



MFA Housing New Mexico  
MFA November Board of Directors Meeting 2023  
November 15, 2023  
9:00 am-12:30 pm Mountain Time

### **Chair Convenes Meeting**

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 10/18/23 Board Meeting Minutes – Board Action
- Approval of 10/27/23 Special Board Meeting Minutes- Board Action
- Executive Director Updates
- Local Perspectives
  - The Honorable Kenneth Miyagishima Mayor, City of Las Cruces
  - President/CEO of The Border Industrial Association, Owner of GPI, Inc., and Executive Director of the International Business Accelerator -Jerry Pacheco
  - TBD Presenter

### **Board Action Items (Action Required?)**

#### **Consent Agenda**

- 1 RFQ Mortgage Servicing Legal Services Award (Steve Hagins) (YES)

#### **Finance Committee**

- 2 HOME-ARP Internal Audit Executive Summary Report (Claire Hilleary, Director, Moss Adams) (YES)
- 3 Internal Audit Follow-Up Outstanding Audit Findings (Claire Hilleary, Director, Moss Adams) (YES)
- 4 Internal Audit Budget vs Actual for 2023 (Claire Hilleary, Director, Moss Adams) (YES)
- 5 Internal Audit Plan for 2024 & 2025 (Claire Hilleary, Director, Moss Adams) (YES)
- 6 Semiannual Investment Review 9/30/23 (Ulrich Investments Consultants) (YES)
- 7 FirstDown Plus DPA Program Policy (Rene Acuna) (YES)
- 8 9/30/2023 Quarterly Financial Statement Review (Arundhati Bose) (YES)

#### **New Mexico Housing Trust Fund**

- 9 NM EnergySmart Solar Program- New Mexico Housing Trust Fund (Troy Cucchiara) (YES)

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

- 10 Encino Senior Gardens Loan Request (Tim Martinez and George Maestas) (YES)

**Other**

- 11 Strategic Plan Benchmarks Close Out FY2023 (Arundhati Bose, Donna Maestas-De Vires, Jeff Payne) (YES)
- 12 Quarterly Marketing Summary Report (Kristi Garcia) (YES)
- 13 Semiannual Single Family Production Report (Rene Acuna) (NO)

**Other Board Items                      Information Only**

- 14 **(Staff is available for questions)**

• Staff Action Requiring Notice to Board

**Monthly Reports                      No Action Required**

- 15 **(Staff is available for questions)**

• New Mexico Housing Trust Fund Monthly Update

**Announcements and Adjournment                      Discussion Only**

Confirmation of Upcoming Board Meetings

- December 12, 2022 - Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- December 13, 2022 – Wednesday – 9:30 a.m. (MFA Board of Directors Meeting)
- January 9, 2024 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- January 17, 2024 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting- Santa Fe, NM)
- February 13, 2024 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- February 21, 2024 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)



**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**Board Meeting**  
**New Mexico Farm & Ranch Heritage Museum**  
**4100 Dripping Springs Rd, Las Cruces, NM 88011**  
**Wednesday November 15, 2023 - 9:00 a.m.**

**Proposed Agenda**

**Chair Convenes Meeting**

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
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  - Southwest New Mexico Council of Governments- Executive Director, Priscilla Lucero

**Board Action Items**

**Action Required?**

**Consent Agenda**

- |   |     |
|---|-----|
| 1 RFQ Mortgage Servicing Legal Services Award- Steve Hagins | YES |
|---|-----|

**Finance Committee**

- |   |     |
|---|-----|
| 2 HOME-ARP Internal Audit Executive Summary Report – Claire Hilleary, Director, Moss Adams    | YES |
| 3 Internal Audit Follow-Up Outstanding Audit Findings - Claire Hilleary, Director, Moss Adams | YES |
| 4 Internal Audit Budget vs Actual for 2023 - Claire Hilleary, Director, Moss Adams            | YES |
| 5 Internal Audit Plan for 2024 & 2025 – Claire Hilleary, Director, Moss Adams                 | YES |
| 6 Semiannual Investment Review 9/30/23 – Ulrich Investments Consultants                       | YES |
| 7 FirstDown Plus DPA Program Policy- Rene Acuna   | YES |
| 8 9/30/2023 Quarterly Financial Statement Review - Arundhati Bose                             | YES |

**New Mexico Housing Trust Fund**

- |   |     |
|---|-----|
| 9 NM EnergySmart Solar Program-New Mexico Housing Trust Fund-Troy Cucchiara | YES |
|---|-----|

