
Fannie Mae	\$ 3,041,958	20%
Federal Farm Credit Bank	\$ 4,008,102	27%
Federal Home Loan Bank	\$ 7,036,947	47%
Freddie Mac	\$ 1,009,543	7%
Total	\$ 15,096,550	100%

INVESTMENTS PURCHASED IN THE THIRD QUARTER OF FY 2020

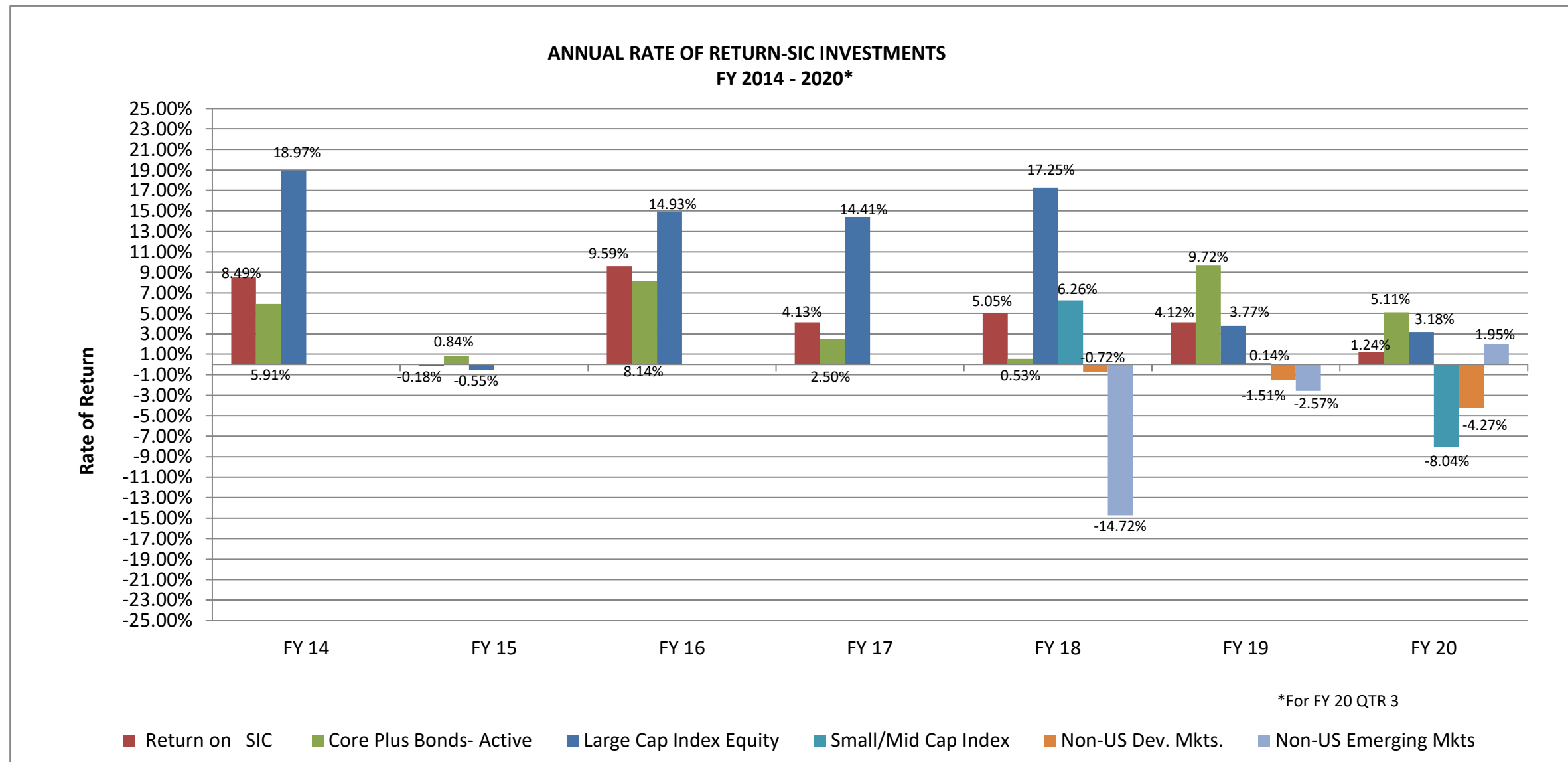
Date Purchased	Security	Interest Rate	YTM/YTC	Dollar Amount
4/24/2020	FHLMC	1.125%	0.268%	\$ 1,009,543
5/5/2020	FNMA	2.000%	0.228%	\$ 1,026,656
6/4/2020	FNMA	1.375%	0.169%	\$ 1,015,303
6/18/2020	FFCB	0.375%	0.256%	\$ 1,002,101

PORTFOLIO SUMMARY - Long Term Investments Including State Investment Council Investments

General Fund	Book/Market Value YTD/Quarter 3 as of 6/30/2020	Book/Market Value YTD/Quarter 3 as of 6/30/2019	Unrealized/Realized** Gain/Loss YTD/Quarter 3 as of 6/30/2020	Rate of Return YTD/Quarter 3 as of 6/30/2020 *	Rate of Return YTD/Quarter 3 as of 6/30/2019 *
MFA's Mortgage Backed Securities Portfolio	\$ 5,076,731	\$ 2,572,476	\$ 303,556	3.71%	5.31%
State Investment Council (SIC):					
Core Plus Bond Fund-Active	\$ 9,282,670	\$ 8,627,147	\$ 224,124	5.11%	7.51%
Domestic Large Cap Index Equity Fund	\$ 8,991,874	\$ 8,588,078	\$ 156,607	3.18%	2.35%
Small/Mid Cap Fund	\$ 3,227,041	\$ 3,386,564	\$ (284,803)	-8.04%	-3.08%
Non-US Developed Markets Fund	\$ 3,863,556	\$ 4,063,011	\$ (239,097)	-4.27%	-0.74%
Non-US Emerging Markets Fund	\$ 1,118,401	\$ 1,150,258	\$ (2,168)	1.95%	2.18%
Total State Investment Counsel	\$ 26,483,542	\$ 25,815,058	\$ (145,337)	1.24%	2.80%
Total Long-Term Investments	\$ 31,560,273	\$ 28,387,534	\$ 158,219		

*SIC rate of returns are year to date, not annualized.

** Fair Market Value adjustments on the mortgage backed security portfolio are unrealized, however, they are realized on the SIC portfolio.





PORTFOLIO SUMMARY - Housing Trust Fund

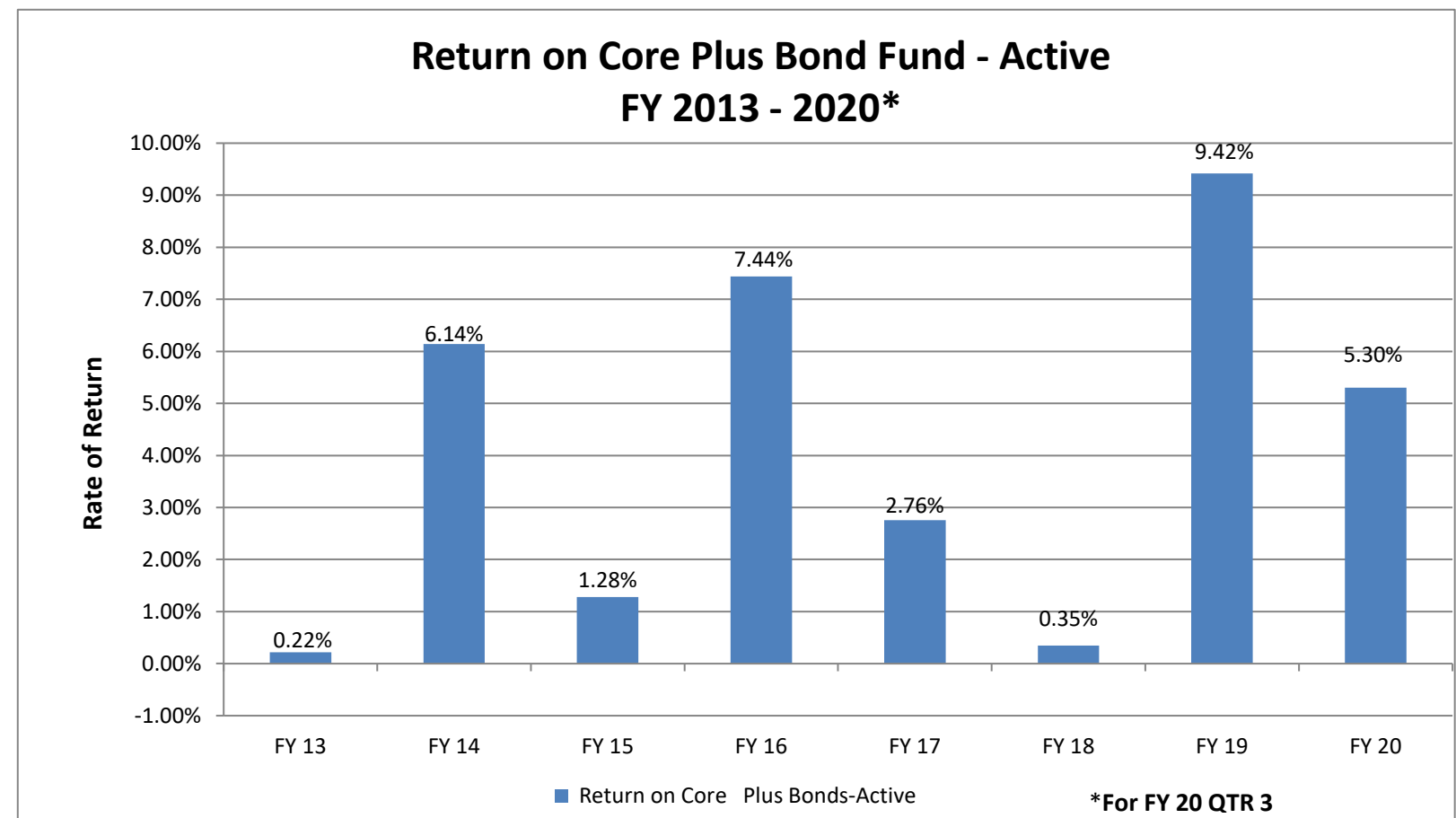
Housing Trust Fund

State Investment Council (SIC):
Core Plus Bond Fund-Active

Total State Investment Council

Market Value YTD/Quarter 3 as of 6/30/2020	Market Value YTD/Quarter 3 as of 6/30/2019	Realized Gain/Loss YTD/Quarter 3 as of 6/30/2020	Rate of Return YTD/Quarter 3 as of 6/30/2020	Rate of Return YTD/Quarter 3 as of 6/30/2019
\$ 13,245,139	\$ 13,723,747	\$ 340,610	5.30%	7.10%
\$ 13,245,139	\$ 13,723,747	\$ 340,610	5.30%	7.10%

SIC FUND ALLOCATION		
SIC Core Plus Bond-Active	100%	100%





GENERAL FUND INVESTMENT PORTFOLIO - METRICS

Asset Class	S&P Rating	Moody's Rating	Annual Interest Income (Budget) FY2020	Actual Annual Interest Income YTD/Quarter 3 6/30/2020	Interest Income Earned of Total Budget YTD/Quarter 3 6/30/2020	Yield to Maturity/ Rate of Return YTD/Quarter 3 6/30/2020	Benchmark Yield/Rate of Return	Benchmark
Cash Held for Operations/Warehoused MBS	N/R	N/R	\$ 440,306	\$ 77,369	18%	Various	N/A	N/A
Local Government Investment Pool	AAAm	N/R	\$ 103,537	\$ 45,531	44%	0.34%	N/A	N/A
Bond Ladder			\$ 251,680	\$ 175,247	70%	1.70%	1.85%	BofA Merrill 1-3 Yr Agency
Fannie Mae	N/R	Aaa/Stable						
Federal Farm Credit Bank	N/R	Aaa/Stable						
Federal Home Loan Bank	N/R	Aaa/Stable						
Freddie Mac	N/R	Aaa/Stable						
MFA Mortgage Backed Security Portfolio	N/R	Aa3/Stable	\$ 544,345	\$ 417,375	77%		N/A	N/A
Intermediate Term	AA+	Aa3/Stable				5.17%		
Long-Term	AA+	Aa3/Stable				3.71%		
State Investment Council			\$ 436,500	\$ 480,229	110%	1.24%		
Core Plus Bond Fund-Active	N/R	N/R				5.11%	6.33%	Barclays US Agg Total Return Value
Large Cap Index Equity Fund	N/R	N/R				3.18%	5.96%	Russell 1000 Index-US Large Cap Equity
Small/Mid Cap Fund	N/R	N/R				-8.04%	-8.03%	Average ⁽¹⁾
Non-US Developed Markets Fund	N/R	N/R				-4.27%	-6.00%	Average ⁽²⁾
Non-US Emerging Markets Fund	N/R	N/R				1.95%	0.90%	MSCI Emerging Markets Index (Net)
			\$ 1,776,368	\$ 1,195,750	67%			

Economic Indicators

	6/30/2020	6/30/2019
Federal Funds Rate	0.08%	2.40%
Consumer Price Index (yoy)	0.60%	1.60%
Unemployment Rate	11.10%	3.70%
Real GDP (yoy)	-9.50%	2.30%
DJIA*	-2.32%	2.34%

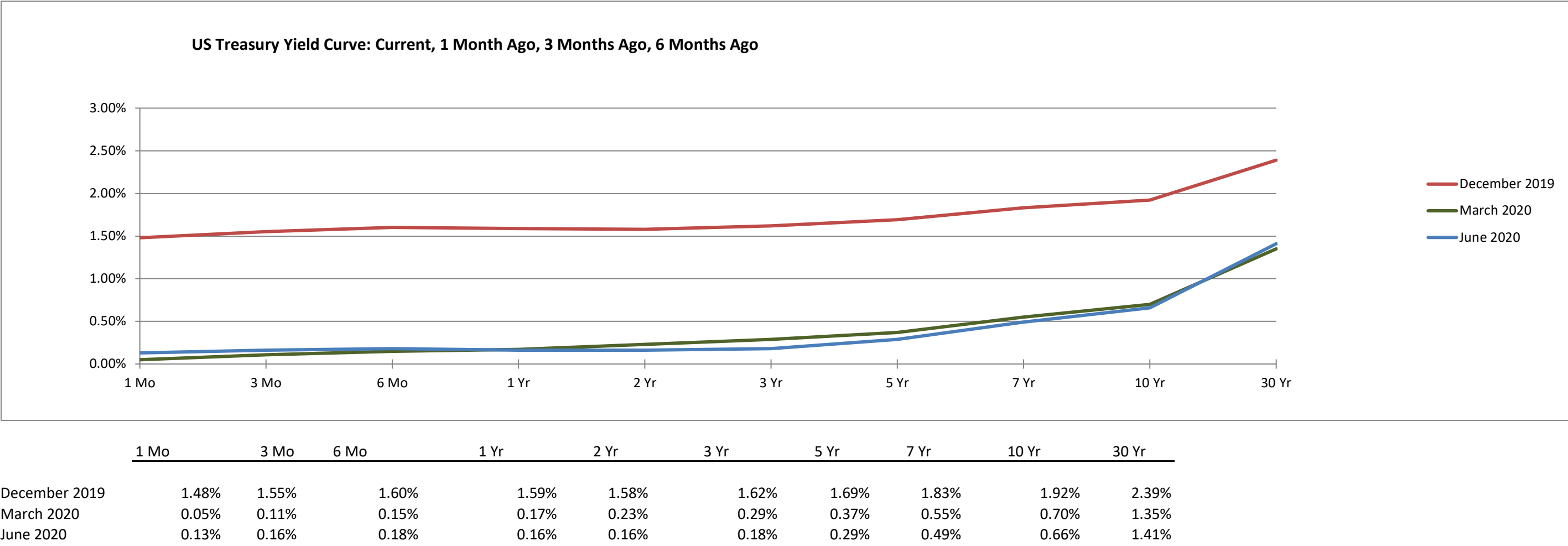
*Cumulative return for the period 10/1 through 9/30 which is four quarters of each respective fiscal year.

(1) Average of the following benchmarks:

Russell Mid Cap Index
Russell 2000 Value Index
Russell 2000 Index

(2) Average of the following benchmarks:

MSCI EAFE Net Total Return US Index
MSCI AC World Index EX USA Value Net Total Return
MSCI ACW EX US Small Cap Index
MSCI World Ex US IMI Index (net)



Source: U.S. Department of the Treasury

Tab 7



NEW MEXICO MORTGAGE FINANCE AUTHORITY
Contracted Services/Credit Committee Meeting
Tuesday, August 11, 2020 @ 10:00 am
MFA – Albuquerque

Webex join the meeting from the calendar or call
1-844-992-4726 (access code) 146 008 2230

AGENDA ITEM	Time Allotted	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
<u>Consent Agenda</u>	10:00 – 10:15		YES
1 Architectural Reviews and Inspection Services RFP Award Recommendations (Christi Wheelock and Kathryn Turner)		3-Ø	
2 Eastern Regional Housing Authority Commissioner Recommendations (Gina Bell)	10:15 – 10:30	3-Ø	
<u>Agenda</u>	10:30 – 10:45		YES
3 Sacramento Apartments- Preservation Revolving Loan Fund (PRLF) loan request (Tim Martinez and George Maestas)		3-Ø	
4 Generations at West Mesa Loan Modification (Sharlynn Rosales and George Maestas)	10:55 - 11:00	Withdrawn	YES
<u>Discussion</u>	11:00 – 11:15		NO
5 Need for Rental Assistance (Rebecca Velarde)		✓	
6 Questions/Comments from Committee		✓	NO

Committee Members present:

Rebecca Wurzbarger, Chair

☐ present

☐ absent

☒ conference call

Attorney General Hector Balderas or
Sally Malavé

☐ present

☐ absent

☒ conference call

Rosalyn Nguyen Chafey

☐ present

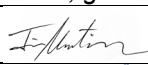

☐ absent

☒ conference call

2020 RENTAL AWARD SUMMARY

Project Name & Address	Sacramento Apartments 96 Glorietta Avenue Cloudcroft, Otero County, NM 88317			
Proposed Award	\$510,726	PRLF	Rate	1.5%
Borrower	The borrower is Sacramento Limited Partnership, which is 5% owned by Sacramento Curry Fishburn, LLC (sole general partner) and 95% by MPF Bayfield Acquisition, LLC (limited partner). Jack L. Curry and L. Scot Fishburn are the members of the sole general partner. Both are principals of the J.L. Gray Company, which is both the developer and management agent for Las Rosas II Apartments.			
Management	The J.L. Gray Company (JL Gray) was incorporated in New Mexico in 1985. Jack L. Curry and J. Scot Fishburn are the owners and founders. The company acquires, develops, and manages affordable and conventional residential communities in New Mexico, Arizona, Utah, Texas and Colorado. It has two corporate offices in New Mexico, the development office is in Las Cruces, NM and the management office is in Farmington, NM. It currently manages over 100 market rate and subsidized apartment communities in the above referenced states.			
Developer	<p>JL Gray is a New Mexico domestic for-profit corporation founded in 1985. It has a current full-time staff of 15 including Jeff Curry, Director of Development, and Bobby Griffith, CFO & Treasurer, both experienced developers. The company has constructed or rehabilitated 55 affordable housing communities totaling 1,475 units of affordable rental housing in New Mexico, Arizona California, Utah & Texas. Of these, 39 affordable housing communities are financed with U.S. Department of Agricultural-Rural Development (USDA RD) funds.</p> <p>J.L Gray's internal FYE 12/31/19 financials show \$4.2 M in assets, 7 to 1 debt-to-worth ratio, \$1.5 M net income and positive traditional cash flow. The 2019 audit is not yet available. YTD May 2020 internal statements show improvement in all areas including a 2.3 to 1 debt-to-worth ratio.</p>			
Project Type & Size	Rehab of a 20-unit apartment building consisting of 4 one-bedroom units, 14 two-bedroom units and 2 three-bedroom units (one is a manager's unit). All have one bathroom. The USDA RD provides rental assistance (RA) for 18 of the 19 rental units.			
Project Description	<p>The project was built in 1988 with USDA RD Section 515 funding. There are 2 two-level apartment buildings with a landscaped courtyard, playground area, laundry and office. The rehabilitation will consist of bringing the units in compliance with the Americans with Disability Act (ADA), replace non-compliant sidewalks/ramps, repave, repair & replace asphalt where needed, remodel ADA units to meet current accessibility standards, replace stairways, remodel laundry room (wall, flooring, doorway), replace balcony railings, install LED light in all units & exterior light fixtures, replace plumbing fixtures (kitchen, bath sink, bathtub), add blown insulation, full exterior repaint, new bathroom vanities, ceiling fans & baseboard heaters. Owner will complete all recommended work listed in the USDA Capital Need Assessment (CNA) dated 12/13/19.</p> <p>An appraisal dated 11/6/2019 was performed by Brooks, Pearsall, Zantow, LLC. We used MFA's standard 7% vacancy rate in our financial analysis, which corresponds to current actual average vacancy rates. The USDA RD Environmental Checklist for Categorical Exclusions was approved by the local RD office on 1/28/20 and accepted by the MFA Environmental Officer. The property is not in a flood zone. The project is only feasible if the USDA agrees to recast its \$653,869 Section 515 loan to 30-year amortization at 1% interest rate and increase its annually renewed rental assistance (RA) contract by about 12%. Otherwise cash flow would be insufficient to service the PRLF loan (see special conditions 3 & 4). As explained in the underwriting analysis, if the RA contract is renewed with less than about a 12% increase, the loan and scope of the rehab would be reduced accordingly (see special condition #1).</p>			
Affordability Requirements	Nineteen (19) units for households earning at or below 50% of area median income (AMI) for which a Land Use Restriction Agreement (LURA) will be filed in Otero County. The affordability period will be twenty-five (25) years and start on the date of the last certificate of occupancy or Certificate of Substantial Completion.			