**Contracted Services/Credit Committee**

- |   |     |
|---|-----|
| 10 Encino Senior Gardens Loan Request – Tim Martinez and George Maestas | YES |
|---|-----|

**Other**

- |   |     |
|---|-----|
| 11 Strategic Plan Benchmarks Close Out FY2023- Arundhati Bose, Donna Maestas-De Vires, Jeff Payne | YES |
| 12 Quarterly Marketing Summary Report - Kristi Garcia   | NO  |
| 13 Semiannual Single Family Production Report- Rene Acuna   | NO  |

**Other Board Items**

**Information Only**

- |  |  |
|--|--|
| 14 (Staff is available for questions) <ul style="list-style-type: none"> <li>▪ Staff Action Requiring Notice to Board</li> </ul> |  |
|--|--|

**Monthly Reports**

**Non Action Required**

- |  |  |
|--|--|
| 15 (Staff is available for questions) <ul style="list-style-type: none"> <li>▪ New Mexico Housing Trust Fund Monthly Update</li> </ul> |  |
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**Announcements and Adjournment****Discussion Only****Confirmation of Upcoming Board Meetings**

- December 12, 2022 - Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- December 13, 2022 – Wednesday – 9:30 a.m. (MFA Board of Directors Meeting)
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  - Southwest New Mexico Council of Governments- Executive Director, Priscilla Lucero

**Board Action Items**

**Action Required?**

**Consent Agenda**

- 1 **RFQ Mortgage Servicing Legal Services Award (Steve Hagins)-** MFA’s Board of Directors approved a Request for Qualification for Mortgage Servicing Legal Services (the “RFQ”) at its’ October 18, 2023, Board Meeting. MFA received two responsive qualifications all of which met minimum qualifications. Qualifications were scored by an internal committee of five staff members in accordance with the evaluation criteria as outlined in the RFQ. Staff recommends the following offerors, which received the highest average scores receive awards to provide Mortgage Servicing Legal Services: Rose Ramirez & Associates, P.C. and Smidt, Reist & Keleher, P.C. The term of each contract begins November 30, 2023, upon MFA Board of Directors approval of the awards and ends November 30, 2026. Each award is contingent upon successful negotiation of a contract with each offeror awarded a contract and will be negotiated based on the terms of the RFQ and the qualifications submitted. At the option MFA, each contract may be extended for two, one-year periods under the same terms and conditions. YES

**Finance Committee**

- 2 **HOME-ARP Internal Audit Executive Summary Report (Claire Hilleary, Director, Moss Adams)-** Board approval is requested for the HOME-ARP Internal Audit Report. There were two low risk findings identified. The first low risk finding involved two intake forms of which one was ineligible and one provided information on the form that appeared to contradict other documentation in the client file. The second low risk finding occurred when a Duplication of Benefits disclosure was not provided with client documentation. Management agreed with Moss Adams recommendations and appropriate follow-up with the service providers will occur along with any additional training and collection of the Duplication of Benefits form. YES
- 3 **Internal Audit Follow-Up Outstanding Audit Findings (Claire Hilleary, Director, Moss Adams)-** Staff seeks discussion and approval for the FY2024/2025 Internal Audit Plan. YES
- 4 **Internal Audit Budget vs Actual for 2023 (Claire Hilleary, Director, Moss Adams)-** Board acceptance is requested for the fiscal year-end report on the Budget vs Actual status of the Internal Audit Contract. YES
- 5 **Internal Audit Plan for 2024 & 2025 (Claire Hilleary, Director, Moss Adams)-** Board acceptance is requested for the year-end report detailing the status of the Outstanding Audit Findings. YES
- 6 **Semiannual Investment Review 9/30/23 (Ulrich Investments Consultants)-** ongoing YES

- 7 FirstDown Plus DPA Program Policy (Rene Acuna)-** The NM Housing Trust Fund Advisory Committee approved the use of NMHTF money for down payment assistance on January 9, 2023. In April of 2023, The MFA Board of Directors approved allocating \$8.5 million of the NMHTF 2024 funds toward down payment assistance activities. MFA also received approval from the New Mexico State Board of Finance for the use of NMHTF-STB that would become available in July 2023 for certain activities. Rising interest rates and home prices have created a gap in borrower's ability to purchase an affordable home. In our efforts to continue to support homeownership opportunities, we are allocating \$5.5million from the New Mexico Housing Trust to fund a new down payment assistance program. Staff proposes the approval of the attached FirstDown Plus program policy. YES
- 8 9/30/2023 Quarterly Financial Statement Review (Arundhati Bose)-** ongoing YES