Repayment and Disbursement	<p><u>Payments:</u> Interest only monthly during construction period not to exceed 18 months; starting on the 19th month it is to be repaid in 300 equal monthly principal & interest (P & I) payments at 1.5% interest rate; outstanding principal and interest will be due at the earlier of maturity, refinance or sale of the project.</p> <p><u>Disbursement:</u> Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.</p>
Special Conditions	<ol style="list-style-type: none"> 1. All loans are subject to 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 & amortization) may be revised in line with projected cash flow at closing; 2. Any changes or additions to the following development team members listed in the loan application must be approved by MFA: developer, contractor, management company, consultant or architect; 3. The existing USDA 515 loan balance of \$653,869 must be re-cast by the USDA to a 30-year amortizing loan at 1% interest rate. It currently matures in 2038. (Per MFA's funding agreement with the USDA, the PRLF loan maturity date cannot exceed the 515 maturity date). The PRLF loan cannot close until the 515 loan is recast; 4. The USDA must also approve the applicant's budget showing the ability to repay the PRLF loan. This is needed because upon USDA approval, it also supplies enough rental assistance to provide for repayment of the PRLF loan; 5. Approval of plans & construction monitoring/draws by the USDA to be shared with MFA. Cost to be paid by applicant; 6. MFA will require a guaranty from the J.L. Gray Company during construction, 7. Loan to be in 1st or 2nd lien position as determined by USDA; 8. Other conditions as may be determined by staff; and 9. Subject to availability of funds.
MFA Commitments Pending Approval	None.
MFA Commitments to Other Projects	<p><u>JL Gray Company:</u></p> <p>1996 LIHTC (9%) – Broadway Place \$69,600 1997 Risk Share – Broadway Place \$142,981 1998 LIHTC (9%) – Montana Senior \$160,434 1998 Risk Share – \$857,613 1999 LIHTC (9%) – Deer Hollow \$40,852 2000 LIHTC (9%) – Desert Sun \$155,369 2001 LIHTC (9%) – Montana Senior II \$286,398 2002 LIHTC (9%) – Ladera Village \$355,260 2002 HOME – Ladera Village \$500,000 2002 Risk Share – Ladera Village \$1,638,856 2002 LIHTC (9%) – Mariposa Village \$278,505 2002 HOME – Mariposa Village \$400,000 2002 RHS 538 – Mariposa Village \$1,085,772 2002 LIHTC (9%) – Valle Verde II \$91,626 2002 HOME – Valle Verde II \$225,000 2002 LIHTC (9%) – Valle Verde III \$37,345 2003 LIHTC (9%) – Desert Sun II \$199,815 2003 HOME – Desert Sun II \$240,840 2003 LIHTC (9%) – Desert Palms \$227,879 2003 Risk Share – Desert Palms \$1,423,783 2003 LIHTC (9%) – Mesquite Village \$132,442 2004 LIHTC (9%) – Cimmaron Apartments \$534,785 2004 HOME – Cimmaron Apartments \$239,988 2004 Risk Share – Cimmaron Apartments \$921,131 2004 LIHTC (9%) – Sawmill Lofts \$487,534 2004 Risk Share – Sawmill Lofts \$1,381,995 2005 LIHTC (9%) – Sawmill Lofts \$111,459 2005 LIHTC (9%) – Stone Mountain Place \$686,168 2005 Risk Share - \$2,069,037 2006 LIHTC (9%) – Franklin Vista VI \$116,486</p>

	2006 HOME – Franklin Vista VI \$259,010 2006 LIHTC (9%) – Franklin Vista VII \$154,051 2006 HOME – Franklin Vista VII \$259,012 2006 HOME – Chaco River I \$128,959 2007 LIHTC (9%) – Chaco River II \$875,538 2007 HOME – Chaco River II \$447,417 2008 LTTF – Franklin Vista VI \$16,000 2009 HOME – Chaco River I \$600,000 2009 TCEP – Cimmaron Apartments II \$9,525,110 2009 Risk Share – Cimmaron Apartments II \$921,131 2009 TCEP – Falcon Ridge \$6,976,074 2011 LIHTC (9%) – Sierra Vista \$536,569 2012 LIHTC (9%) – Gallinas Valley \$295,960 2012 HOME – Gallinas Valley \$210,852 2013 PRLF – Gallinas Valley \$422,298 2014 PRLF – Cibola Apartments \$446,126 2014 LIHTC (9%) – Kristin Park \$440,308 2014 HOME – Kristin Park \$295,625 2014 PRLF – Kristin Park \$454,363 2015 PRLF – Pecos Apartments \$444,131 2017 LIHTC (4%) – MOAB 20 North \$665,611 2017 Tax Exempt Bond – MOAB 20 North \$9,650,000 2017 LIHTC (4%) – MOAB 20 South \$648,880 2017 Tax Exempt Bond – MOAB 20 South \$9,800,000 2020 Las Rosas I – PRLF \$682,555 2020 Las Rosas II – PRLF \$925,710 Notes: Risk Share loans carry 10% MFA risk – loan balances as of 7/21/20		
MFA Exposure	<i>Total MFA Exposure: \$48,741,147 (excludes LIHTC, grants and loans pending approval).</i>		
Prepared by	Tim Martinez, Development Loan Manager 	Date	8/4/20
Reviewed by	Shawn Colbert, Director of Housing Development 		

PROJECT INFORMATION SUMMARY						
Project Name		City	NC, AR, or NC/AR	Total # Units	Sizes	Target AMIs
Sacramento Apartments		Cloudcroft				
Total Development Cost	\$ 510,726		R	20	1-BED, 2-BED, 3-BED	At or below 50% AMI
Borrower	Sacramento Apartments Limited Partnership					
Management	The J.L. Gray Company		YEAR BUILT (AR)		LIHTC ALLOC	9% or 4%
Developer	The J.L. Gray Company		1988		NA	NA
			NC = New Construction AR = Acquisition/Rehab AMI = Area Median Income MR = Market Rate apartments			
PRESERVATION REVOLVING LOAN (PRLF) FUND INFORMATION			NUMBER OF PRLF UNITS:			19
Funds Available as of:	05/31/20	\$1,505,770				
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	Up to \$500,000	\$510,726	USDA funding will be lost unless committed soon, NOFA allows MFA to exceed guidelines			
Rates	3.0%	1.5%	Program policy only requires MFA to charge an interest rate above 1%. Exception to allow feasibility.			
Loan Fees	NA	NA				
Maximum Loan Term	Up to 18 mos. construct, 25 yr perm	18 months construction, 25 year perm				
Loan Amortization	25 years	25 years				
Lien Position	1st or junior lien	TBD	USDA will determine, 1st or 2nd			
Affordability Requirements	Up to 25 yrs, max 80% AMI	25 yrs 50% AMI				
DSCR	1.2 to 1.4 to 1 on all must-pay debt	1.20 to 1 decreasing to 1.18 to 1 by year 15	Slightly below guidelines by year 15			
Scoring Criteria	N/A	N/A				

TOTAL DEVELOPMENT COST INFORMATION SUMMARY				
Project:	Sacramento Apartments	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)		\$ -	0%	\$ -
Construction Hard Costs		\$ 311,280	61%	\$ 20.17
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)		\$ 102,208	20%	\$ 6.62
Professional Services/Fees (architect, engineer, real estate legal, etc)		\$ 31,182	6%	\$ 2.02
Construction Financing Costs (interest, insurance, inspections, fees, etc)		\$ -	0%	\$ -
Permanent Financing Costs (fees, title/recording, etc)		\$ 2,477	0%	\$ 0.16
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)		\$ 8,858	2%	\$ 0.57
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)		\$ -	0%	\$ -
Reserves (rent-up, operating, replacement, escrows, etc)		\$ -	0%	\$ -
Developer Fees (inc consultant fees)		\$ 54,721	11%	\$ 3.55
Total Development Costs (TDC)		\$ 510,726	100%	\$ 33.09
TDC w/o Land, Reserves & Commercial		\$ 510,726	100%	\$ 33.09

*Gross square footage: 15,436

CONSTRUCTION SOURCES				
Project:	Sacramento Apartments	Total	% of Total	Per Unit
1st lien holder - USDA RD	Existing Section 515 loan (existing) (FYI ONLY)	\$ 653,869	NA	NA
2nd lien holder - MFA	PRLF loan	\$ 510,726	100.0%	\$ 25,536
(existing 515 loan not included) Total Construction Sources		\$ 510,726	100.0%	\$ 25,536

PERMANENT SOURCES				
Project:	Sacramento Apartments	Total	% of Total	Per Unit
1st lien holder - USDA RD	Existing Section 515 loan (existing) (FYI ONLY)	\$ 653,869	NA	NA
2nd lien holder - USDA RD	PRLF loan	\$ 510,726	100.0%	\$ 25,536
(existing 515 loan not included) Total Permanent Sources		\$ 510,726	207.6%	\$ 53,007

Housing Development Underwriting Analysis of 2020 Rental Award Summary– Sacramento Apartments

This MFA document is designed to provide additional detail and analysis to the reviewer. This analysis should not repeat information contained in the award summary but rather provide further detail, discuss strengths & weaknesses and explain why the request is recommended.

A. Request:

Applicant requests and staff recommends a \$510,726 construction/permanent PRLF loan to rehab subject property. Total Development Cost (TDC) will be the same amount. See 8/4/20 PRLF Award Summary for details.

B. Market & Site/Environmental:

1. Market Study:

The 11/6/2019 appraisal performed by Brooks, Pearsall, Zantow, LLC. notes that, as rehabbed, the units will become superior to most of the competing units and should maintain demand with vacancy estimated at 5%. However, we have chosen to be more conservative and use MFA's standard 7% which is the actual rate that the property is currently experiencing. As long as it has USDA rental assistance (RA) then the property should do well. However, if, for some reason, the RA were not renewed, then the property would have difficulty remaining viable.

2. Site/Environmental:

As noted in the rental award summary, the USDA RD Environmental Checklist for Categorical Exclusions was approved by the local office on 1/28/20 and accepted by MFA's Environmental Officer.

3. Site and Neighborhood Standards (HOME & NHTF New Construction only): NA

4. Subsidy Layering Review (HOME & NHTF): NA

C. Town and County Characteristics:

The 11/6/19 appraisal shows Otero County (population 67K & median household income \$43K) as being the subject's marketing area. The Sacramento Apartments are located in the Village of Cloudcroft (population 693), which lies within the Lincoln National Forest at an elevation of 8,676. It is a recreation area that is cool in the summer and has a ski area for winter sports. It is 19 miles east of Alamogordo (population 32K). The major employers in the area are Holloman Air Force Base and White Sands Missile Range. Other large employers are the Alamogordo public schools and the Inn of the Mountains Gods (casino/hotel/resort). Population and employment have been relatively stable and there has been some influx of retirees. Median household income for Alamogordo in 2017 was \$45K. Unemployment was around 5%, however, the appraisal was done prior to the COVID 19 pandemic restrictions that began in March 2020.

D. Developer Capacity:

1. Management:

As explained in the award summary the J.L. Gray Company, especially Jeff Curry & Bobby Griffith, have a long history in affordable housing and are well known and respected by MFA staff. They have proven their ability to successfully manage new &

rehabilitation projects utilizing PRLF & LIHTC. They have successfully completed four other PRLF projects.

2. **Financial:**

See the award summary developer section for more information. The developer has sufficient financial capacity to cover any unexpected contingencies related to this rehab.

E. **General Partner Capacity:**

1. **Management:** Same as above.
2. **Financial:** Same as above.

F. **Guarantor:** Same as above.

G. **Project Financials & Projections:**

1. **Financial Statements:**

Audited FYE 12/31/19 financials for Sacramento Apartments show minimal assets of \$352K as the buildings (i.e. the main assets) have been fully depreciated since they were built in 1988. Liabilities of \$698K are mainly composed of the \$659K USDA 515 loan and \$17K in account payables. Net worth was negative at (\$346K). Net income before depreciation was \$4K, about the same as 2018. Total expenses before financial expenses & depreciation were \$132K up \$12K from 2018. Cash flow from operations was \$12K but only because of a similar increase in accounts payables (AP) due to higher maintenance expenses. The financials are showing the stress of an increased need for maintenance as seen by higher expenses.

2. **Projections & Assumptions:**

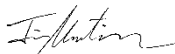
The applicant provided detailed income, expense and 15-year cash flow projections, which assume potential total annual rental income after rehab of \$188K, a 12% increase over the \$167K results for 2019. **The increase will come from an expected increase in USDA approved rents & rental assistance. The developer believes it will be approved. If not, one of our loan conditions is that the USDA must approve the budget, otherwise MFA is not obligated to make the loan. If there is not enough cash flow to service the requested loan, and a smaller increase is approved, then a smaller loan could be considered provided it covers the essential rehab needs.** We use the MFA's standard 7% vacancy rate and the developer's \$117K estimate of total expenses before financial expense (i.e. \$5,825 per unit per year), which is above MFA's standard underwriting range of \$3,300 to \$4,800 but acceptable for a small, older, rural project. This leaves a projected net operating income of \$60K to cover debt service. The debt service coverage ratio starts at 1.20 to 1 decreasing slightly to 1.18 at year 15 and is acceptable within MFA guidelines. In summary, this rehab is financially feasible if: (1) the USDA recasts its 515 loan per MFA's special conditions (if not, we do not proceed) and (2) the USDA approves the annual rental assistance contract with an increase. We expect the federal government will continue to renew annually.

H. **Collateral:**

The 11/6/19 appraisal by Brooks Pearsall Zantow LLC values the property, as rehabbed and subject to restricted rents, at \$525,000. It remains to be seen if the USDA will allow MFA to be in first lien position. If it the answer is yes, then it would provide slightly less than 1 to 1 coverage for the \$510,726 loan. If not, after including the USDA's \$653,869 loan, there would not be enough value to cover the total \$1,164,595 in debt. However, for such loans, MFA does not base its subordinate debt decisions on collateral but rather on cash flow, because, as the state's Housing Finance Agency (HFA), it is our mission to make such loans to provide affordable housing.

- I. **Risk Factors:** (i.e. Low, Medium or High & explain why)
1. **Market – Medium** (As rehabbed, and with continued USDA rental assistance (RA), the property should do well. The two main risks are: (a) changes in national policy causing cancelation or reduction of the amount of the annual RA contract and (b) downsizing of the area's major employer, Holloman Air Force base in nearby Alamogordo (unlikely).
 2. **Construction – Low** (the developer is experienced)
 3. **Developer – Low**
 4. **Guarantor – Low**
 5. **General Partner/Managing Member – Low**
 6. **Community Opposition – Low**
 7. **Financing – Medium** – No financing other than MFA's PRLF loan is needed, however, as discussed earlier if the USDA does not approve the expected 12% increase in rental assistance then the loan amount would be smaller and sized to cash flow.
- J. **Summary & Recommendation:** The proposed project presents a favorable risk profile and is recommended for approval.

Recommend



Tim Martinez
Development Loan Manager

Concur



Shawn Colbert
Director of Housing Development

Dated as of August 4, 2020

Appendix A: Development Cost Budget		
Sacramento Apartments	Gross Sq. Footage:	15,436
Cloudcroft	TOTAL COST	COST/GSF
ACQUISITION COSTS		
Land Acquisition	\$ -	\$ -
Building Acquisition		\$ -
Other: Closing/Title Costs	\$ -	\$ -
SUBTOTAL	\$ -	\$ -
CONSTRUCTION HARD COSTS		
Demolition		\$ -
Accessory Structures		\$ -
Site Construction		\$ -
Buildings and Structures	\$ 311,280	\$ 20.17
Off-Site Improvements	\$ -	\$ -
Other:	\$ -	\$ -
SUBTOTAL	\$ 311,280	\$ 20.17
OTHER CONSTRUCTION COSTS		
Contractor Overhead	\$ 6,226	\$ 0.40
Contractor Profit	\$ 18,676	\$ 1.21
General Requirements	\$ 18,676	\$ 1.21
Construction Contingency	\$ 31,128	\$ 2.02
Gross Receipts Tax (GRT)	\$ 27,502	\$ 1.78
Landscaping		\$ -
Furniture, Fixtures, & Equipment	\$ -	\$ -
Other: P&P Bond, Construction Mgmt., Builder's Risk Insurance	\$ -	\$ -
SUBTOTAL	\$ 102,208	\$ 6.62
PROFESSIONAL SERVICES/FEES		
Architect (Design)	\$ 29,182	\$ 1.89
Architect (Supervision)	\$ -	\$ -
Attorney (Real Estate)	\$ -	\$ -
Engineer/Survey	\$ 2,000	\$ 0.13
Other : HERS Testing/ Phase 1/2, Geotechnical/Compaction Testing	\$ -	\$ -
SUBTOTAL	\$ 31,182	\$ 2.02
CONSTRUCTION FINANCING		
Hazard Insurance	\$ -	\$ -
Liability Insurance	\$ -	\$ -
Performance Bond	\$ -	\$ -
Interest	\$ -	\$ -
Origination\Discount Points	\$ -	\$ -
Credit Enhancement		\$ -
Inspection Fees	\$ -	\$ -
Title and Recording	\$ -	\$ -
Legal	\$ -	\$ -
Taxes	\$ -	\$ -
Other: Lender 3rd Party Review	\$ -	\$ -
SUBTOTAL	\$ -	\$ -

Project: Sacramento Apartments		
PERMANENT FINANCING COSTS		
Bond Premium		\$ -
Credit Report		\$ -
Origination\Discount Points	\$ -	\$ -
Credit Enhancement		\$ -
Title and Recording	\$ 2,227	\$ 0.14
Legal	\$ -	\$ -
Pre-Paid MIP		\$ -
Reserves and Escrows		\$ -
Other (PRLF loan application fee)	\$ 250	\$ 0.02
SUBTOTAL	\$ 2,477	\$ 0.16
SOFT COSTS		
Market Study	\$ -	\$ -
Environmental	\$ 2,848	\$ 0.18
Tax Credit Fees	\$ -	\$ -
Appraisal	\$ 2,589	\$ 0.17
Hard Relocation Costs	\$ -	\$ -
Accounting/Cost Certification	\$ -	\$ -
Other: Topo Survey	\$ 3,421	\$ 0.22
SUBTOTAL	\$ 8,858	\$ 0.57
SYNDICATION		
Organization	\$ -	\$ -
Bridge Loan		\$ -
Tax Opinion		\$ -
Other		\$ -
SUBTOTAL	\$ -	\$ -
TDC before Dev. Fees & Reserves	\$ 456,005	\$ 30
RESERVES		
Rent Up	\$ -	\$ -
Operating	\$ -	\$ -
Replacement (inc. only if capitalized)		\$ -
Escrows/Working Capital		\$ -
Other		\$ -
SUBTOTAL	\$ -	\$ -
DEVELOPER FEES		
Developer Fee	\$ 54,721	\$ 3.55
Consultant Fee		\$ -
SUBTOTAL	\$ 54,721	\$ 3.55
Total Development Cost (TDC)	\$ 510,726	\$ 33.09
TDC w/o Land, Reserves & Commercial	\$ 510,726	\$ 33.09

Tab 8



MEMORANDUM

TO: MFA Board of Directors

FROM: Izzy Hernandez, Executive Director
Gina Bell, Director of Community Development Department

DATE: August 19, 2020

SUBJECT: Update on Northern Regional Housing Authority

The Regional Housing Authority annual report was presented to MFA's board at the July 2020 Board meeting. Due to concerns related to the update on the Northern Regional Housing Authority, staff was requested to provide monthly updates to the Board related to the progress that the Housing Authority is making towards resolving the issues that are causing the agency to be in Troubled Status with HUD. It has been determined that the best way to update the board is to provide four monthly updates which are provided in your packet.

1. Progress on HUD's Action Plan
2. Progress on audit findings
3. Director's monthly report
4. Status update on vacant units

In addition, in the months of January, April, July and October, Terry Baca, the Acting Executive Director of Northern Regional Housing Authority and Julian Barela, Region 6 Division Director for HUD, will provide an in-person update and be available for questions.

It is important to note that the Department of Housing and Urban Development (HUD) funds the Regional Housing Authorities and is the agency that approves operational activities such as budgets, procurement and 5-year plans. MFA is in a role of oversight and works closely with HUD to obtain information as required per the 2009 Senate Bill 20. MFA has no authority to impose punitive measures against the RHA's, that authority remains with HUD.

The activities that MFA has oversight responsibility for include:

1. Review of the RHAs operating budget (MFA Staff)
2. Approve any new member(s) of the RHAs Board of Commissioners (MFA Board)
3. Approve new Executive Directors (MFA Board)
4. Review reports of the creation/dissolution of nonprofit entities of the RHAs (MFA Staff and Board)
5. Approve contracts and MOU's with a value greater than \$100,000 (MFA Board)
6. Approve transfers, sales or liquidations of any real or personal property with a value greater than \$100,000 (MFA Board Approval)
7. Review of the RHA's external financial audits (MFA Staff and Board)

As previously reported, Northern Regional Housing Authority has been in “Troubled Status” with HUD since 2018. HUD has signed a Take Action Plan agreement with the agency that must be completed by June 30, 2021 or the agency will be taken into receivership which means that HUD would take over as the governing Board and HUD would manage the day to day operations of the agency until it is out of troubled status. MFA’s efforts to help the agency improve their rating status with HUD include technical assistance and close oversight in a variety of ways.

Assistance provided in 2018:

- HUD and MFA performed a joint on-site visit;
- MFA contracted with Gallup Housing Authority to provide Training and Technical Assistance to Michael Cabral, the acting Executive Director at that time;
- MFA has hosted and facilitated an all-day planning session to help the agency prioritize their outstanding issues;
- MFA has reached out to all the Board members to poll their ongoing interest in remaining on the Board. In response to that poll, 5 of the 10 board members requested to be replaced;

Assistance provided in 2019:

- MFA paid for the agency to pay overtime to their staff, in the amount of \$2,100, to recertify the agency client files;
- MFA provided \$5,280 to pay for cost associated with getting 10 vacant units in rentable condition. NRHA did not renovate the units and funds were not disbursed.
- MFA contracted with Gallup Housing Authority to provide Training and Technical Assistance to Michael Cabral, the former acting Executive Director;
- MFA contracted with Eastern Regional Housing Authority and El Camino Real Housing Authority to provide an assessment of the overall status of NRHA;
- MFA hosted several NRHA board meetings, at MFA, encouraging their Board members to be present and engaged;
- MFA staff vetted 4 new NRHA Commissioners who are now official and allowing for an operational Board;
- MFA staff and general counsel provided numerous hours of assistance to Board Chair to manage the staffing issues at NRHA;
- MFA managed the posting of the advertisement for a new Executive Director. We gathered all the applications/resumes, reviewed all applicants and separated them for NRHA Board members based on experience. MFA also hosted the interview process;
- MFA management met numerous times with NRHA’s Board Chair to discuss options for staffing issues;
- MFA provided financial assistance for the agency to get their re-certifications up to date.

MFA will continue to assist the NRHA in every way possible to improve their status with HUD and will continue to work closely with HUD to obtain the monthly reports requested by the MFA Board.

Action Items	Initial Reporting Period	Target Completion Date	Actual Completion Date
Duns # - Northern	6/22/2020	6/30/2020	
Resolution by the receiving PHA's governing body agreeing to the transfer	5/22/2020	8/31/2020	
Letter from the receiving PHA, (Executive Director)	5/22/2020	8/31/2020	
Transfer Docs - Auditor Opinion Letter Northern on Raton	5/22/2020	8/31/2020	
Transfer Docs - ED Opinion Raton	5/22/2020	8/31/2020	
Transfer Docs - Auditor Opinion Letter Raton	5/22/2020	8/31/2020	
Transfer Docs - ED Opinion Las Vegas	5/22/2020	8/31/2020	6/30/2020
Title Search - Raton	5/22/2020		
Title Search - Las Vegas	5/20/2020		
Financials - December through Current	7/16/2020	8/31/2020	
Audit Review - Northern: Procure Auditor	7/19/2020	9/30/2020	
Audit Review - Las Vegas	7/20/2020	10/2/2020	
Audit Review - Raton			
Septic System Penasco	6/30/2020		
DCE - Testing for Mold and Asbestos	7/16/2020		
Envision Environmental - Pete Fling - Chemical Testing			
ICE estimated cost on the 16 unit turn	7/7/2020		
Occupancy - Las Vegas - 11 Vacant	6/30/2020		
Occupancy - Northern - 17 Units Vacant (16 being tested)	6/30/2020		
Occupancy - Raton - 17 Vacant Units	6/30/2020		
Waiting List - Raton: Update	7/7/2020	7/31/2020	
Recertifications - Las Vegas	6/30/2020		
Recertifications - Northern	6/30/2020		
Recertifications - Raton	6/30/2020		
Training Staff - Northern	7/28/2020		
Management Team in place	6/30/2020		
Transfer the rest of staff - Benefits Package	5/22/2020		
Consolidation of PHAs Policies & Procedures:			
- Policies and Procedures	6/30/2020		
- ACOP	6/30/2020		
- Admin Plan - Maryann	6/30/2020		
Tenant File Update - Uniform among Northern Raton & Vegas	7/21/2020		
Bookkeeper - Payroll services	6/30/2020		
Bank Signature Card - Board Resolution needed for Section 8 Contract approval	7/14/2020		

Housing Authority shall submit progress reports to the Field Office using this Action Plan as the Recovery Agreement is terminated. Each progress report shall identify (1) actions taken during the recovery period identified in the Performance Standards, and (2) actions the Housing Authority has completed.

Action Items Cont.	Initial Reporting Period	Target Completion Date	Actual Completion Date
Board Training: Eastern Region also has new members: Chris Herbert	7/7/2020		
Funds Available:			

[illegible]

[illegible]

Comments

[illegible]

[illegible]



U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
NEW MEXICO STATE OFFICE
500 Gold Avenue, S. W., Suite 7301
PO Box 906
Albuquerque, New Mexico 87103-0906

OFFICE OF PUBLIC HOUSING

DIRECT DIAL 505-346-7303
FACSIMILE 505-346-6927

August 4, 2020

Mr. Terry Baca
Acting Executive Director
Northern Regional Housing Authority
525 Ranchitos Road, 4239 NDCBU
Taos, NM 87571

SUBJECT: Northern Regional Housing Authority NM088
Audit Review for the Fiscal Year Ended June 30, 2019

Dear Mr. Baca:

The Department of Housing and Urban Development, Albuquerque Office of Public Housing (HUD Field Office) recently reviewed the Northern Regional Housing Authority (NRHA) audit report for the Fiscal Year 2019 prepared by Cordova CPAs LLC and submitted to the HUD Real Estate Assessment Center. NRHA received four findings of material weakness. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. Additionally, NRHA received four findings of significant deficiency. A significant deficiency is a deficiency in internal control that is less severe, than a material weakness, yet important enough to merit attention by those charged with governance. The following findings were identified and reported by the auditor:

Finding 2019-001

Type of Finding: Significant Deficiency - Missing Board Minutes

Condition: The auditor noted that there were three out of four quarters of minutes of the Commission meeting's minutes that were not available to be reviewed.

Criteria: The Open Meetings Act (OMA), specifically Section 10-15-1 NMSA 1978 requires that "the Board, commission or other policymaking body shall keep written minutes of all its meetings. The minutes shall include at a minimum the date, time and place of the meeting, the names of members in attendance and those absent, the substance of the proposals considered and a record of any decisions and votes taken that show how each member vote. Draft minutes shall be prepared within ten working days after the meeting and shall be approved, amended, or disapproved at the next meeting where a quorum is present. Minutes shall not become official until approved by the policy making body."

Additionally, 41-1-13(C) states in part that the secretary of the Board shall reduce to writing, in a book kept for that purpose, minutes of the business transacted at each meeting of the Board.

Cause: It appeared that there was a change in board members and the documentation of the meeting's minutes during the year and the transition resulted in missing minutes.

Effect: The Housing Authority is in noncompliance with the OMA provisions relating to the preparation of Board of Commission minutes. The official actions of the Housing Authority are not fully transparent to the public. The Housing Authority's minutes are not readily available for public inspection as the Housing Authority did not prepare and approve them in a timely fashion.

Recommendation: The Housing Authority should prepare minutes that comply with the requirements of the OMA, maintain minutes (draft and Board approved) on-file, and have them available when requested.

Views of Response Officials: As of November 22, 2019, the Northern Regional Housing Authority has come under management of the Raton Housing Authority, Signed Meeting Minutes, Resolution and Copies of the Agenda are organized in a binder for easy review. All prior meeting related documents will be located and stored in the same manner. Executive Director will complete this by June 30, 2020.

Corrective Action Required: The NRHA Corrective Action Plan (CAP) included in the audit report stated that management would maintain a record of signed meeting minutes which would be organized and stored in a binder. The anticipated completion date provided by NRHA for corrective action was June 30, 2020. The HUD Field Office is requiring that NRHA provide evidence of corrective action. Please submit NRHA's response to Finding 2019-001 within **thirty (30) days** from receipt of this letter. This finding is considered *open*.

Finding 2019-002

Type of Finding: Significant Deficiency – Insufficient Internal Controls over Cash Disbursements

Condition: The auditor noted three of ten transactions where the invoice was not signed by the Executive Director as being reviewed and approved.

Criteria: According to the policies of the Housing Authority, the Executive Director must review and sign all invoices after authorizing the expenditure.

Cause: There were some small invoices for copy machine expenses that either were reviewed and not signed or were never reviewed by management.

Effect: The Housing Authority did not adhere to the policies in place during the year.

Recommendation: The Housing Authority should continue emphasizing the importance of adhering to the established policies and procedures without exception.

Views of Responsible Officials: Adhere to the Policy of the Executive Director reviewing and approving all invoices, the Executive Director will approve all invoices prior to payment. Executive Director, Board of Commissioners will complete this by March 30, 2020.

Corrective Action Required: Describe any action NRHA's management has taken and/or plan to undertake to confirm that internal controls have been set forth to ensure that the Executive Director reviews and signs all invoices in accordance with policy. Please submit NRHA's response to Finding 2019-002 within **thirty (30) days** from receipt of this letter. This finding is considered *open*.

Finding 2019-003

Type of Finding: Material Weakness – Noncompliance with Low Rent Tenant Files

Condition: This finding was repeated from prior year, management's corrective action plan has been implemented and there were improvements but there is still corrective action needed. The auditor noted that the following documentation was found to be missing from tenant files:

- In 4 out of 40 files tested, the tenant file did not have the correct supporting documentation to determine income eligibility for the calculation of rent.
- In 7 out of 40 files tested, the annual reexamination had not been performed or scheduled as necessary. As a result, rent payments were not recalculated. It is undeterminable how rent payments would have changed as a result of reexamination.
- In 14 out of 40 files tested, the tenant did not receive the annual reexamination letter 120 days in advance.

Criteria: Per 24 CFR 960.259(b)(1), the Authority shall require the family head to execute a consent form as a condition of admission to or continued assistance under the Public and Indian Housing program. Per 24 CFR 960.257(a), the Authority must conduct a reexamination of family income and composition (or only family composition, for families paying flat rents) at least annually and must make appropriate adjustments in the rent after consultation with the family and upon verification of the information. Per 24 CFR 960.259(c), the Authority must obtain and document in the family file third-party verification of income, assets, expenses related to deductions from annual income, and other factors that affect the determination of adjusted income or income-based rent. The Authority's policies and procedures require that the Authority retain the signed application; retain the HUD-50058 in the file; send the annual reexamination letter 120 days in advance of the reexamination date; and ensure that the rent payment matches the entry in the rent roll for the tenant.

Cause: Authority staff have been prioritizing reducing vacancy rates in the program over compliance items as listed above. In addition, the Housing Authority has taken over other troubled agencies that did not have adequate documentation in the tenant files, and it is taking the Authority time to catch all the tenants up.

Effect: The Authority is not in compliance with federal regulations within the Public and Indian Housing Program or its own policies and procedures for tenant selection and reexamination.

Repeat Finding: 2018-002

Recommendation: Authority staff should focus on gathering and completing required documentation of tenant files for proper documentation and begin the process of annual reexamination of tenant eligibility. A checklist for items to be retained in each file should be included in each file and completed at each reexamination.

Views of Responsible Officials: A major effort by three New Mexico Housing Authority's, The Raton Housing Authority, Eastern Regional Housing Authority and El Camino Real Housing Authority to get all tenant files and information current and up to date as required by The Housing and Urban Development Department. In addition, new utility allowance and flat

rent were adopted at the February 21, 2020 Board of Commissioners Meeting. With the staff of all four Housing Authority's, reexams will be brought up to date and a system of procedures will be establish, to include a check list. Executive Director will complete this by December 31, 2020.

Corrective Action Required: Given that this is a repeat finding and directly reflects compliance with HUD regulations, it is imperative that the Authority considers ways to ensure that internal controls are adequately monitored. The NRHA CAP included in the audit report stated that management will examine all tenant files and that required documents will be updated. The anticipated completion date provided by NRHA for corrective action is December 31, 2020. The HUD Field Office is requiring that NRHA provide a status update on its progress in reviewing and updating tenant files. Additionally, describe any action NRHA's management has taken and/or plan to undertake to confirm that internal controls have been set forth to ensure low rent tenant files are re-examined and updated punctually in accordance with HUD and Housing Authority policy. Please submit NRHA's response to Finding 2019-003 within **thirty (30) days** from receipt of this letter. This finding is considered *open*.

Finding 2019-004

Type of Finding: Material Weakness – Noncompliance with Eligibility Requirements

Condition: This finding was repeated from prior year, management's corrective action plan has been implemented and there were improvements but there is still corrective action needed. The auditor noted that there were 4 out of 40 tenant files tested that were not re-examined for income and composition annually to ensure that they were still eligible to be receiving Section 8 assistance.

Criteria: The Housing Authority must do the following:

- As a condition of admission or continued occupancy, require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility (24 CFR sections 5.230, 5.609, and 982.516).
- For both family income examinations and reexaminations, obtain and document in the family file third-party verification of (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent (24 CFR section 982.516).
- Reexamine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payment as necessary using the documentation from third-party verification (24 CFR section 982.516).

Cause: There has been some backlog with the reexaminations at the different housing locations and some of the tenants were not given an annual reexamination in the current year. In addition, the Housing Authority has taken over other troubled agencies that did not have adequate documentation in the tenant files.

Effect: The Housing Authority could lose future funding from HUD if they continue to not reexamine the tenants every year to ensure that they are eligible to receive Section 8 benefits.

Repeat Finding: 2018-004

Recommendation: The Housing Authority should develop a proper internal control structure to

create a formal process that ensures all tenants are reexamined annually as well as implementing a process where another employee performs spot checks (monitoring of internal controls) of files to ensure that all tenant files are being reexamined.

Views of Responsible Officials: A major effort by three New Mexico Housing Authority's, the Raton Housing Authority, Eastern Regional Housing Authority and El Camino Real Housing Authority. To get all tenant files and information current and up to date as required by The Housing and Urban Development Department. In addition, new utility allowance and flat rent were adopted at the February 21, 2020 Board of Commissioners Meeting, with the staff of all four Housing Authority's, reexams will be brought up to date and a system of procedures will be establish, to include a check list. Executive Director will complete this by December 31, 2020.

Corrective Action Required: Given that this is a repeat finding and directly reflects compliance with HUD regulations, it is imperative that the Authority considers ways to ensure that internal controls are adequately monitored. The NRHA CAP included in the audit report stated that management will examine all tenant files and that required documents will be updated. The anticipated completion date provided by NRHA for corrective action is December 31, 2020. The HUD Field Office is requiring that NRHA provide a status update on its progress in reviewing and updating tenant files. Additionally, describe any action NRHA's management has taken and/or plan to undertake to confirm that internal controls have been set forth to ensure Section Eight tenant files are re-examined and updated punctually in accordance with HUD and Housing Authority policy. Please submit NRHA's response to Finding 2019-004 within **thirty (30) days** from receipt of this letter. This finding is considered *open*.