### New Mexico Housing Trust Fund

- 9 NM EnergySmart Solar Program-New Mexico Housing Trust Fund (Troy Cucchiara)-** Staff requests \$3.5M of funding from the NMHTF 2024 allocation to install solar powered systems in households that are receiving weatherization services throughout NM. The utilization of these funds will keep the electric bills for low-income households affordable after electrification and create a pathway for future funding opportunities like specified in this memo. YES

### Contracted Services/Credit Committee

- 10 Encino Senior Gardens Loan Request (Tim Martinez and George Maestas)-** A New Mexico Housing Trust Fund (NMHTF) loan request in the amount of \$2,000,000 and a HOME loan requests in the amount of \$800,000 for Encino Senior Gardens, located in Albuquerque, New Mexico. Encino Senior Gardens involves the Acquisition and Rehabilitation of a 165-unit multifamily project comprised of studio and one-bedroom units (and one non-revenue generating two-bedroom manager's unit) serving seniors 62 and older. Seventy-four (74) units will be income-restricted to households earning 60% or less of Area Median Income (AMI), forty-eight (48) units will be income-restricted to households earning 50% or less of AMI, and forty-two (42) units will be income restricted to households earning 30% or less of AMI. One-hundred-sixty-four (164) units will receive Section 8 Project Based Vouchers. YES

### Other

- 11 Strategic Plan Benchmarks Close Out FY2023 (Arundhati Bose, Donna Maestas-De Vires, Jeff Payne)-** Staff met or exceeded 27 of 31 benchmarks. Staff recommend the approval of the Strategic Plan Benchmarks Closeout for fiscal year 2023. YES
- 12 Quarterly Marketing Summary Report (Kristi Garcia)-** ongoing NO
- 13 Semiannual Single Family Production Report (Rene Acuna)-** ongoing NO

### Other Board Reports

### Information Only

- 14 (Staff is available for questions)**
- Staff Action Requiring Notice to Board

### Monthly Reports

### Non-Action Required

- 15 (Staff is available for questions)**
- New Mexico Housing Trust Fund Monthly Update

### Announcements and Adjournment

### Discussion Only

#### Confirmation of Upcoming Board Meetings

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**rNEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**Board Meeting Minutes**  
**344 4<sup>th</sup> St. SW Albuquerque, NM**  
**Wednesday, October 18, 2023 at 9:30 a.m.**

Chair Angel Reyes convened the meeting on October 18, 2023 at 9:37 a.m. Secretary Hernandez called the roll. Members attending in person: Chair Angel Reyes, State Treasurer Laura M. Montoya, Martina C'de Baca (designee for Lieutenant Governor Howie Morales), and Rebecca Wurzbarger. Virtual attendance: Derek Valdo and Patricia Sullivan (joined at 9:42 am). Absent: Gideon Elliot (designee for Attorney General Raúl Torrez). Hernandez informed the Board that everyone had been informed about today's meeting in accordance with the New Mexico Open Meetings Act.

Chair Reyes welcomed Board members, guests, and staff and thanked everyone for being here. He informed everyone that the meeting is being recorded, referencing the microphone sensitivity.

**Sullivan joined the meeting at 9:42 a.m.**

Approval of Agenda – Board Action. Motion to approve the October 18, 2023, Board agenda amending the agenda to remove items 9, 10, 11, 13 and 14: Valdo. Seconded by C'de Baca. Roll Call Vote: Angel Reyes- abstain, Derek Valdo- yes, Proxy Martina C'de Baca- yes, Treasurer Montoya- yes, Rebecca Wurzbarger- yes, Patricia Sullivan- yes. Vote: 5-0

Approval of 9/20/23 Board Meeting Minutes – Board Action. Motion to approve the September 20, 2023, Board Meeting Minutes as presented: Wurzbarger. Seconded by Treasurer Montoya. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Proxy Martina C'de Baca- yes, Treasurer Montoya- yes, Rebecca Wurzbarger- yes, Patricia Sullivan- yes. Vote: 6-0.