Finding 2019-005

Type of Finding: Material Weakness – Noncompliance with Special Tests and Provisions

Condition: The auditor noted the following:

- There were 24 out of 40 tenant files tested that did not have Housing Quality Standards Inspections (HQS) done during the period under audit.
- There were 4 out of 40 tenant files did not contain documentation of the tenant being added to the waiting list.

Criteria: According to 24 CFR sections 982.158(d) and 982.405(b), the Housing Authority must "inspect the unit leased to a family at least annually to determine if the unit meets Housing Quality Standards and the PHA must conduct quality control re-inspections." Also according to 24 CFR sections 5.410, 982.54 (d) and 982.201 through 982.207, "all families admitted to the program must be selected from the waiting list."

Cause: The Housing Authority has had a backlog of inspections needing to be completed and they are working on relieving that backlog but it will take some time to do so. In addition, the Housing Authority has taken over other troubled agencies that did not have adequate documentation in the tenant files which has created issues for the Housing Authority.

Effect: The Housing Authority was not in compliance with the HQS inspections nor with the waiting list requirements for the current year.

Recommendation: The Housing Authority should implement a process to ensure that all HQS

inspections have been completed and that every potential tenant is first placed on a waiting list before being chosen for a Section 8 voucher.

Views of Responsible Officials: A major effort by three New Mexico Housing Authority's, the Raton Housing Authority, Eastern Regional Housing Authority and El Camino Real Housing Authority. As of today, 95% of the Inspections have been completed, Eastern Regional Housing Authority and El Camino Real Housing Authority have sent staff out to complete these Inspection, the balance will be completed in the next 60 days. A system of inspects will be established with Inspections, divided equality for each month, so that they are more manageable by the Northern Regional Housing Authority staff. Executive Director will complete this by June 30, 2020.

Corrective Action Required: The NRHA CAP included in the audit report stated that HQS inspections would be completed within 60 days (May 10, 2020). Additionally, the CAP stated that an inspection system would be established to ensure future compliance by June 30, 2020. The HUD Field Office is requiring that NRHA provide evidence that inspections are currently up to date. Please provide documentation of the Authority's recently implemented inspection system. Additionally, describe any action NRHA's management has taken and/or plan to undertake to confirm that internal controls have been set forth to ensure that tenants are placed on the waiting list before being selected to receive a Section Eight voucher. Please submit NRHA's response to Finding 2019-005 within **thirty (30) days** from receipt of this letter. This finding is considered *open*.

Finding 2019-006

Type of Finding: Significant Deficiency – Noncompliance with Special Tests and Provisions

Condition: The auditor noted that the following documentation was found to be missing from tenant files:

- In 10 out of 40 files tested, the tenant file did not contain documentation of the tenant being added to the waiting list.
- In 10 out of 40 files tested, the tenant file did not contain documentation of the tenant being selected from the waiting list on a first-in-first-out basis.

Criteria: Per 24 CFR 960.206 and .208, the Authority shall use a waiting list to manage admissions to the program. The Authority's policies and procedures require that the Authority retain the signed application; select from the waiting list on the first-in-first-out basis.

Cause: The Housing Authority has taken over other troubled agencies that did not have adequate documentation in the tenant files.

Effect: The Authority is not in compliance with federal regulations within the Public and Indian Housing Program or its own policies and procedures for tenant selection.

Recommendation: Authority staff should focus on gathering and completing required documentation of tenant files for proper documentation and ensure that in the future all tenants are properly chosen from the Housing Authority's waiting list.

Views of Responsible Officials: A major effort by three New Mexico Housing Authority's. The Raton Housing Authority, Eastern Regional Housing Authority and El Camino Real Housing

Authority. To get all tenant files and information current and up to date as required by The Housing and Urban Development Department. In addition, new utility allowance and flat rent were adopted at the February 21, 2020 Board of Commissioners Meeting, with the staff of all four Housing Authority's, reexams will be brought up to date and a system of procedures will be established, to include a check list. Executive Director will complete this by December 31, 2020.

Corrective Action Required: The NRHA CAP included in the audit report stated that the Authority would establish new procedures, including a checklist, to ensure that tenants are selected from a waitlist in accordance to HUD and Authority policies and procedures. The Authority stated that tenant files would be reviewed, and new procedures established by December 31, 2020. The HUD Field Office is requiring that NRHA provide a status update on internal controls being developed to ensure that tenants are selected from a well-managed waiting. Please submit NRHA's response to Finding 2019-006 within **thirty (30) days** from receipt of this letter. This finding is considered *open*.

Finding 2019-007

Type of Finding: Material Weakness – Procurement

Condition: The Housing Authority did not obtain quotes from three vendors (Management Control Solutions, Rio Grande Ace Hardware, and Rob Weiss) that were paid in excess of \$10,000 during the year under audit.

Criteria: According to 2 CFR part 200.320 of the OMB Uniform Guidance, non-federal entities must obtain price or rate quotations from an adequate number of qualified sources for all small purchases (those over \$10,000).

Cause: The Housing Authority did not believe that these vendors needed quotations because individually the invoices were under the Authority's threshold to obtain quotes.

Effect: The Housing Authority was not in compliance with the small purchase's federal procurement requirement.

Recommendation: Management should ensure that all vendors that are paid in excess of \$10,000 with federal dollars throughout the year must be chosen by obtaining quotes from an adequate number of qualified sources before doing business with those vendors.

Views of Responsible Officials: A new Procurement Policy was adopted at the February 21, 2020 Board of Commissioners Meeting. Also, a new Chief Procurement Office was also named, all purchase will be better documented. A system of purchasing will be established by the Raton Housing Authority, this will include the Northern Regional Housing Authority with a list of vendors that Procurement has already been completed. An inventory of Maintenance Material's will be established, with approved vendors. Executive Director will complete this by April 30, 2020.

Corrective Action Required: The NRHA CAP included in the audit report stated that the Authority established a new procurement policy on February 21, 2020. Additionally, the Authority stated that a purchasing system would be established by April 30, 2020. The HUD Field Office is requiring that NRHA provide evidence of corrective action. Please submit a copy of NRHA's procurement policy within **thirty (30) days** from receipt of this letter. This

finding is considered *open*.

Finding 2019-008

Type of Finding: Significant Deficiency – Missing Declarations of Trust

Condition: The Housing Authority did not have a Declaration of Trust for four locations (Cimarron, Questa, Grants, & Peñasco) under the Housing Authority.

Criteria: According to 24 CFR part 905, subpart F, A current Declaration of Trust (DOT), in a form acceptable to HUD, must be recorded against all public housing property owned by PHAs that has been acquired, developed, maintained, or assisted with funds from the US Housing Act of 1937.

Cause: The Housing Authority does not have DOTs for the other locations that they have taken over as those locations never obtained one.

Effect: Without DOTs, the Housing Authority is not in compliance with the Declaration of Trusts requirement.

Recommendation: The Housing Authority needs to obtain a DOT for each of the location and in the future when a location is acquired, the Housing Authority should ensure that there is a DOT on file or have the location obtain it.

Views of Responsible Officials: All open Capital Fund Grants will be reviewed for Declaration of Trust, all that are missing will be recorded with the County Clerk of the appropriate county. Executive Director will complete this by June 30, 2020.

Corrective Action Required: The NRHA CAP included in the audit report stated that management would obtain a DOT for each location. The anticipated completion date provided by NRHA for corrective action was June 30, 2020. The HUD Field Office is requiring that NRHA provide evidence of corrective action. Please submit NRHA's response to Finding 2019-008 within **thirty (30) days** from receipt of this letter. This finding is considered *open*.

Finding 2019-009

Type of Finding: Noncompliance – Insufficient Internal Controls over Cash Receipts

Condition: The auditor noted two of ten cash receipts that were not deposited within 24 hours.

Criteria: According to NMSA 1978, Section 6-10-3 all entities in the State who receive public funds be deposited before the close of the next succeeding business day after the receipt of the money.

Cause: The Housing Authority did not adhere to the policies in place during the year.

Effect: Monies that are collected at decentralized locations which are not deposited timely and did not adhere to the Housing Authority's policies and procedures in place, creates an increased risk of errors, fraud, or abuse.

Recommendation: The Housing Authority should continue emphasizing the importance of following proper procedures to the other Housing Authority locations. In addition,

management should continue conducting internal trainings on the importance and ramifications of not following state statutes and laws.

Views of Responsible Officials: A system of depositing cash within the 24 hours as required will be established, in addition software will be purchased so that remote tenants can make online payments. Executive Director will complete this by June 30, 2020.

Corrective Action Required: The NRHA CAP included in the audit report stated that the Authority would establish a system requiring that all cash be deposited within 48 hours, and that software would be purchased so that tenants could make online payments. The anticipated completion date provided by NRHA for corrective action was June 30, 2020. The HUD Field Office is requiring that NRHA provide evidence of corrective action. Please submit NRHA's response to Finding 2019-009 within **thirty (30) days** from receipt of this letter. This finding is considered *open*.

Finding 2019-010

Type of Finding: Noncompliance – Late Audit Report

Condition: The audit report for the Housing Authority's fiscal year end June 30, 2019 was not submitted by the due date of September 30, 2019 as required OSA Rule 2.2.2.9 (A). The audit report was submitted March 16, 2020.

Criteria: OSA Rule 2.2.2.9 (A) establishes a due date for submission of this audit report to the Office of the State Auditor by September 30.

Cause: The U.S. Department of Housing and Urban Development and the Board of Commissioners requested that the audit be started after the due date due to concerns. In addition, there is a potential investigation going to be performed which all resulted in the financial statement audit timeline being pushed back to after the deadline.

Effect: Without the audit report being delivered on time, regulatory agencies as well as legislative committees do not have the financial data available to make funding decisions.

Recommendation: As we do not anticipate this investigation to happen every year, we do not believe the next year's audit will be pushed back and the audit will be on time.

Views of Responsible Officials: The Process of the Audit was placed on hold by the Board of Commissioners. As of November 22, 2019, the Northern Regional Housing Authority has come under management of the Raton Housing Authority. At that time the Audit Process was restated, and the audit will be completed. In the next year the Management of the Raton Housing Authority will begin the process in a timely manner, in order to have the Audit submitted by the required deadline. Executive Director will complete this by June 30, 2020.

Corrective Action Required: Based on management's comments, no further action is needed. This finding is considered *closed*. A response is not required.

Finding 2019-011

Type of Finding: Noncompliance – Lack of Notification to the State Auditor for Capital Asset Dispositions

Condition: The Housing Authority did not notify the State Auditor 30 days prior to the

disposition of property as required.

Criteria: According to Sections 13-6-1 and 13-6-2 NMSA 1978, at least 30 days prior to any disposition of property included on the agency inventory list, written notification of the official finding and proposed disposition duly sworn and subscribed under oath by each member of the authority approving the action shall be sent to the state auditor.

Cause: The Housing Authority was not aware of this requirement.

Effect: The Housing Authority did not adhere to 13-6-1 and 13-6-2 NMSA 1978.


Recommendation: The Housing Authority should ensure that before any disposition of property is done that they first send written notification to the State Auditor before disposing of the assets.

Views of Responsible Officials: Policy and Procedures will be established to adhere to state laws and statutes, all property disposed of will be written off under resolution by the Board of Commissioners, with a detail list submitted to The New Mexico State Auditor's office, for approval, prior to disposition. Executive Director will complete this by June 30, 2020.

Corrective Action Required: The NRHA CAP included in the audit report stated that the Authority would establish Policy and Procedures to ensure that an inventory list, approved by the Board of Commissioners, would be submitted to the State Auditor's Office prior to the disposition of assets. The anticipated completion date provided by NRHA for corrective action was June 30, 2020. The HUD Field Office is requiring that NRHA provide evidence of corrective action. Please submit a copy of NRHA's Policy and Procedures for the disposition and/or transfer of assets, within **thirty (30) days** from receipt of this letter. This finding is considered *open*.

If you have any questions or concerns pertaining to this letter, please contact Nicholas M. Donaldson, Auditor, by email at: Nicholas.M.Donaldson@hud.gov or by phone at (405) 609-8504.

Sincerely,


Julian J. Barela
Division Director



August 12, 2020

from: Executive Director Terry L. Baca

To: MFA Board of Directors

I would like to start by sharing some of the Management and Operational changes to the Northern Regional Housing Authority. With the merger of the Raton Housing Authority and the City of Las Vegas Housing Authority into the Northern Regional Housing Authority, we have repositioned several personnel to help with the short comings and of the Northern Regional Housing Authority as far as qualified staff.

We have installed Natasha Martinez from the Las Vegas Housing Authority as Deputy Director, Natasha has 6 years in public housing, she has a BS degree in Business Administration with a concentration on accounting. Natasha will be concentrating on special projects related to the quality of the dwelling units and retraining maintenance staff on what is acceptable under HUD's "UPCS" Uniform Physical Conditions Standards, and the financial controls, and procedures of the Northern Regional Housing Authority.

Also, we have Coleen Sanchez-Garcia from the Raton Housing Authority as Site Manager, Coleen has 19 years in Public Housing, she is a Certified Public Housing Executive Director, Housing Manager and Occupancy Specialist. Coleen will be concentrating on Public Housing tenant files, getting files restructured so to meet HUD's requirements and cross training staff in tenant annual reexams or recertifications. In addition, Coleen is directly supervising the Accounts Payable and Payroll processes and procedures.

The Section 8 program has gone under contract with the El Camino Real Housing Authority out of Socorro, this was done so that the Northern Regional entire staff can concentrate on the Public Housing Program.

Internally with the Northern Regional Staff, we are utilizing the certified section 8 inspector that is no longer needed, she is doing quality inspections and approval of the public housing stock, doing before and after inspections to determine what corrections are needed by maintenance staff. All office staff are being cross trained in tenant annual reexams or recertifications, and proper tenant file requirements by HUD.





Working with the maintenance staff directly is Natasha and myself, we are holding weekly meetings with the office staff and maintenance staff, on progress of each unit. We are establishing deadlines for completion and so the housing manager can fill the unit with the next qualified applicant on the appropriate waiting list. In addition, we are guiding the Maintenance Supervisor on proper material and equipment inventory control and standardization of materials for easier repair and replacement.

We have a weekly meeting with the Albuquerque HUD office, to review weekly progress of each housing authority to include Northern Regional, Raton and Las Vegas. The progress we review is directly related to the recovery agreement with HUD and Audit findings from the prior years. In addition, my Management staff and my self also are working on all the documentation, required by HUD for the merger of the three housing authorities.

To date we have procured a Audit Firm and the Northern Regional Board has approved the Auditor of the 6/30/2020 FYE Audit.

We at the Northern Regional Housing Authority are making progress toward coming out of Troubled status with HUD, with the help of the HUD staff and staff from all agencies involved.

Thanks
Terry L. Baca
Executive Director



Tab 9

Servicing Expansion and Delinquency Update



Jeff Payne – Senior Director of Mortgage Operations

Teresa Lloyd – Director of Servicing

August 19, 2020

Servicing Expansion

Options Evaluated

Servicing Options

Self
Servicing

Sub-
Servicing

Master
Servicing

Evaluation Process



Development of a 10-year economic feasibility tool.



Determination of operational impact (technology, staffing, data security, new processes, etc.)



Risk assessment and development of risk mitigation strategies.



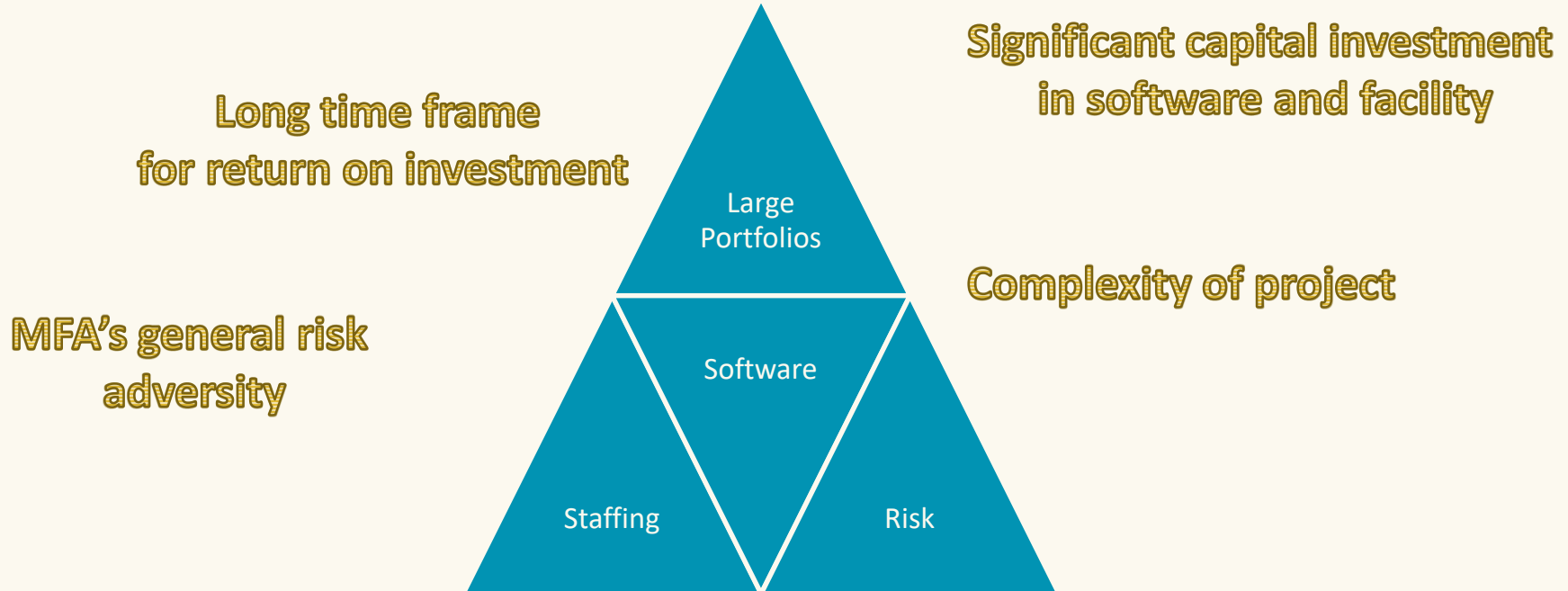
SWOT Analysis (strengths, weaknesses, opportunities and threats)

Operational Advantages

- Ginnie Mae, Fannie Mae and Freddie Mac agency seller/servicer approvals were already in place...SIGNIFICANT! Only required reactivation for Fannie Mae and due diligence work with Freddie Mac.
- Experience of existing staff in the Homeownership, Servicing and Accounting Departments.
- Coming off the housing crisis in 2012 timing in 2012 was good to expand mortgage servicing due to the more conservative underwriting standards (quality loans) and the low interest rate environment (loans will prepay more slowly).
- The partnership with Idaho Housing.

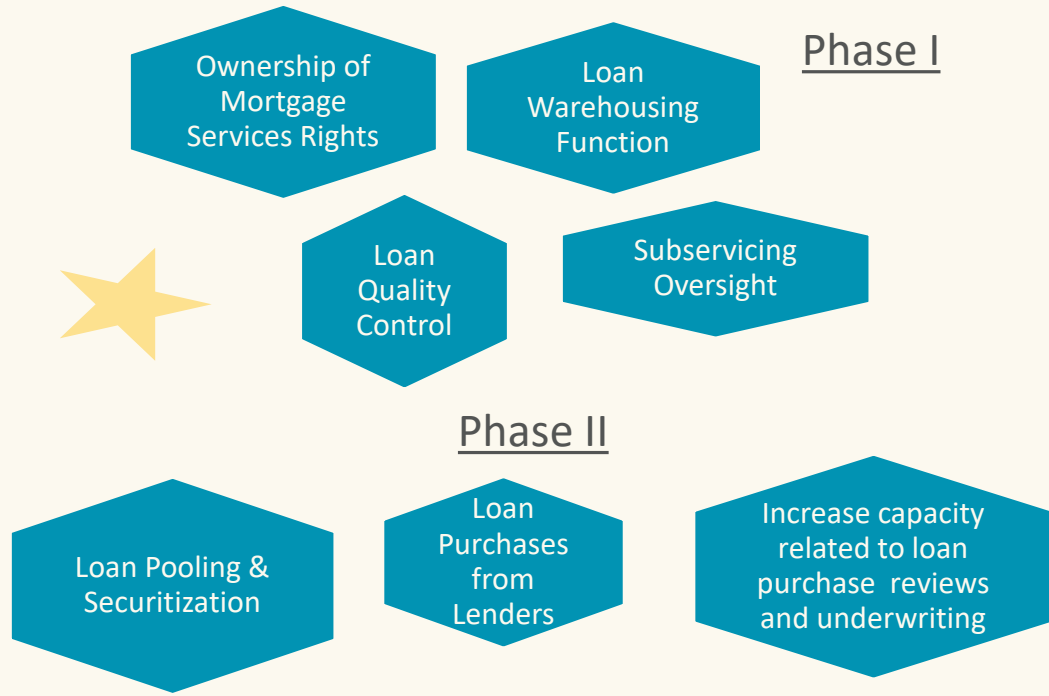
Evaluation of Self Servicing Option

Why not self-servicing?



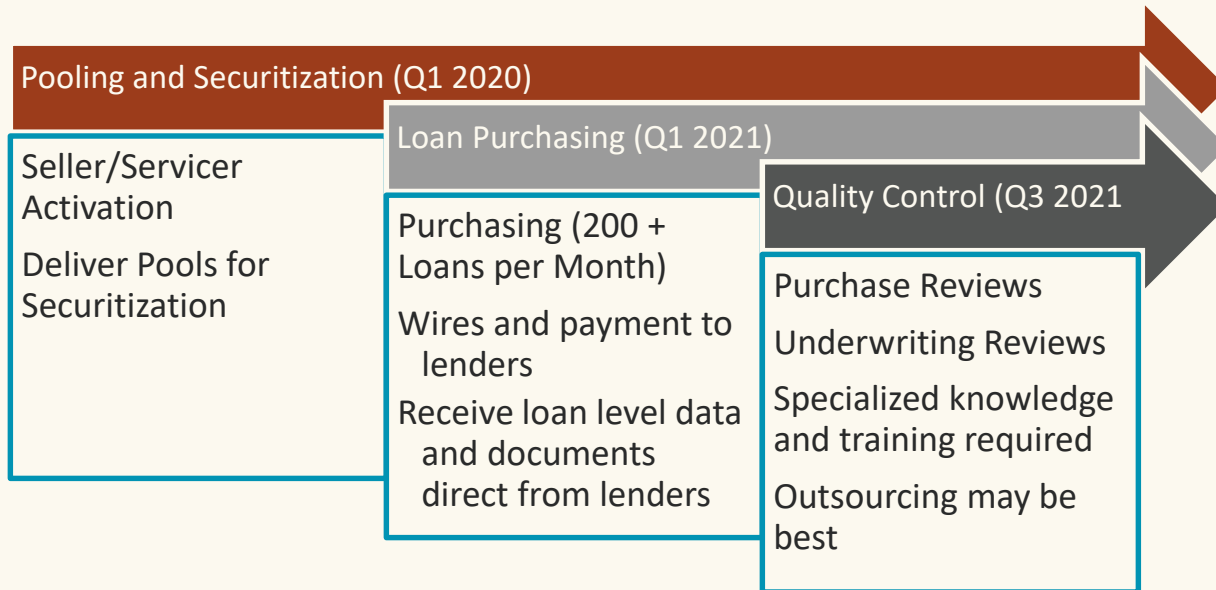
Hybrid Subservicing Model-Implementation

MFA committed to a phased in approach in expanding the servicing business, relying on third parties to continue many of the program support aspects required for the Single Family Mortgage Program. The decision was to take on functions “in house” as expertise is built over time. It was also determined that in the long term should the need arise or if MFA determines that based on the organizations strategic direction and ability to invest in needed capital, self-servicing could be reconsidered.



MFA's Path Forward

- **Build capacity**
- **Move to a standard subservicing relationship**
- **Future evaluation of Self Servicing**



Successes from Innovation

New business line that supports the mission!

1

New resources for New Mexico affordable housing initiatives

2

Fiscal health and long-term sustainability

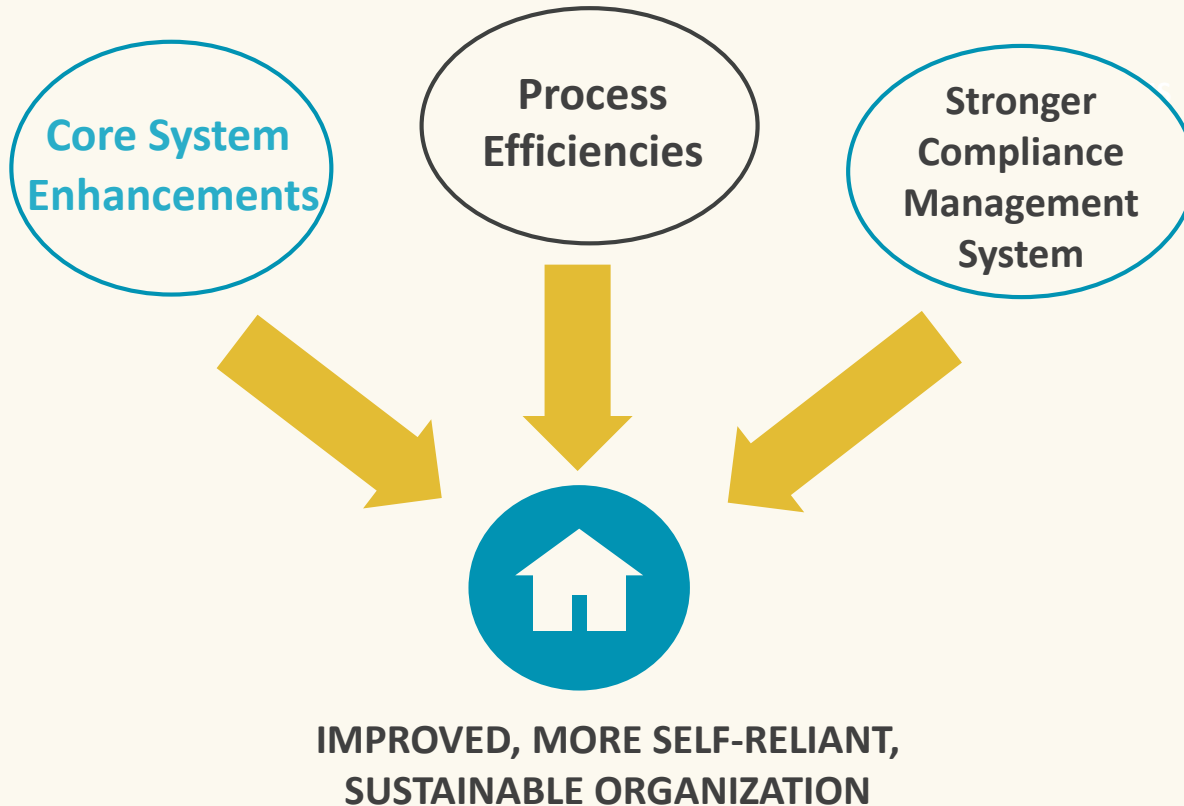
3

Resolved management challenges: limited services providers and diversification of revenue generating initiatives

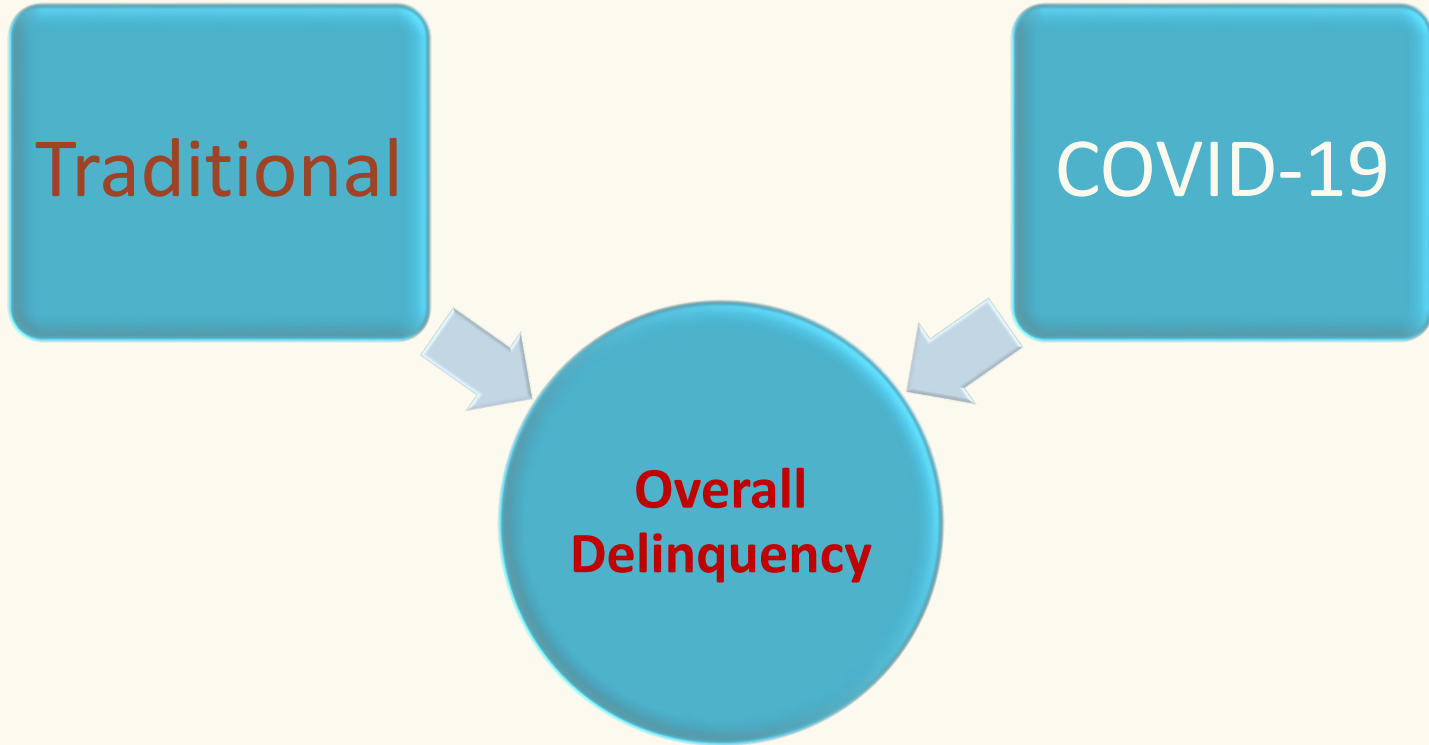
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Single family mortgage program continuity

Other Important Outcomes



Delinquency



What is Influencing Delinquency?

- MFA Mission and Borrower Profile
 - High debt, low credit scores and low reserves
- Reported Reasons for Delinquency Shifted
 - Curtailment of income
 - Unable to contact
 - Excessive obligations
 - Impacted by COVID-19
- Economics of the state
 - Incomes are generally lower in New Mexico
 - Less residual income
 - Unemployment or under employment
 - Borrower behavior
 - Continuation of unemployment benefits

PROFILE of NM

Income and Poverty

New Mexico's weak economy translates into a low median household income, \$48,059, and a high poverty rate, 20%. Comparatively, the national median household income is \$60,293, and the poverty rate is 14.1%. Figure 6 shows that, even among the states with the lowest median household incomes and highest poverty rates in the nation, New Mexico is lower.

Additionally, many New Mexico counties have even lower household incomes and higher poverty rates than the state as a whole.

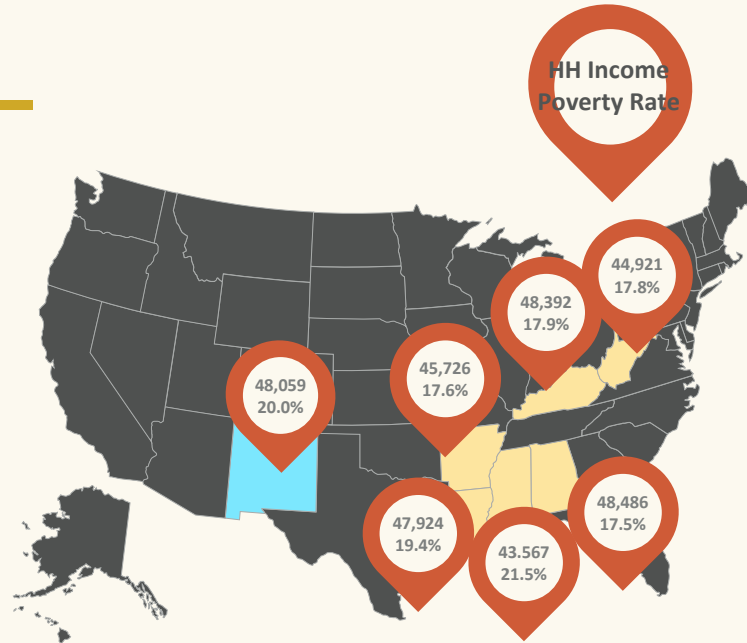
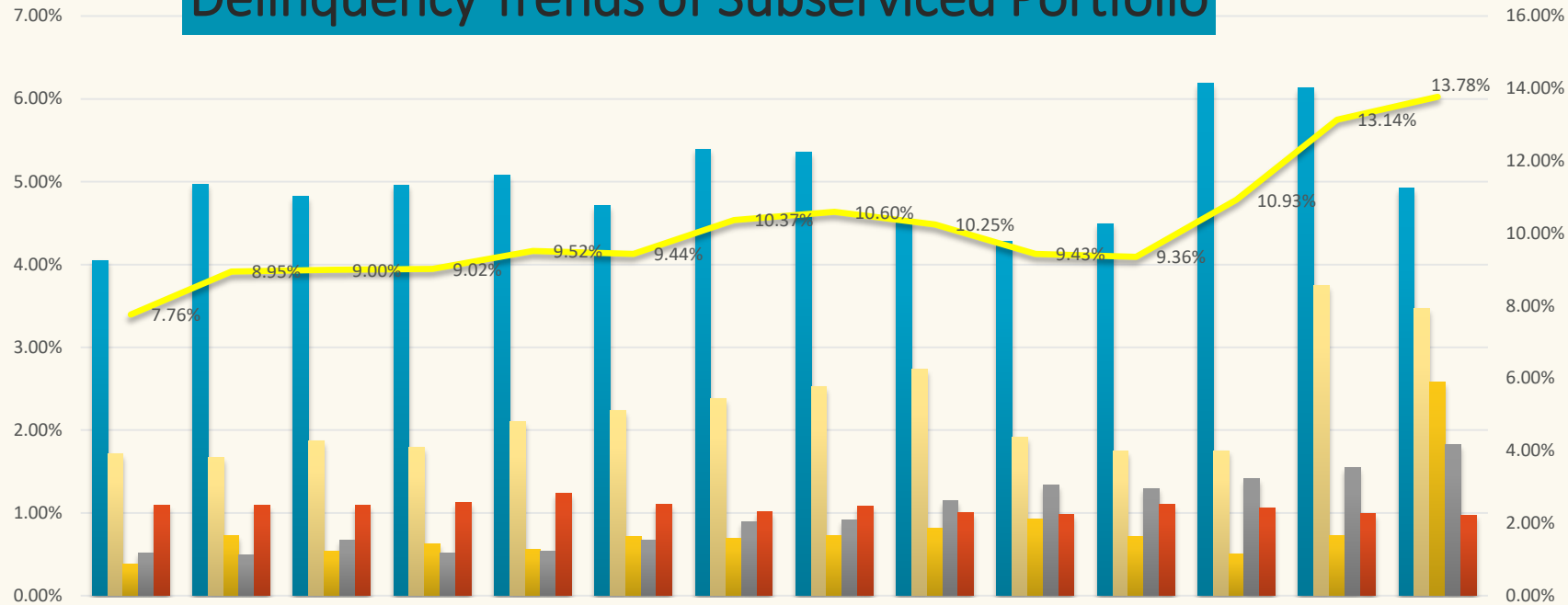


Figure 6: States with the lowest median household incomes and high poverty rates

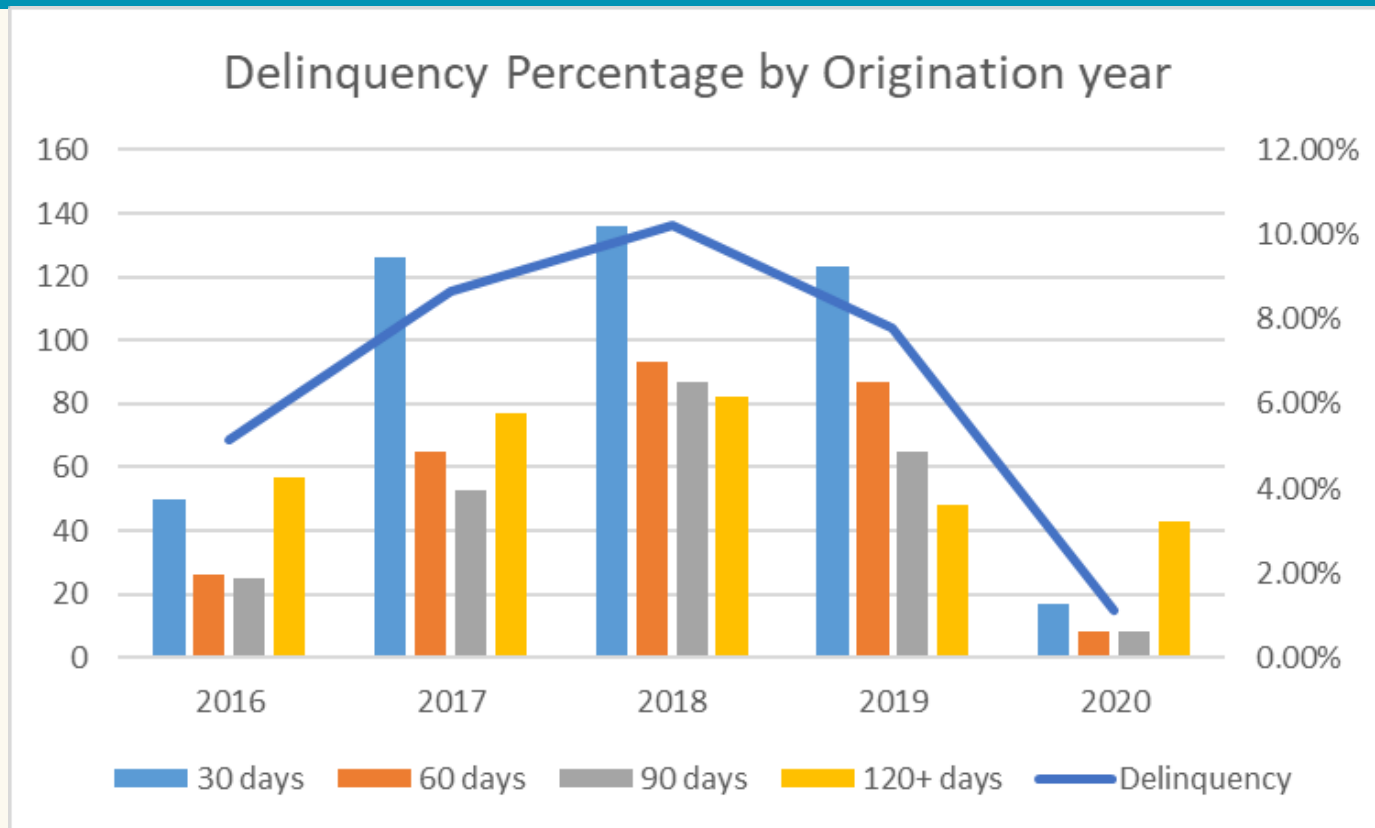
Source: American Community Survey 5-year estimates for 2014-2018