Hernandez provided his Executive Director updates: **Program Updates:** Homeless Served: Aug 23: 276 – 10,425; Subservicing portfolio: \$2.188 Bil/13,698. 9.59% growth since 9/22; Delinquent 12.18(9/23) vis 12.01 (1/23) and 1567% (3/20); Mortgage Ops: slightly ahead of last year's weekly avg. '21- \$11.0 m/ '22- \$9.33 m/ '23 \$10.91 m (as of 10/6/23). **Significant meetings/presentations:** 9/27: Meeting with Senator Rodriguez. 10/4: LOC #4- (Financing/Homeownership/HTF). 10/6 2023D Due Diligence Call. 10/13: HIC Public Input Hearing. **Upcoming Meetings:** 10/18: GAHP/PAH Ribbon Cutting. 10/25: LFC Presentation. 10/30: Weatherization Day- Mescalero. 11/9: LOC #5 (R&R, Leg. Agenda). 11/15: Las Cruces Board Meeting. Hernandez then referred to MFA's Newsletter, highlighting the article on the Broadway McKnight Grand Opening. He also referenced the production data graph and the tentative November Board meeting agenda. Hernandez referred to the Housing Continuum Items that will be focused on during the meeting. He also highlighted the Board Retreat Comments and the Housing Trust Fund Update chart that can be found in Tab 15 of the board packet. He informed the Board that the next MFA Board of Directors meeting will be November 15, 2023 at 9:00 a.m. in Las Cruces, NM.

**Finance Committee**

- 1 MFA Rules and Regulations – Approval of Amendment (Julie Halbig)** – Halbig began her presentation recommending discussion and adoption of amended language outlined in the MFA Rules and Regulations. She provided the background stating Pursuant to Section 58-18-8 NMSA 1978, Rules and Regulations of the authority: A. The authority shall adopt and may from time to time modify or repeal, subject to prior approval by the Mortgage Finance Authority Act oversight committee, rules and regulations...B. Pursuant to New Mexico Statutes Section 58 Financial Institutions and Regulations,

Article 18, the rules and regulations governing MFA must be approved by an oversight committee from the New Mexico legislature. As required by Section 10 of the MFA Rules and Regulations, MFA will provide an opportunity for public comment by posting the Notice of Request for Public Comment and Proposed Amendments to MFA Rules and Regulations on MFA's website. If approved by the Board, this proposed amendment will be presented for approval to the Legislative Oversight Committee on November 9, 2023. She also stated that as part of the MFA's annual review of the Rules and Regulations, all Department Directors as well as MFA's General Counsel and Bond Counsel reviewed the Rules and Regulations. Discussion ensued regarding the definition of "Manufacture, Modular and Mobile home" as well as "rehabilitation." Halbig and Werenko clarified the definitions and identified the sections to which they apply in the Rules and Regulations. Motion to approve MFA Rules and Regulations – Approval of Amendments as presented: Treasurer Montoya. Seconded by Wurzburger. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Proxy Martina C'de Baca- yes, Treasurer Montoya- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes. Vote: 6-0.

- 2 **2024 Qualified Allocation Plan (Jeanne Redondo)** – Redondo began her presentation proposing changes to the 2024 Qualified Allocation Plan (QAP) to continue to improve the allocation process. She stated that staff conducted two Developer's Forum sessions and three additional focus groups wherein we gathered input to the QAP. New ideas were raised by attendees at the Forum, which were carefully considered. In addition, staff solicited input from the Asset Management Department staff. She also stated that this year staff focused on ways to improve the allocation process by removing barriers, where appropriate. Some highlights include allowing the use of the average income test permitted under Internal Revenue Code ("IRC") Section 42(g)(1)(C) in tax-exempt financed Projects, delaying the review of the property management agent until construction is underway, exempting volunteer board members with no financial interest in a Project from the requirement to execute a compliance affidavit for properties that are already certified as compliant by the developer or Project Principal, adding a streamlined application process for Projects qualifying for supplemental tax credits in hardship situations, and adding a policy regarding recycled tax credits (commonly known as credit swaps). The provisions were further explained using the information provided in Tab 2. Discussion ensued regarding developer fees and overhead fees per 65 or 100 unit. Redondo provided clarification on developer fees. Motion to approve the 2024 Qualified Allocation Plan as presented: Treasurer Montoya. Seconded by Wurzburger. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Proxy Martina C'de Baca- yes, Treasure Montoya- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes. Vote: 6-0.

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

- 3 **NM Energy\$mart Memo Tribal RFP Award Recommendation (Dimitri Florez)** – Florez began his presentation recommending the approval for Central New Mexico Housing Corporation (CNMHC) to serve the Pueblo Territory and Red Feather Development Group to serve the Navajo Nation Territory, based on the responses to the NM Energy\$mart Tribal RFP. He stated Board approval would allow the NM Energy\$mart service providers to receive a half-year contract (January 1, 2024 – June 30, 2024) with the option of three, one-year renewals. Upon funding availability, there is the possibility that these agencies can hold a contract from January 1, 2024, through June 30, 2027. He then provided background stating the NM Energy\$mart Tribal RFP was approved by MFA's Board of Directors on August 16, 2023, and released to the public on the same day. The RFP training was held on September 7, 2023, and the response deadline was September 15, 2023. Three offerors responded to the NM Energy\$mart Tribal RFP: Red Feather Development Group, CNMHC and ICAST. Each application was reviewed and scored independently by an RFP review committee consisting of seven members. Upon Board approval, staff will ensure the Department of Energy's State Plan will reflect one new service provider totaling four service providers implementing the NM Energy\$mart Weatherization Program. Motion to approve the NM Energy\$mart Memo Tribal RFP Award Recommendation as presented: Treasurer Montoya. Seconded by Sullivan. Roll Call Vote: Angel Reyes- yes, Derek Valdo-

yes, Proxy Martina C'de Baca- yes, Treasurer Montoya- yes, Rebecca Wurzbarger- yes, Patricia Sullivan- yes. Vote: 6-0.

- 4 **Recommendation for Approval for CPF Fire Affected Counties (Robyn Powell and Stephanie Gonzales)** – Powell began her presentation recommending the approval of the Community Project Funding Affordable Housing in New Mexico's Fire Affected Counties Notice of Funding Availability for publication. She provided background stating Congress, under the Consolidated Appropriations Act, 2023 (Public Law 117-328) (the FY2023 Act), made \$2,982,285,641 available for "grants for the Economic Development Initiative (EDI). In 2022, MFA staff applied to receive congressionally directed spending through Senator Martin Heinrich's office to address the New Mexican households impacted by fires in 2022. On March 2, 2023, staff were notified that MFA was awarded Grant Number B-23-CP-NM-1053 in the amount of \$3,000,000 which is administered by the Department of Housing and Urban Development (HUD). The 2023 Community Project Funding grant will address urgent and long-term housing recovery needs of low- and moderate-income households in New Mexico's fire affected counties, which are Colfax, Lincoln, Mora, Sandoval, San Miguel, and Valencia County. Subsequently on March 21, 2023, MFA Policy Committee approved accepting the award of Community Project Funding in the amount of \$3,000,000 to be used to support the fire affected regions of the state with housing support and stability services. The amount of funding available for release under this NOFA is \$2,700,000 for project activities and \$210,000 for administrative costs. The administrative costs for the program may be used for non-direct project related activities that contribute to the service providers. Discussion ensued regarding the timeframe in which funding will be available, distribution of funds and the eligible uses of the funding. Powell stated recommendations will come to the board as soon as the December board meeting based on terms of the NOFA. Motion to approve the Recommendation for Approval for CPF Fire Affected Counties Notice of Funding Availability as presented: Wurzbarger. Seconded by C'de Baca. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Proxy Martina C'de Baca- yes, Treasurer Montoya- yes, Rebecca Wurzbarger- yes, Patricia Sullivan- yes. Vote: 6-0.
- 5 **Eastern Regional Housing Authority – Non-Profit Formation (Theresa Laredo-Garcia and Cesar Marengo)** -Laredo-Garcia began her presentation by introducing Cesar Marengo of Eastern Regional Housing Authority. She then recommended the approval of the formation of Eastern Regional Housing Authority (ERHA) Housing Development Corporation (HDC). The HDC will provide the ability to maintain and expand ERHA's mission of providing affordable housing to its region in southeast NM. Under Regional Housing Law, MFA board approval is needed to move forward with this action. She then stated that ERHA completed the Section 8 Management Assessment Program (SEMAP) for 6/30/23 and scored 100% on HUD's scoring criteria which resulted in a HIGH overall performance rating. ERHA's Board of Commissions has reviewed and approved the following organizational documents for HDC, which are included as attachments to the memo in Tab 6. Resolution authorizing the formation of the non-profit; Secretary's Certification, Articles of Incorporation; Bylaws; Conflict of Interest Policy, and Joint Venture Policy ERHA is still in the process of filing formation documents with the Secretary of State, Attorney General, and IRS for tax exempt status. The approval of the HDC is contingent on the successful receipt of these pending documents. Motion to approve Eastern Regional Housing Authority – Non-Profit Formation as presented: Wurzbarger. Seconded by C'de Baca. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Proxy Martina C'de Baca- yes, Treasurer Montoya- yes, Rebecca Wurzbarger- yes, Patricia Sullivan- yes. Vote: 6-0.
- 6 **Biannual Compliance Activity Report for May 2023- September 2023 (Julie Halbig)** – Halbig began her presentation stating the activities described in the report located in Tab 6, are intended to provide the Board of Directors with assurance that MFA is effectively managing compliance with Federal and State consumer financial laws applicable to the products and services being provided by MFA and mitigating related risk. She then stated the compliance officer is responsible for