Delinquency Trends of Subserviced Portfolio

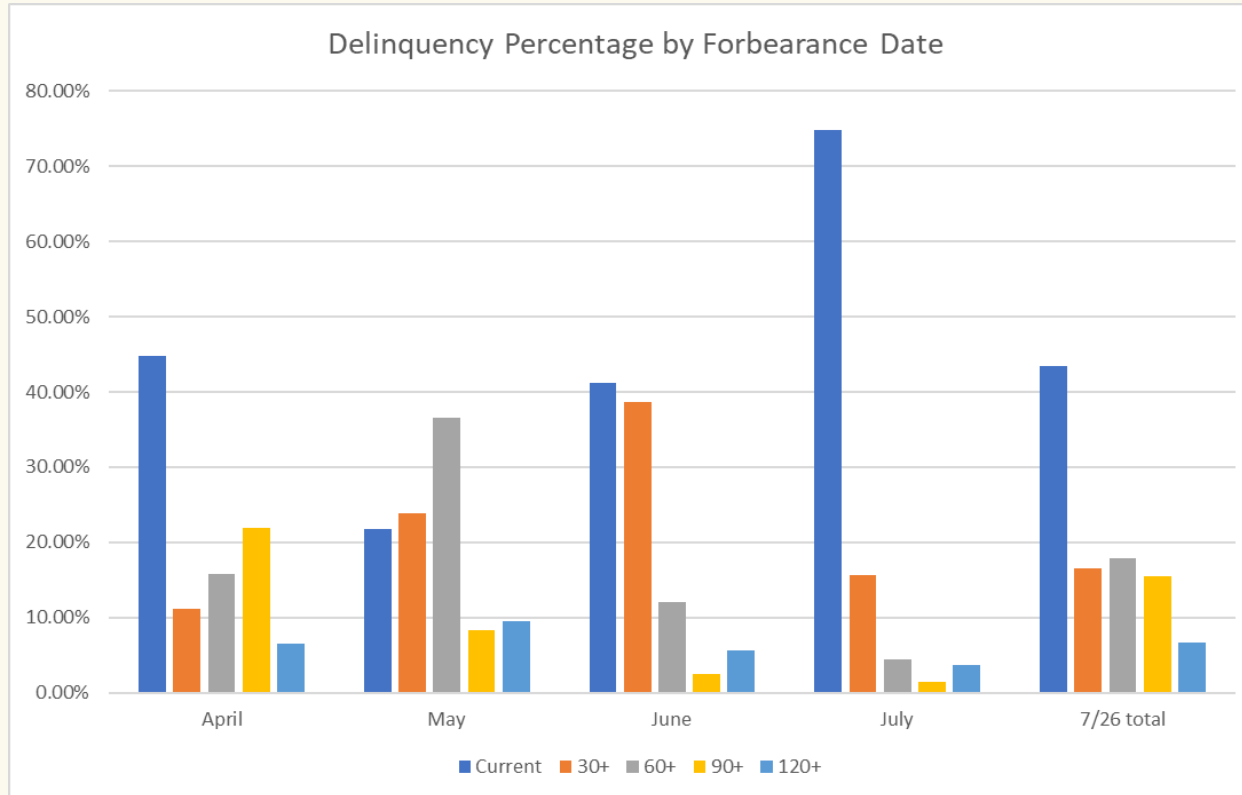


30 days 60 days 90 days 120+ PreForeclosure and Refer to Legal Total Delinquency

Delinquency by Year



COVID-19 Forbearances



Servicing Portfolio Comparison

DPA VS Subserviced First Mortgage Status

	Firsts Mortgages as a Percentages of Total	DPAs as a Percentages of Total
CURRENT	85.41%	92.54%
30+	5.06%	3.43%
60+	3.59%	1.07%
90+	2.77%	0.55%
120+	3.17%	2.41%
	100.00%	100.00%


Addressing Subserviced Portfolio Delinquency

- IHFA created an early stage team to focus on helping borrowers
- MFA has insisted IHFA provide increased reporting
 - Foreclosures, Loan modifications
- IHFA has implemented New software
 - Increase capacity to process loss mitigation after forbearance
 - Accounting – information to help Liquidity needs
- IHFA has increased staffing of HUD certified counselors and loan modification team
- IHFA and MFA collaborate to work with borrowers on both the first and 2nd mortgage
- Communication and collaboration between MFA and IHFA has increased

Addressing Delinquency


- Identify borrowers who qualify for the streamlined COVID process
- Possible Program Changes
 - FICO Score restriction
 - Debt to Income Ratio restriction
 - Mission vs Financial Stewardship
 - Who is impacted? How would this affect loan demographics
 - Regions of the state
 - Minority borrowers

IHFA Borrower Self Help Portal



Borrower Connection

FAQsPayment OptionsCon



Welcome to Borrower Connection!

We've updated our site. If you have an existing account, use your username and password to sign in. If you need help, contact us at support@homeloanserv.com.

LoginOne-Time Payment

Username

Your email address may be your username.
[Forgot your username?](#)


Password

[Forgot your password?](#)


Login

Create Account

Are you new to Borrower Connection? Signing up for an account is easy! Just click the "Create Account" button.



Borrower Connection: A Step-By-Step Tutorial



Understanding Your Escrow Account

COVID-19 Forbearance Options and Information

HomeLoanServ®

Borrower Connection

Special Forbearance Options

To register for, check in with, or be removed from your Special Forbearance Plan, please enter your First Name, Last Name, Email, Loan Number, the last 4 digits of the Social Security Number of the primary borrower on the account, and Zip Code of the property address.

Registration Option*

☒ Request special forbearance due to COVID-19.

☐ 30-day check-in. I am currently on a forbearance plan and am still affected. I would like to continue in my forbearance plan.

☐ My circumstances have improved. I would like my loan to be reviewed for a payment deferral or permanent loan modification.

☐ I request to be removed from the forbearance plan and I am current on my monthly payments.

First Name*

Last Name*

Email*

Loan Number*

Last 4 Digits of Your Social Security Number*

Property Zip Code*

☐

I'm not a robot



Privacy Terms

Submit

OTHER COVID-19 RESOURCES AND FAQs

Having issues? Contact Customer Service at 800-526-7145.

To check your registration status in the plan, log in to Borrower Connection.

If you are enrolled for automatic payments, they will be suspended if you register for this plan.

* Required

July 2020 Payments

The July 1, 2020 payment must be made by 6pm MST on Friday, July 31, 2020. July 2020 payments made after 6pm MST will not post until August 3, 2020 and will be reported as delinquent to the credit bureaus. "unless the loan is on a special forbearance plan"

Payment Due Date and Late Fees

All payments are due on the first of the month. As long as payments are made by the 16th of the month, a late fee will not be assessed. If a monthly payment is not made by 6pm MT the last business day of the month, it will be reported to the credit bureaus.

Experiencing financial hardship because of the COVID-19 outbreak?

HomeLoanServ is committed to helping you in any way we can through these uncertain times. Learn more about the forbearance plan and get important updates on payment options and relief programs [here](#).

Win a \$100 Gift Card

Congratulations to Kelsey Williams of Davenport, Iowa! Kelsey recently signed up for AutoPay and is this spring's winner of a \$100 gift card to a home improvement store. Login above and click on "Manage AutoPay" to sign up today and you could be our next winner. Plus, it's the easiest and most convenient way to make your payment each month.

Homeowners Insurance

It's time for many homeowners insurance policies to renew. Please contact your agent and verify that they have HomeLoanServ listed as the mortgagee and that they have your HomeLoanServ loan number listed on your policy. This will help expedite the process of getting your renewal premium paid on time.

Two-Step Login Helps Keep Your Information Safe

Two-step login is an extra layer of security to make sure you're the only one who can access your account, even if someone else knows your password. It adds an extra step to your basic login procedure. Borrower Connection is now secured through a two-step login process. Each time you log in, you will be asked to enter a username and password as well as an additional six-digit code, which you can choose to receive by email, text, or phone call.

New Mexico Mortgage Finance Authority

Comments/Questions



Tab 10

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Presentation

Tab 11

**Staff Actions Requiring Notice to Board
During the Period of July 31, 2020**

Department and Program	Project	Action Taken	Comments / Date Approved
Housing Development	Otero Village, a 2001 YES Housing, Inc. project in Alamogordo	Modifying HOME loan HM050 to convert to 0% interest, monthly payments based on 80-year amortization & due in 40 years.	Approved by Donna Maestas-De Vries on 7/21/20
Community Development	LIHEAP Award for June 2020 -July 2021	Approval of the amended award in the amount of \$3,415,743 will be allocated as follows: CNMHC - \$2,108,547; SRHCDC - \$982,106; ICAST (MF) - \$107,924; ICAST (SF) \$46,378 and MFA (Admin) - \$170,787	Approved by Donna Maestas-De Vries 7/21/20

COVID-19
Staff Actions Requiring Notice to Board
During the Period of June 11 – August 10, 2020

Department and Program	Project	Action Taken	Comments / Date Approved
Policy and Planning & Asset Management; New Mexico Housing Trust Fund (NMHTF) Rental Assistance Program	NMHTF Rental Assistance Round 2 Awards	Approval of awards from the second round of the NMHTF Rental Assistance program, totaling \$6,939 to seven properties, assisting 12 households	Recommended by: HTF Advisory Committee – 7/21/20 Approved by: Delegates – 7/21/20
Policy and Planning & Asset Management; New Mexico Housing Trust Fund (NMHTF) Rental Assistance Program	NMHTF Rental Assistance Notice of Funding Availability (NOFA)	Approval of Addendum #2 to the NMHTF Rental Assistance NOFA to allow one-time awards of up to three months of each tenant's entire rent, to amend awards from previous rounds to provide the difference between the original amounts awarded to each tenant and the sum of three months of each tenant's rent, and to provide clarifications of application requirements	Recommended by: HTF Advisory Committee – 7/21/20 Approved by: Delegates – 7/21/20
Policy and Planning & Asset Management; New Mexico Housing Trust Fund (NMHTF) Rental Assistance Program	Resolution of the Delegates to Approve New Mexico Housing Trust Fund Awards and Continued Funding Rounds	Approval of a resolution authorizing MFA's Policy Committee to approve new rounds of funding under the NMHTF Rental Assistance NOFA and authorizing approval of awards, including award increases and modifications, in amounts not exceeding \$100,000 per applicant, that are approved as preliminary awardees by MFA's Policy Committee and the NMHTF Advisory Committee	Approved by: Delegates – 7/21/20
Policy and Planning & Asset Management; New Mexico Housing Trust Fund (NMHTF) Rental Assistance Program	NMHTF Rental Assistance Round 3 Award	Approval of an award from the third round of the NMHTF Rental Assistance program in the amount of \$2,445 to one property, assisting one household	Recommended by: HTF Advisory Committee – 7/28/20 Approved by: Policy Committee – 7/28/20
Policy and Planning & Asset Management; New Mexico Housing Trust Fund (NMHTF) Rental Assistance Program	NMHTF Rental Assistance Round 3 Additional Award and Round 4 Awards	Approval of an additional award from the third round of the NMHTF Rental Assistance program in the amount of \$4,242 to one property, assisting two households, and preliminary awards from the fourth round in the amount of \$20,358 to five properties, assisting nine households.	Recommended by: HTF Advisory Committee – 8/10/20 Approved by: Policy Committee – 8/10/20



MFA Strategic Plan Benchmarks

FY 2020

Goal 1 - Respond to New Mexico's affordable housing needs.



Benchmark: 1

Provide mortgage financing for 2,250 homebuyers

Q1	On Target	MFA financed 722 homebuyers in Q1 of FY 2020 and 722 homebuyers YTD.
Q2	On Target	MFA financed 674 homebuyers in Q2 of FY 2020 and 1,396 homebuyers YTD.
Q3	On Target	MFA financed 721 homebuyers in Q3 of FY 2020 and 2,117 homebuyers YTD.



Benchmark: 2

Maintain average mortgage product utilization of 25% of all FHA loans recorded in New Mexico

Q1	On Target	The MFA quarterly product utilization reported for Q1 is 33.73% for a YTD average of 33.73%.
Q2	On Target	The MFA quarterly product utilization reported for Q2 is 34.27% for a YTD average of 34.00%.
Q3	On Target	The MFA quarterly product utilization reported for Q3 is 26.63% for a YTD average of 31.54%.



Benchmark: 3

Finance 600 rental units

Q1	On Target	In Q1, financed \$7,500,686 in low income housing tax credits and \$2,400,000 in loans, resulting in 462 multifamily units.
Q2	On Target	In Q2, closed six loans totaling \$4,075,000. Since these loans were LIHTC gap funding loans, the associated units were already counted in Q1. Total units financed to date remains at 462 multifamily units.
Q3	Met	In Q3, MFA issued a 42m letter, which validates 4% LIHTCs for a project, for \$1,340,250, funding 213 units. MFA also awarded \$560,000 in State Tax Credits for 48 units. YTD units total is 723 units.



Benchmark: 4

Achieve annual combined average loan delinquencies of MFA serviced portfolio below 14.00%

Q1	On Target	The Q1 combined average delinquency rate was 10.06%. Combined average delinquency rate YTD is 10.06%.
Q2	On Target	The Q2 combined average delinquency rate was 8.99%. Combined average delinquency rate YTD is 9.54%.
Q3	On Target	The Q3 combined average delinquency rate was 8.27%. Combined average delinquency rate YTD is 9.13%.



Benchmark: 5

Expand social media reach by 150 new followers across all three platforms

Q1	On Target	New followers in the first quarter: Facebook - 19 Instagram - 16 Twitter - 7
----	-----------	---



MFA Strategic Plan Benchmarks

FY 2020

Q2 **On Target** New followers in the second quarter:
Facebook - 22
Instagram - 23
Twitter - 10.

Total new followers this FY:
Facebook - 41
Instagram - 39
Twitter - 17

Q3 **Met** New followers in the third quarter:
Facebook - 67
Instagram - 28
Twitter - 7.

Total new followers this FY:
Facebook - 108
Instagram - 67
Twitter - 24



Benchmark: 6

Evaluate at least three new specialty products or significant program or product improvements

Q1 **On Target** As of the first quarter, MFA has not evaluated any new specialty products or significant program or product improvements.

Q2 **On Target** In the second quarter, Housing Development and Policy and Planning started working on alternatives to the Areas of Statistically Demonstrated Need (ASDN) scoring category in the Qualified Allocation Plan (QAP) and held a partner focus group for input on 3/20. Evaluation will continue and resulting recommendations will be incorporated in the 2021 QAP. Additionally, Policy and Planning started evaluating utilizing New Mexico Housing Trust Funds (NMHTF) for rental assistance in response to the COVID-19 crisis. The department hopes to implement the program in the third quarter. The Community Development Department is also evaluating potential programs to utilize CARES Act ESG and HOPWA funding and plans to implement in a subsequent quarter.

Q3 **Met** In the third quarter, the Policy and Planning Department implemented an emergency rental assistance program utilizing New Mexico Housing Trust Funds. Additionally, Policy and Planning evaluated utilizing Community Development Block Grant (CDBG) funds for emergency housing assistance to respond to COVID-19. Next, Housing Development completed an evaluation of the QAP, incorporated newly researched requirements for Eventual Tenant Ownership and is proposing a few other, major changes, including the replacement of the ASDN system with required market studies and an Underserved Populations Set-aside. Finally, Mortgage Operations evaluated and created a framework for a mortgage assistance program if funding is found in order to respond to COVID-19. Year to date specialty programs evaluated is four and implemented is one.

Goal 2 - Ensure prudent stewardship of affordable housing resources.



Benchmark: 7



MFA Strategic Plan Benchmarks FY 2020

Obtain unqualified opinion on MFA financial statements and no material weakness in internal control over financial reporting or major programs, excluding first-time audits

Q1	Met	MFA received an unqualified opinion with no findings on the audit. The Board approved the audit on 1/15/2020.
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Benchmark: 8

Maintain or improve credit rating

Q1	On Target	No ratings activity during Q1. MFA maintains a Aa3 Stable rating.
----	-----------	---

Q2	On Target	No ratings activity during Q2. MFA maintains a Aa3 Stable rating.
----	-----------	---

Q3	Met	MFA's Aa3/Stable issuer credit rating was affirmed by Moody's.
----	-----	--



Benchmark: 9

Achieve operating performance and profitability equal to net revenues over total revenues of at least 10.1%, based on five-year average

Q1	On Target	The operating performance and profitability ratio as of 12/31/19 was 12.3%.
----	-----------	---

Q2	On Target	The operating performance and profitability ratio as of 3/31/20 was 12.0%.
----	-----------	--

Q3	On Target	The operating performance and profitability ratio as of 6/30/20 was 11.4%.
----	-----------	--



Benchmark: 10

Obtain balance sheet strength equal to net asset position over total bonds outstanding of at least 28.1%, based on five-year average

Q1	On Target	The balance sheet strength ratio as of 12/31/19 was 30.0%.
----	-----------	--

Q2	On Target	The balance sheet strength ratio as of 3/31/20 was 29.9%.
----	-----------	---

Q3	On Target	The balance sheet strength ratio as of 6/30/20 was 29.4%.
----	-----------	---



Benchmark: 11

Realize administrative fee of at least 18 basis points on all bond issues

Q1	On Target	MFA closed 2019 Series F single family bond issue in Q1 and achieved the 18 basis points target for bond administration fees.
----	-----------	---

Q2	On Target	MFA closed 2020 Series A single family bond issue in Q2 and achieved the 18 basis points target for bond administration fees.
----	-----------	---

Q3	On Target	There were no single family bonds issued in Q3.
----	-----------	---



Benchmark: 12

Realize profitability of 1.25% on TBA executions



MFA Strategic Plan Benchmarks FY 2020

Q1	On Target	As of 12/31/19, TBA profitability was 1.11%
Q2	On Target	As of 3/31/20, TBA profitability was .99%
Q3	On Target	As of 6/30/20, TBA profitability was 1.44%



Benchmark: 13

Maintain servicing fee yield at an average of 0.41% of the purchased servicing portfolio

Q1	On Target	As of 12/31/19, servicing fee yield was .40%.
Q2	On Target	As of 3/31/20, servicing fee yield was .39%.
Q3	On Target	As of 6/30/20, servicing fee yield was .39%.