communicating with the Board of Directors regarding compliance matters and to provide information to the Board regarding compliance management activities and the results of related oversight of MFA's single-family mortgage lending and servicing departments, including subservicing oversight. Compliance activities will be reported to the Board through the Contracted Services/Credit Committee no less than twice per year, and as needed to fulfill the compliance department's responsibility to inform the Board of any critical compliance issues. During this reporting period, no significant compliance concerns were identified. Motion to approve the Biannual Compliance Activity Report for May 2023-September 2023 as presented: Treasurer Montoya. Seconded by Wurzburger. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Proxy Martina C'de Baca- yes, Treasurer Montoya- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes. Vote: 6-0.

### **New Mexico Housing Trust Fund**

- 7 Pedrena Apartments HOME, NMHTF, NHTF Loan Requests (Jacobo Martinez and George Maestas)** – Martinez began his presentation requesting the approval of a HOME request in the amount of \$800,000, a NMHTF request in the amount for \$1,000,000, and a NHTF request in the amount of \$1,500,000 for the Pedrena Apartments, located in Las Cruces, New Mexico. Pedrena Apartments is a new construction 80-unit multifamily senior (55+) housing project, with 72 units income restricted to households earning 60% or less of Area Median Income (AMI), and 8 units restricted to 30% or less of AMI. The proposed project presents a favorable risk profile. The project will be consistent with Enterprise Green Building Standards. Additionally, upon completion, Pedrena Apartments will obtain a Home Energy Rating System (HERS) rating of less than 55. The project will make considerations for water conservation, energy efficiency, healthy living environments with an emphasis on indoor air quality, and careful consideration for sustainable materials. Hernandez referred to the New Mexico Housing Trust Fund spreadsheet located in Tab 15. Two separate motions made.
  - 1-** Motion to approve the Pedrena Apartments HOME request in the amount of \$800,000, and NHTF Loan request in the amount of \$1,500,000 as presented: Treasurer Montoya. Seconded by Wurzburger. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Proxy Martina C'de Baca- yes, Treasurer Montoya- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes. Vote: 6-0.
  - 2-** Motion to approve the Pedrena Apartments NMHTF Loan request in the amount for \$1,000,000 as Trustee as presented: Treasurer Montoya. Seconded by Wurzburger. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Proxy Martina C'de Baca- yes, Treasurer Montoya- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes. Vote: 6-0.
- 8 Single Family Development Grant Pilot Program Notice of Funding Availability (Robyn Powell)** Powell began her presentation recommending the approval to publish the Single-Family Development Grant Pilot Program NOFA. Within the SFY 2023, New Mexico Mortgage Finance Authority (MFA) received state severance tax bond earmarked for the New Mexico Housing Trust Fund (NMHTF) that would allow MFA to allocate \$3 million to the Single-Family Development Grant Pilot Program. This program is intended to support initiatives for single family development in in New Mexico, including rural communities and Tribal Trust Land. MFA staff drafted a NOFA to solicit projects for funding consideration. The full NOFA document is attached to the memo located in Tab 8. Motion, as Trustee of the NMHTF, to approve the Single-Family Development Grant Pilot Program Notice of Funding Availability as presented: Treasurer Montoya. Seconded by Wurzburger. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Proxy Martina C'de Baca- yes, Treasurer Montoya- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes. Vote: 6-0.

### **Property Committee**

The following items were removed from the agenda, during the approval of the board agenda:

- 9 7425 Jefferson St. NE Cost Summary, Highlights and Budget Amendment (Izzy Hernandez)**
- 10 7425 Jefferson Renovation RFP Award (Izzy Hernandez and Jeff Payne)**
- 11 7425 Jefferson Re-Roof RFP Award (Jeff Payne)**

**Other-Action Required**

**12 401(k) and 457(b) Plan Amendment (Dolores Wood and Karen Kahn)** – Wood began her presentation introducing Karen Kahn (Modrall Sperling) and Dorothy Sanmann (BOKF) who were both participating virtually and recommending the approval of 401(k) and 457(b) Plan Amendments. The 401(k)-plan amendment will include, 1) elimination of catch-up contributions, effective January 1, 2024, and 2) elimination of the forced distribution to terminated participants at age 65 and instead requires distributions when a terminated participant reaches required minimum distribution age. The amendment of the 457(b) plan will eliminate availability of loans because of the administrative burden involved. Since the provisions prohibiting a cutback in Plan benefits does not apply to governmental plans, we made the change effective retroactively to when the Plan was adopted in June 2023. MFA's 401k plan document states "catch up contributions can be made as a grandfathered catch-up contribution into the 401(k) plan directly. The IRS new rule states that catch up contributions must be made as Roth, post-tax contributions. Therefore, MFA has modified the 457(b) plan which would allow staff to make catch-up contributions on a pre-tax basis. MFA's 457(b) plan language as it relates to loans was approved by the Board on May 17, 2023, however, after discussion MFA determined the availability of loans in the 457(b) was administratively burdensome. In addition, two loans are made available to staff under the 401(k) plan. Motion to approve the 401(k) and 457(b) Plan Amendment as presented: Wurzburger. Seconded by Valdo. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Proxy Martina C'de Baca- yes, Treasurer Montoya- abstain, Rebecca Wurzburger- yes, Patricia Sullivan- yes. Vote: 5-0.

**Closed Session- Action Required**

**The following item was removed from the agenda, during the approval of the board agenda:**

**13 Executive Session-** Sale of Real Property

**Open Session - Action Required**

**The following item was removed from the agenda, during the approval of the board agenda:**

**14 Letter of Interest/Purchase Agreement Related to Sale of Real Property (Izzy Hernandez and Tom Jenkins)**

**Other Board Items-Information**

**15 There were no questions asked of staff.**

- Staff Action Requiring Notice to Board
- Board Member Feedback from the 2023 Board Retreat

**Monthly Reports- Non-Action Required**

**16 There were no questions asked of staff.**

- 8/31/23 Financial Statements
- New Mexico Housing Trust Fund Monthly Update

Member Valdo, Wurzburger and Treasurer Montoya requested a Special Board Meeting be held to discuss Tabled Items: 9, 10 and 11, along with Moss Adams Report review: Treasurer Montoya. Seconded by Wurzburger.

There being no further business the meeting was adjourned at 12:35 p.m.

Approved:

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Chair, Angel Reyes

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Secretary, Isidoro Hernandez

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**Special Board Meeting Minutes**  
**344 4<sup>th</sup> St. SW, Albuquerque, NM**  
**Friday, October 27, 2023 at 1:30 p.m.**

Chair Angel Reyes convened the meeting on October 27, 2023, at 1:32 p.m. Secretary Hernandez called the roll. Members attending in person: Vice Chair Derek Valdo and Rebecca Wurzbarger. Virtual attendance: Chair Angel Reyes, Proxy Gideon Elliot (designee for Attorney General Raúl Torrez), Martina C'de Baca (designee for Lieutenant Governor Howie Morales), Patricia Sullivan, State Treasurer Laura M. Montoya (arrived at 1:33 p.m.) and John Kreienkamp (designee for State Treasurer Laura M. Montoya) (arrived at 2:46 p.m.). Hernandez informed the Board that everyone had been informed about today's meeting in accordance with the New Mexico Open Meetings Act.

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

Approval of Agenda – Board Action. Motion to approve the October 27, 2023 Special Board agenda as presented: Wurzbarger. Seconded by Sullivan. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzbarger- yes, Patricia Sullivan- yes, Treasurer Montoya- absent. Vote: 6-0.

**Board Action Items- Open Session**

**Action Required**

**1 Financial Update Report (Izzy Hernandez and Yvonne Segovia).** Hernandez began his presentation stating that the Financial Update normally goes to the Finance Committee then the Board, today he and Yvonne are giving a high-level overview of the financial report with the caveat that Finance Committee has not yet reviewed the report. He then provided the overview; Consolidated Excess Revenue \$15,407k, General Fund Excess Revenue \$7,243k, General Fund Cash & Investments \$80,161k, 2024 Projected General Fund Excess Revenue, Jefferson related operating expenses and 2024 Potential Outlook (additional savings). Segovia then began her presentation reviewing the Financial Review in Tab 1. page 7, for the twelve-month period ended September 30, 2023. She stated this year was a stellar year for MFA. Discussion ensued regarding current financial position and General Fund performance. LGIP funding discussion then followed. Non-Action Item.