Benchmark: 14

Earn 100% base fees for PBCA contract

Q1	On Target	All PBCA tasks were completed this quarter as required by the contract, and 100% of the base fees were earned.
Q2	On Target	All PBCA tasks were completed this quarter as required by the contract, and 100% of the base fees were earned. MORs have been postponed by HUD until further notice due to COVID-19, but on track to complete all other tasks.
Q3	On Target	All PBCA tasks were completed this quarter as required by the contract, and 100% of the base fees were earned. HUD has lifted the suspension of MORs in locations where there are no restrictions by state or local law; however, this does not impact MFA as it does not affect PBCA fees.



Benchmark: 15

Yield a collection rate of 95% or greater for compliance monitoring fees

Q1	On Target	Invoices for compliance fees were processed and sent out this quarter.
Q2	Met	As of 3/31/20 98% of the compliance fees have been received.
Q3	Met	As of 6/30/2020 100% of the compliance fees have been received.



Benchmark: 16

Meet commitment and expenditure requirement of 95% of grant funding

Q1	On Target	The commitment and expenditure rate as of 12/31/19 was 100%.
Q2	On Target	The commitment and expenditure rate as of 3/31/20 was 100%.
Q3	On Target	The commitment and expenditure rate as of 6/30/20 was 98%.



Benchmark: 17

Generate at least \$500,000 in contributions through the state affordable tax credit program



MFA Strategic Plan Benchmarks FY 2020

Q1	Met	Q1 donations totaled \$1,457,471. This includes donations made to four existing state tax credit awards and donations made to the Charitable Trust.
Q2	Met	Goal was met in Q1. Q2 donations totaled \$203,149, which includes \$194,149 in state tax credits and \$9,000 in Charitable Trust fund donations. This brings the YTD total to \$1,660,620.
Q3	Met	Goal was met in Q1. Q3 donations totaled \$126,918 in state tax credits and \$0 in Charitable Trust fund donations. This brings the YTD total to \$1,787,538.



Benchmark: 18

Evaluate at least one new business model or financial tool

Q1	Met	In Q1, a volume cap preservation program was evaluated and implemented to allow MFA to recycle volume cap from prior bond issues. With this new tool, based on single family mortgage production estimates, it is anticipated that MFA will have access to an additional \$40mm in annual volume cap for the program. This tool will be used on an ongoing basis in managing the single family mortgage program.
Q2	Met	In Q2, no new business models or financial tools were evaluated.
Q3	Met	In Q3, MFA developed an Economic Indicator Dashboard to be distributed monthly to Policy Committee, Homeownership, Housing Development and Policy and Planning. Next, MFA purchased a software platform that will track principal and interest advance requirements based on current portfolio performance for twelve months in the future. It also provides a forecasting tool that allows assumptions related to delinquencies, loans in forbearance and portfolio prepayment speeds. Finally, MFA implemented a Financial Forecast Dashboard that will account for changes in monthly Servicing liquidity needs in response to the impact of the health crisis. This dashboard will be provided to Policy Committee for monthly review and discussion with the Board as needed. Fiscal year to date new models or tools is four.



Benchmark: 19

Increase funding by at least one new source

Q1	Met	In the first quarter of FY 2020, MFA executed a grant agreement with the U.S. Department of Housing and Urban Development to obtain \$1 million for the Veterans Home Rehabilitation and Modification Program. This is the second competitive allocation MFA has won for this program.
Q2	Met	In the second quarter, the State of New Mexico allocated \$1.2 million in New Mexico Housing Trust Funds (NMHTF) and \$1 million in weatherization program funds to MFA. The State also allocated other funds to affordable housing programs, and MFA is awaiting determination if we will administer those funds. MFA also received additional CARES Act Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA) funding, including \$12,936,302 and \$146,170 (total for both the State and City of Albuquerque portions that MFA administers), respectively. Fiscal year to date new sources is five.
Q3	Met	In the third quarter, MFA did not add any new funding sources. Fiscal year to date new sources is five.

Goal 3 - Strengthen affordable housing partners.



Benchmark: 20

Expand services of at least one program to an underserved area of the state



MFA Strategic Plan Benchmarks

FY 2020

Q1	Met	Housing Development allocated 9% LIHTCs to a project in Espanola and a project in Grants, neither of which have ever had awards in this program. These two projects met carryover requirements.
Q2	Met	Benchmark met in Q1.
Q3	Met	Benchmark met in Q1.



Benchmark: 21

Assist at least 15 local or tribal governments with affordable housing plans, implementation or programs

Q1	On Target	Assisted 13 local governments as follows: The City of Espanola and Rio Arriba County, the Village of Questa and Taos County, the City of Carlsbad and Eddy County, Colfax County, and the Town of Taos received legislative funding to create or update housing plans. MFA responded to funding for housing plan inquiries from the cities of Artesia and Socorro and the Town of Clayton. MFA provided technical assistance to the Village of Los Lunas and the City of Las Cruces on issues related to certifying qualified grantees to receive donations under the AHA.
Q2	Met	Assisted 14 local governments as follows: Monitored progress and assisted local governments in utilizing legislative funding to create or update housing plans. These local governments included the City of Espanola and Rio Arriba County, the Village of Questa and Taos County, the City of Carlsbad and Eddy County, Colfax County, and the Town of Taos. Awarded the City of Artesia legislative funding to update its housing plan. Communicated with Town of Clayton on resolving its debarment status with MFA. Provided technical assistance to Grant County on its housing plan update. Sought and received reports of local government donations from the City of Las Cruces, the City of Santa Fe, and Santa Fe County. To date, the unduplicated count of local and tribal governments served in FY 2020 is 16.
Q3	Met	Assisted 12 local governments as follows: Assisted local governments complete legislative grants for Affordable Housing Act compliant housing plans. These local governments included the City of Espanola and Rio Arriba County, the Village of Questa and Taos County, the City of Carlsbad and Eddy County, Colfax County, Town of Taos, and the City of Artesia. Reviewed and approved the housing plans for these entities, as well as for the City of Gallup. Approved qualifying grantees for the City of Albuquerque and Las Cruces. To date, the unduplicated count of local and tribal governments served in FY 2020 is 18.



Benchmark: 22

Provide at least 10 formal training opportunities for property owners, developers and/or service providers

Q1	On Target	As of the first quarter, MFA held three trainings, including a QAP training, Development Fundamentals training and Section 811 training.
Q2	On Target	In the second quarter, MFA held a general contractor cost certification training on 3/11, an EHAP RFP training on 3/3, and a HOPWA RFP training on 3/26. Total fiscal-year trainings are now at six.
Q3	On Target	In the third quarter, MFA held two trainings for the NMHTF rental assistance program to train property owners and managers how to utilize the software to apply for assistance. The trainings were held on May 18, 2020 and June 16, 2020. Total fiscal-year trainings are now at eight.



Benchmark: 23

Improve at least three MFA processes or resources



MFA Strategic Plan Benchmarks FY 2020

Q1	On Target	In Q1, staff evaluated the Budget Maestro forecasting model to determine if it could provide efficiencies in MFA's financial forecasting process. It was determined that the current model provides more value in terms of forecasting functionality which outweigh the efficiencies that would have been gained through Budget Maestro. Additionally, MFA improved servicing delinquency reporting to provide better understanding of portfolio performance and risk factors.
Q2	On Target	In Q2, Accounting has implemented the cash disbursement approvals using VirPack for wires, ACH and internal account transfers. Fiscal YTD total improvements is currently two.
Q3	Met	In Q3, the Community Development Department moved to DocuSign from paper documents for all contracts. Next, both the Servicing Economic Feasibility Analysis and the Financial Forecast were revised to better reflect Servicing liquidity requirements for the health crisis. In addition, to support forecasting needs related to the health crisis, Servicing has developed a dashboard that will assist in tracking impacts to the organization related to loan modifications, loans repurchased, principal and interest advance requirements and foreclosures. This data will support assumptions included in the Financial Forecast Dashboard. Also, Servicing implemented a new electronic process to approve bank transfer letters and escrow disbursements. Next, Mitas provided the Notes/Comments interface process improvement on 4/1/2020. The interface allows staff to update Mitas Notes with comments on multiple loans at one time. With the number of mailings and bulk activities Servicing performs, this saves hours of tedious work. Next, IT created a DS Collections report. Reports that previously took 2 - 3 hours to generate due to high loan count and activity now are produced within seconds. In addition, Housing Development consolidated LIHTC files with property files to provide easy access to all property, loan and LIHTC information. Further, Housing Development moved to an electronic submission process for LIHTC and loan applications. Finally, MFA adopted an electronic signature policy for the entire organization. Fiscal YTD total improvements is currently eleven.

Goal 4 - Provide robust technology solutions.



Benchmark: 24

Maintain a RS3 score greater than or equal to 700, averaged over four quarters

Q1	On Target	MFA's internal and external penetration testing was completed on 12/6/2019. MFA received a RiskSense Security Score (RS3) of 757 (low risk). RS3 represents MFA's cyber security posture, measuring risk posed by existing vulnerabilities and current potential threats. The rating range is from 300 (high risk) to 850 (very low risk).
Q2	On Target	MFA's vulnerability scans continue on a weekly basis, and our vulnerability risk rating is 730. The rating range is from 300 (high risk) to 850 (low risk). MFA's Security Awareness Program continues to provide security awareness training on a quarterly basis and monthly phishing testing, with all employees completing 100% of their training in Q2. Average for first two quarters is 744.
Q3	On Target	MFA's vulnerability scans continue on a weekly basis, and our vulnerability risk rating is 775. The rating range is from 300 (high risk) to 850 (low risk). MFA's Security Awareness Program continues to provide security awareness training on a quarterly basis and monthly phishing testing, with all employees completing 100% of their training in Q3. Average for first three quarters is 754.



Benchmark: 25

Maintain system availability at 99%

Q1	On Target	MFA did not experience any full system outages in Q1 and maintained system availability of 100%.
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MFA Strategic Plan Benchmarks

FY 2020

Q2	On Target	MFA did not experience any full system outages in Q2 and maintained system availability of 100%.
Q3	On Target	MFA did not experience any full system outages in Q3 and maintained system availability of 100%.



Benchmark: 26

Implement new software solutions

Q1	On Target	MFA continued work on the implementation of PowerLender with VirPack integration. Completed configuration of online cash disbursement approval process for Accounting, scheduled for implementation in Q2; this will also include a process for Servicing. Developed and implemented new web-based system for File Transfers to MFA and added new functionality so developers can securely send project documents to Housing Development. Developed and implemented Section 811 online system to track property wait list applications.
Q2	On Target	VirPack lender portal completed in Q2. PowerSellers data transfers completed and automated. Completed implementation of cash disbursement approval process for Accounting and configuration for Servicing, scheduled implementation for Servicing in Q3. Migrated 17 .NET Applications from Windows Server 2008 to Windows Server 2016, also migrated 19 databases to new SQL Servers. Completed the consolidation of 6 older MITAS Web and Windows servers to 2 new Windows Server 2016 servers.
Q3	On Target	Community Development's contracts are now being sent via DocuSign for Service Providers, MFA Program Managers and Deputy Director. Servicing completed the implementation of the cash disbursement approval process. Completed the programming and implementation for the New Mexico Housing Trust Fund for rental assistance program. Implemented new password management utility for all employees. Also implemented new email security monitoring and filtering.

Goal 5 - Foster a dynamic work environment.



Benchmark: 27

Achieve employee engagement survey participation of 90% and score of 82%

Q1	New	The survey will not take place until the 3rd quarter.
Q2	On Target	Survey to begin in Q3.
Q3	On Target	Named as one of New Mexico's Best Places to Work. We achieved 94.7% participation. Scores will not be released until the winners are announced in late August.



Benchmark: 28

Complete compensation survey

Q1	New	The survey will take place in the latter part of the 2nd quarter.
Q2	New	The survey will take place in the latter part of the 3rd quarter.
Q3	On Target	Survey is underway.



Benchmark: 29



MFA Strategic Plan Benchmarks

FY 2020

In a prompt manner, adopt organizational and administrative changes to maintain business continuity in response to the COVID-19 crisis

Q3	On Target	As described in Benchmark #18 and Benchmark #23, MFA developed an Economic Indicator Dashboard and Financial Forecast Dashboard, purchased a software platform that will track principal and interest advance requirements based on current portfolio performance, revised both the Servicing Economic Feasibility Analysis and the Financial Forecast, and developed a dashboard that will assist in tracking impacts to the organization related to loan modifications, loans repurchased, principal and interest advance requirements and foreclosures. Next, MFA created an emergency rental assistance program through its New Mexico Housing Trust fund to provide support to tenants with COVID-19 related hardships. Additionally, MFA evaluated and created a framework for a mortgage assistance program if funding was found. Further, MFA created a tracking document that is updated weekly to track different communications and regulations coming out and determine their impact to Mortgage Operations. Next, MFA created a COVID-19 Planning team that meets at least weekly to evaluate the impact of COVID-19 to the organization, its staff and programs. Further, MFA quickly expanded its telecommuting program and implemented return-to-work and safety practices guidelines to manage COVID-19 risk to employees. Finally, MFA implemented an intranet health and wellness toolkit to connect remote workers during the pandemic.
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Tab 12



July 9 – August 11, 2020

SOCIAL MEDIA POSTS

Each item was posted to Facebook, Instagram, Twitter and LinkedIn

- 7-16 Anna Castillo is one of three Home Is Where promotion winners
- 7-22 Christina Rico is one of three Home Is Where promotion winners
- 7-28 Thank you for your support and patience
- 7-30 MFA helped 1,452 families become homeowners in the last six months
- 8-6 Congratulations to new homeowner Christina Luetjens
- 8-7 Thank you, Shelly Sanders
- 8-10 Interest rates are at an all-time low (boosted post)

MEDIA COVERAGE

- | | | |
|------|---------------------|--|
| 7-5 | KOB | Funding approved for housing in 6 NM communities |
| 7-8 | Gallup Independent | Funding approved for housing in 6 NM communities |
| 7-9 | Albuquerque Journal | State agency OKs housing projects |
| 7-9 | KANW-FM | Housing Developments |
| 7-9 | Hobbs News-Sun | Funding approved for housing in 6 NM communities |
| 7-9 | The Telegraph | Funding approved for housing in 6 NM communities |
| 7-13 | Albuquerque Journal | NM braces for eviction spike in coming months |
| 8-3 | Las Cruces Sun-News | MFA offers affordable mortgages for some |



PRESS RELEASES, NEWSLETTERS and LENDER MEMOS

7-9	Asset management partners	<i>NOFA: Third round of rental assistance</i>
7-22	Asset management partners	<i>NOFA: Fourth round of rental assistance</i>
7-23	Asset management partners	<i>Annual compliance reporting documents due</i>
7-23	Asset management partners	<i>FDIC semi-annual report due August 14</i>
7-30	MFA-approved lenders	<i>URGENT ANNOUNCEMENT: August 28 deadline approaching for lender IT readiness</i>



MFA Housing New Mexico

July 16 at 2:33 PM · ⚙️



Congratulations to Anna Castillo who was one of three winners of MFA's Home Is Where promotion!

"I'm relieved that my rent money isn't being wasted. It is being invested in something I'll have forever." -Anna, MFA homebuyer

<https://bit.ly/2ZCPEvZ>



327

People Reached

38

Engagements

Boost Post



18

2 Shares



MFA Housing New Mexico

July 22 at 3:43 PM · ⚙️



Congratulations to another winner, Christina Rico, who was one of three winners of MFA's Home Is Where promotion!

"Finally, we have somewhere stable to be, I couldn't have done it without the assistance. This program really does help people."

<https://bit.ly/2ZCPEvZ>



182

People Reached

37

Engagements

Boost Post




You and 21 others

4 Comments

 Like

 Comment

 Share





MFA Housing New Mexico

July 28 at 12:17 PM · ⚙️



Thank you for your support and patience!

Thank you for your
support and patience!

Like almost everyone in the real estate industry, MFA is seeing unprecedented demand for our programs.

Our file review turnaround times have increased from three days to five. We are committed to doing our best for you!



495

People Reached

21

Engagements

Boost Post



10

5 Shares



MFA Housing New Mexico

July 30 at 3:47 PM · ⚙️



Thank you to all of our partners for helping make the dream of homeownership possible for so many New Mexicans!



Housing New Mexico

Thank you to all of our
partners for helping
make the dream of
homeownership
possible for so many!



The results are in for MFA's loan production for the first six months of 2020!
MFA's participating lenders have helped

1,452

New Mexico families buy homes!

286

People Reached

27

Engagements

Boost Post



13

2 Shares



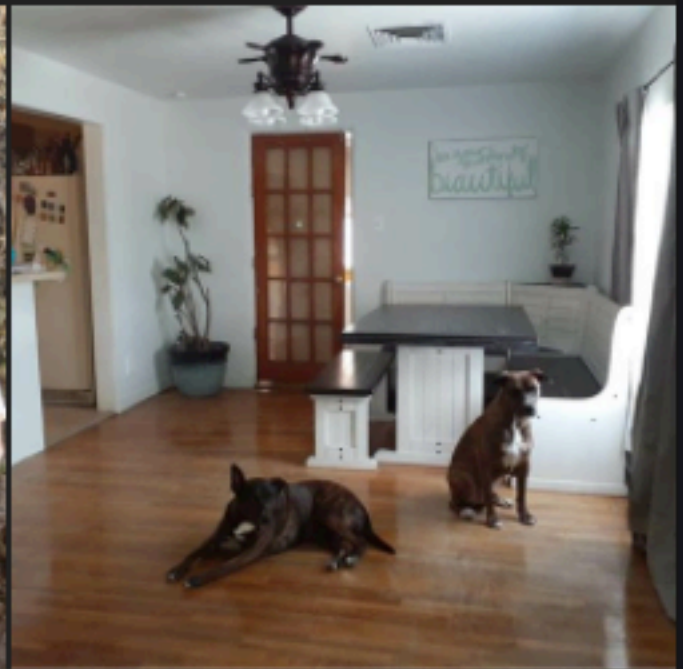
MFA Housing New Mexico

5d · ⚙️



Christina Luetjens used MFA's FIRSTHome program to purchase a home for her family of five. FIRSTHome provides up to \$8,000 in down payment assistance to qualified borrowers.

"Without MFA, my family would still be living in a 700 sq. ft. mobile home. I love that our "new" home is an adobe built in 1940! It has room for us all to be together but still have our own space."



719

People Reached

172

Engagements

[Boost Post](#)



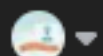
26

2 Comments 4 Shares

Like

Comment

Share





MFA Housing New Mexico

4d · ⚙️



Since 1993, Shelly has been one of MFA's most committed lending partners. She specialized in helping borrowers in difficult circumstances qualify for a mortgage, sometimes working with them for months or years before they were finally able to purchase a home. Best wishes on your relocation, Shelly. We will miss you!

Thank you, Shelly Sanders, for 27 years of helping New Mexicans become homeowners!



27
years



209

People Reached

17

Engagements

[Boost Post](#)



9

1 Share



MFA Housing New Mexico

16h · 🌐

...

MFA's down payment assistance program and historically low interest rates combine to make this the PERFECT time to buy a home! What are you waiting for? Find a MFA lender now!

INTEREST RATES ARE AT AN

ALL-TIME LOW

Now is a great time to buy a home!



HOUSINGNM.ORG

MFA Housing New Mexico

Use a mortgage calculator to find out what ...

[Learn More](#)

650

People Reached

50

Engagements

[Boost Again](#)

Boosted on Yesterday at 3:07 PM

Finishes in 6 days

By Jessica Cage

People Reached

571

Link Clicks

20

[View Results](#)

👍 11

5 Shares



(/weather/)

(/weather/)

92°

Feels like: 92°
Humidity: 15%
Wind: W 6 mph



4 p.m.
96°



7 p.m.
92°



(/weather/)

Tomorrow
97°

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Funding approved for housing in 6 New Mexico communities



The Associated Press

Updated: July 08, 2020 06:58 AM

Created: July 08, 2020 06:55 AM

ALBUQUERQUE, N.M. (AP) — The New Mexico Mortgage Finance Authority has approved more than \$74 million for eight housing developments in six communities around the state.

The funding comes through the federal low-income housing tax credit program.

Officials said the projects will result in more than 260 new apartments in Sunland Park, Mescalero, Acoma Pueblo and Albuquerque.

Another 202 apartments will be renovated in Los Lunas and Albuquerque.

In addition to providing much-needed housing in the communities, officials said construction activity from the developments is expected to generate \$33 million in income for the communities and support hundreds of jobs.

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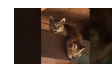
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(/new-mexico-news/santa-fe-womans-close-encounter-with-family-of-bobcats-going-viral/5789502/)

New Mexico reports 4 new deaths, 230 additional COVID-19 cases



Title: **Funding approved for housing in 6 New Mexico communities**
 Author:
 Size: 8.99 column inches
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Funding approved for housing in 6 New Mexico communities

The Associated Press

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Title: **State agency OKs housing projects**
 Author:
 Size: 7.59 column inches
 Albuquerque, NM Circulation: 102148



State agency OKs housing projects

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ALBUQUERQUE, N.M. (AP) — The New Mexico Mortgage Finance Authority has approved more than \$74 million for eight housing developments in six communities around the state. The funding comes through the federal low-income housing tax credit program. Officials said the projects will result in more than 260 new apartments in Sunland Park, Mescalero, Acoma Pueblo and Albuquerque. Another 202 apartments will be renovated in Los Lunas and Albuquerque. In addition to providing much-needed housing in the communities, officials said construction activity from the developments is expected to generate \$33 million in income for the communities and support hundreds of jobs.
- **FACEBOOK DATA CENTER-SOLAR**
RIO RANCHO, N.M. (AP) — The largest electric provider in New Mexico has unveiled its latest solar array. A virtual ribbon cutting ceremony was held Tuesday for the Encino Solar Field, located in Sandoval County west of Rio Rancho. Public Service Co. of New Mexico and New Mexico Renewable Development LLC entered an agreement last year to build the 50-megawatt solar array to provide electricity for Facebook's data center near Los Lunas. PNM says it's committed to providing emissions-free electricity to customers over the next two decades. Facebook has committed to support its operations with 100% renewable energy beginning this year.

Title: **Funding approved for housing in 6 New Mexico communities**
 Author:
 Size: 14.57 column inches
 Hobbs, NM Circulation: 11074



Funding approved for housing in 6 New Mexico communities

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In addition to providing much-needed housing, officials said construction activity from the developments is expected to generate \$33 million in income for the communities and support more than 700 jobs.

The federal tax credit program is designed to spur investment in the development of rental housing for families with low to moderate incomes.

State officials said the tax credits are the most important resource available for creating affordable housing. Most of New Mexico's affordable housing developments are funded primarily through tax credit awards.

The Mortgage Finance Authority receives an annual allocation of tax credits that is dispersed to housing developers through a competitive process. A total of just over \$70 million was awarded to seven developers this year and will be paid out over 10 years.

The agency will provide another \$4.7 million in additional financing for six of the eight developments.

 <https://www.thetelegraph.com/news/article/Funding-approved-for-housing-in-6-New-Mexico-15393065.php>

Funding approved for housing in 6 New Mexico communities

Updated 11:13 pm CDT, Tuesday, July 7, 2020

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Title: **NM braces for eviction spike in coming months**

Author:

Size: 43.24 column inches

Albuquerque, NM Circulation: 102148



NM braces for eviction spike in coming months

Federal assistance programs are ending

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BY STEPHEN HAMWAY
JOURNAL STAFF WRITER

Renters in New Mexico and across the country may face a sharp uptick in evictions in the next several months, as federal protections related to the COVID-19 pandemic begin to expire.

A national moratorium on evictions for renters living in homes with federally backed mortgages that was included in the federal CARES Act expired last week, potentially putting millions of Americans at risk of losing their housing stability.

While New Mexico

retains a separate set of rules prohibiting renters from being evicted if they can't pay due to impacts from COVID-19 following a pair of state Supreme Court rulings in March, local experts are still concerned.

Patrick Ortiz, director of asset management for the New Mexico Mortgage Finance Authority, said the organization is preparing for a spike in evictions in August, after the federal unemployment enhancement and other programs enacted at the start of the pandemic end.

"Once the moratorium expires and unemployment expires, there is going to be an increase in evictions,"

Ortiz said. "We just don't know how many."

While the pandemic has shuttered businesses and caused record-setting unemployment, New Mexico's rental market has been largely unaffected so far. Ortiz said MFA set aside \$3 million from its housing trust fund in May to help people pay their rent during the pandemic. Two months into the program, \$2.9 million remains.

"It hasn't been used as much as we thought it would be," Ortiz said.

One major factor has been the additional \$600 per week in unemployment benefits provided by the federal government.

Reilly White, an associate professor with the University of New Mexico's Anderson School of Management, said the infusion of cash more than doubles the amount a New Mexico unemployment claimant can receive and has helped residents stay above water on housing payments.

"That's a huge amount of money, and that's kept many of these families afloat," White said.

However, there is trouble on the horizon for renters as the federal unemployment assistance is slated to

See **EVICTON** >> **A11**

Eviction spike expected next month

From **PAGE A10**

expire at the end of July.

A report from the Federal Reserve Bank of Kansas City said a higher percentage of New Mexico residents didn't make their recent housing payments than the rest of the country.

Nick Sly, author of the report and executive at the Denver branch of the bank, said New Mexico saw a greater share of pullback in spending during the pandemic from low- and moderate-income households.

"New Mexico has a different pattern in its spending in most of the rest of the

country," Sly said.

While no one knows precisely how many New Mexicans would lose housing, White said the burden will fall heaviest on renters who were already struggling to make ends meet.

Congress is still debating another coronavirus rescue package that would extend benefits or offer them at a lower rate.

In the meantime, renters at properties monitored by MFA may seek rental assistance through the mortgage author-

ity's website. The state of New Mexico has also made a mix of resources available for renters through its website at www.newmexico.gov/i-need-assistance/.



Patrick Ortiz



Nick Sly



Reilly White

Title: **MFA offers affordable mortgages for some**
 Author: Gary Sandler
 Size: 41.07 column inches
 Las Cruces, NM Circulation: 28086



MFA offers affordable mortgages for some

Real Estate Connection

Gary Sandler

The New Mexico Mortgage Finance Authority is best-known for providing down payment assistance and affordable mortgages for first-time buyers. What many do not know, however, is that MFA also provides down payment assistance and affordable financing for buyers who currently own a home and desire to purchase another primary residence.

MFA's NextHome/NextDown program provides a benefit that is unique to the mortgage industry. That benefit comes in the form of a fully forgivable second mortgage that allows current homeowners to purchase a new or existing single-family home, townhome, condominium or doublewide or larger manufactured home as their next primary residence — using just 40 to 50 percent of the cash they would normally need to swing the deal. Homeowners who utilize the program may choose to keep their present home as a rental or sell it later, provided it was not financed using an MFA loan.

Buyers who earn no more than \$91,000 annually and purchase a home priced no higher than \$340,000 are eligible. With a minimum credit score of 620 and an acceptable debt-to-income ratio, move-up buyers can obtain a new

30-year, fixed-rate loan as their first mortgage, with MFA providing a 30-year, zero-percent fixed-rate second mortgage to cover their closing costs. The second mortgage is fully forgivable if the borrower meets certain conditions.

For example, a buyer who utilizes the MFA program to purchase a \$200,000 home would typically need a down payment of at least 3 percent of the purchase price, or \$6,000, plus around \$3,000 to \$4,000 in closing costs. In this scenario, the total cash required to complete the purchase would be in the neighborhood of \$9,000 to \$10,000.

After providing the buyer with a first mortgage of \$194,000, MFA would then fund a second mortgage equal to 3 percent of the loan amount, or \$5,820 in this instance, to cover a portion of the \$9,000 to \$10,000 required to complete the purchase. The buyer would then contribute the remaining \$3,840 to \$4,840 from his or her own funds.

The second mortgage accrues no interest and requires no monthly payments over the life of the loan. In industry jargon, it is referred to as a "silent second." Both the first and second mortgages may be paid off at any time without penalty.

If, throughout the first full 10 years of the loan, the buyer doesn't refinance, transfer title or sell, twenty percent of the second mortgage will be forgiven annually between the 11th and 15th years. By the time the loan term reaches the 15th year, the entire amount of the second mortgage will have been forgiven.

The NextHome/NextDown program works in conjunction with FHA, VA, HUD Section 184, USDA Rural Housing and HFA Preferred conventional loans, according to MFA homeownership representative, Teri Baca.

"It is also available to first-time homebuyers whose income is too high to qualify for our FirstHome/FirstDown first-time buyer program," Baca said.

"In calendar year 2019, MFA provided more than \$527 million in low-interest financing and grants for affordable housing and related services in New Mexico," according to their website at www.housingnm.org.

MFA loans are made by eligible banks and mortgage companies located throughout New Mexico. A list can be obtained at <http://www.housingnm.org/homebuyers/find-a-participating-lender>. See you at closing.





New Mexico Housing Trust Fund Rental Assistance Notice of Funding Availability (NOFA): Third Round

MFA will hold a third round of funding under the [New Mexico Housing Trust Fund Rental Assistance Notice of Funding Availability \(NOFA\)](#).

In order to be considered for funding in this third round, completed applications must be received no later than 5 p.m. MDT on July 15, 2020. Applications may be submitted electronically via a link that will be posted at [MFA - New Mexico Housing Trust Fund Rental Assistance](#).

Please note: This funding is only available to properties monitored by MFA. Owners of properties monitored by MFA must apply for rental assistance on behalf of their tenants.

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New Mexico Housing Trust Fund Rental Assistance Notice of Funding Availability (NOFA): Fourth Round

MFA will hold a fourth round of funding under the [New Mexico Housing Trust Fund Rental Assistance Notice of Funding Availability \(NOFA\)](#). Please note that the NOFA has been revised. The redlined revisions to the NOFA can be found here: [NOFA Addendum Two](#). Among other changes, properties may now apply for up to three months of rental assistance for each tenant. Please see the details of these provisions and others in the revised NOFA.

In order to be considered for funding in this fourth round, completed applications must be received no later than 5 p.m. MDT on July 31, 2020. Applications may be submitted electronically via [MFApps - NMHTFRA](#).

Please note: This funding is only available to properties monitored by MFA. Owners of properties monitored by MFA must apply for rental assistance on behalf of their tenants



MEMO

TO: Owners/Agents of Affordable Communities

FROM: The Asset Management Department

DATE: July 23, 2020

RE: Annual Compliance Reporting

Annual Compliance Reporting Documents were due March 31, 2020

Please make sure MFA has received all required documentation for your property. The full list of annual required documentation is included here: [Annual Compliance Reporting](#). Applicable programs are listed after each document name. The full list including deadlines is charted at the bottom.

If you have any questions, please contact the property's housing programs analyst. We will be sending letters to the property owners with complete lists of missing documentation for each delinquent property.

New Mexico Mortgage Finance Authority
344 Fourth St. SW Albuquerque, NM 87102 505.843.6880 800.444.6880 housingnm.org

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FDIC Affordable Housing Program - Semi-Annual Report

Due: Friday August 14, 2020

Reporting Period: February 1, 2020 - July 31, 2020

Please submit the following documents to your housing programs analyst for the reporting period listed above:

- Compliance Report Part A;
- Compliance Report Part B;
- The Owner's Certification of Program Compliance. This form must be dated and signed by the owner or a representative with full authority to legally bind the ownership entity.

Compliance Report forms are available on our website: http://www.housingnm.org/asset_management rtc-forms

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MEMO

TO: Participating Lenders
FROM: MFA Homeownership Department
DATE: July 30, 2020
RE: Memo No. 2020-15

URGENT ANNOUNCEMENT: August 28 deadline approaching for lender IT readiness - Notice 2 of 3

As was announced on November 8, 2018 (Lender Memo 18-21), MFA will transition to a NEW Internet Loan Reservation System (ILRS) and document management system. Lenders were given the required technical specifications in the memo and advised to confirm their own system capabilities to ensure full compatibility.

For more than two years, MFA and a group of lender volunteers have worked with our vendors to build, customize and thoroughly test these systems. We are pleased to report that this long-awaited transition is now in the first stage of implementation.

Beginning Friday, August 28, 2020, ALL new MFA loan reservations will be facilitated through PowerLender (the ILRS) and the related document uploads through VirPack (the document management system.)

All lenders are advised to make one final assessment of their IT capabilities in accordance with the specifications outlined below.

Training will be available prior to the transition to the new system. We will notify you of training times in a separate email. While no response to MFA is required at this time, those with questions should contact a homeownership representative at 505.843.6881.

LENDER IT SYSTEM REQUIREMENTS:

System Component	Minimum	Recommended
Workstations/Laptops	Pentium-Class PC 1.8 GHz w/ 1.0 GB RAM	Dual Core processor w/ 2.0 GB RAM

Workstation/Laptop Operating System	Windows 7 Linux Desktop OS	Windows 10, Windows 8.1 or Windows 7 Linux Desktop OS
Browser	Microsoft Internet Explorer 11 JRE 1.8	Microsoft Internet Explorer 11 Java Runtime Environment (JRE) 1.8 or higher

To avoid the firewall blocking ILRS, PowerLender requires port 22 to be opened outbound to the server at <https://mfa.powerlender.com> (184.173.181.73). This acts as a remote access and encryption solution to better secure all data in transit.

Thank you for your participation in MFA programs.

New Mexico Mortgage Finance Authority
344 Fourth St. SW Albuquerque, NM 87102 505.843.6880 800.444.6880 housingnm.org

Tab 13



Quarterly Report to the MFA Board of Directors Q3 FY2020

Production Statistics	Current Quarter	Same Quarter Last Year	Fiscal Year to Date
Homeownership			
Number of loans reserved	797	924	2,385
Amount of loans reserved	\$133,962,029	\$143,611,411	\$392,256,133
Number of loans purchased	721	696	2,117
Amount of loans purchased	\$119,110,270	\$105,918,341	\$343,354,212
Number of homebuyers counseled	850	834	2,552
Number of lenders/REALTORS contacted	1,111	2,372	4,507
Housing Development			
Amount of MF loans/grants/bonds	\$0	\$5,375,000	\$6,475,000
Amount of SF loans/grants	\$0	\$0	\$0
Amount of TC: LIHTC (MF) & State (MF & SF)	\$1,900,250	\$0	\$9,400,936
Number of MF units	255	116	717
Number of SF units	6	0	6
Housing Rehab & Weatherization			
Amount of rehab expenditures	\$129,864	\$0	\$750,676
Number of units rehabilitated	0	0	0
Amount of NM EnergySmart expenditures	\$622,110	\$1,620,395	\$3,258,024
Number of units weatherized	13	204	526
Shelter & Supportive Housing Programs			
Amount of shelter supportive service	\$284,636	\$229,521	\$1,024,621
Number of persons served ¹	987	1,339	4,023
Amount of rental assistance ²	\$683,777	\$651,484	\$2,096,282
Number of persons assisted	486	501	1,480

1 - EHAP & CoC

2 - Linkages, HHRHI, RAP & HOPWA



The need for housing rehabilitation and weatherization:

New Mexico has aging housing stock. 47 percent of its homes were built before 1980; only 18.4 percent were built after 2000.

Many low-income homeowners are at risk because of health and safety hazards in their homes and pay high utility bills because they cannot afford to make energy-efficiency



The Need for Assistance Programs:

The New Mexico Coalition to End Homelessness estimates that 17,000 New Mexicans experience homelessness in a year. In 2017, approximately 14,000 homeless New Mexicans sought assistance at HUD-funded agencies.

Emergency assistance with rent and utilities can help people at risk of homelessness



The need for MFA mortgage products:

MFA borrowers have an average annual income of \$52,832 and purchase homes with an average price of \$165,791. 25 percent are single-parent households; 48 percent are minorities.

MFA targets below market mortgage rates, and all first-time homebuyers receive pre-purchase counseling. MFA provides down payment assistance to 99 percent of its borrowers. Without these programs, many borrowers could not buy a home.



The need for housing development:

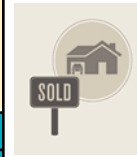
Only 4 percent of New Mexico's housing units are located in apartment complexes of 20 units or more. Many of these are old and in poor condition.

50 percent of renters are cost-burdened, about half pay between 30 percent and 49 percent of their income on rent; the other half pay more than 50 percent.



Quarterly Report to the MFA Board of Directors Q3 FY2020

Servicing	Current Quarter	Same Quarter Last Year	Target Rate
First Mortgage delinquency rate	11.22	4.80	
Partners Program delinquency rate	9.93	11.24	
DPA loan delinquency rate	8.26	9.39	
Multifamily loan delinquency rate	3.57	0.00	
Combined delinquency rate - Current Month	8.27	9.24	
Combined average delinquency rate-FY	9.13	10.02	10.50
Default rate (writeoffs/foreclosure losses)	0.90	1.01	1.50
Master Servicing MBS delinquency rate	11.00	7.19	
REO Inventory - # of loans	0	1	
REO Inventory - Exposure	\$0	\$28,861	



MFA's Servicing Department:

Provides servicing for over 15,000 loans with a principal balance over \$349 million.

Many of the loans MFA services are for internal programs that target higher risk borrowers. MFA's Mortgage-Backed Securities (MBS) portfolio is serviced by master servicers and our sub-servicer. Delinquency rates in this portfolio can be benchmarked to Mortgage Banker Association averages 3.87 percent for all loans in New Mexico and 7.07 percent for FHA in New Mexico as of 3/31/2020.

Monitoring	Current Quarter	Year to Date	Fiscal Year Monitoring Required
Asset Management			
Number of properties monitored	27	142	154
Number of units inspected	0	1213	N/A
Number of PBCA activities	302	916	N/A
Community Development			
Number of required monitorings ³	6	36	34

³ - based on program year, 7/1 - 6/30



MFA's Asset Management Department:

Monitors 274 properties and 18,036 units of housing financed by MFA, providing unit inspections and review of records and finances on a regular basis. Asset Management also supports 87 properties and 5,230 units under MFA's HUD Project Based Contract Administrator (PBCA) contract.



MFA's Community Development Department:

Manages nine programs with 12 different funding sources and approximately 70 partners across the state. Our partners deliver housing to more than 11,000 individuals and receive approximately \$10 million in funding. Monitoring is performed on a regular basis to ensure program compliance.