**Chair Reyes stating next on the agenda are Agenda Item Nos. 2, 3, 4, 5, 6, 7, and 8 and that pursuant to the disclosure he made to the Board of Directors on August 16, 2023, he will be recusing himself from discussion and action related to those agenda items and will hand the gavel over to Vice Chair Valdo who will chair the remainder of the meeting. He will leave the meeting after the conclusion of the Moss Adams' presentation on Agenda Item No. 2.**

**2 Moss Adams Audit Report: Acquisition and Financing of 7425 Jefferson St. NE- (Vice Chair Valdo).** Acting Chair Valdo welcomed Moss Adams' Ms. Hilleary and Mr. Hagaman. Ms. Hilleary then began her presentation reviewing the audit report in detail. Ms. Hilleary indicated Moss Adams reviewed all the allegations contained in the July 16, 2023 correspondence for MFA's former Chief Financial Officer to the MFA Board. Three risk categories were identified, and allegations were assigned to the appropriate category. Moss Adams concluded that no Code of Conduct violations occurred. Recommendations to enhance MFA's Code of Conduct policy and to document committee composition processes were made as further discussed in the report. Mr. Hilleary acknowledged the appropriateness of an individual in the CFO position taking conservative positions on financial matters. Discussion ensued regarding property committee composition, standard practices regarding investigations, individual participation in the investigation activities by Moss Adams staff and their involvement with other MFA audits. Werenko discussed three minor changes to the memo that were made earlier today before being presented to the Board. Treasurer Montoya asked Ms. Hilleary as far as the prudence person rule goes; A fiduciary must discharge our duties with the care, skill, prudence, and diligence that a prudent person acting in a like capacity would use in the conduct of an enterprise meaning MFA of like character and aims. Do you believe you have followed the prudent person rule and we as a Board have followed prudent person rule as it relates to this investigation. Ms. Hilleary stated from her perspective, as she sits in for Chelse Richie, who is the primary individual who conducted the investigation, these are the way we typically perform fraud



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waste and abuse allegations. Ms. Ritchie regularly performs fraud, waste, and abuse allegations for other state and local entities. No action taken.

**Board Action Item- Closed Session****Action Required**

Acting Chair Valdo informed the board that next on the agenda is an Executive Session to discuss matters related to the acquisition and financing of 7425 Jefferson St. NE and the related Moss Adams Audit Report. Board will discuss these matters in closed session pursuant to advice from Board Legal Counsel and pursuant to the limited exceptions to the Open Meetings Act for discussion of Limited Personnel Matters under Section 10-15-1 (H)(1) and Threatened or Pending Litigation under Section 10-15-1 (H)(7).

He asked for a motion to close the meeting for the sole purpose of discussing the matters shown on the agenda as Item No. 3. Wurzbarger. Seconded by Elliot. Roll Call Vote: Angel Reyes- Recused, Derek Valdo- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzbarger- yes, Patricia Sullivan- yes, Treasurer Montoya- yes. Vote: 6-0 (Reyes recused).

**John Kreienkamp (designee for State Treasurer Laura M. Montoya) joined the meeting at 2:46 p.m.**

Acting Chair Valdo asked that everyone except the Board members present, General Counsel, and Moss Adams staff Claire Hilleary and Brad Hagaman leave the Webex meeting. He asked the staff to terminate the webcast at 2:50 p.m.

### **3 Executive Session – Acquisition and Financing of 7425 Jefferson St. NE/Moss Adams Audit Report**

- Executive Session to be held pursuant to Sections 10-15-1 (H)(2) Limited Personnel Matters and (H)(7) Threatened or Pending Litigation of the Open Meetings Act: Discuss Matters Related to the Acquisition and Financing of 7425 Jefferson St. NE and Moss Adams Audit Report as it relates the limited exceptions stated above (Vice Chair, Derek Valdo, and Eleanor Werenko)

Treasurer Montoya left during the closed session and Proxy Kreienkamp took her place.

**Board Action Items- Open Session****Action Required**

At 4:31 p.m. Acting Chair Valdo requested a motion to re-open the meeting. Wurzbarger. Seconded by Elliot. Roll Call Vote: Derek Valdo- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzbarger- yes, Patricia Sullivan- yes, Proxy John Kreienkamp- yes. Vote: 6-0.

Acting Chair Valdo confirmed that the Board is now convened in open session, that the webcast and recording are running again, and made the following statement: the Board met in closed session and discussed only matters related to the Moss Adams Audit Report: Acquisition and Financing of 7425 Jefferson St. NE as provided for under agenda Item 3. No other issues were discussed, and no actions were taken.

### **4 Statement Regarding Matters Discussed in Closed Session- Sections 10-15-1 (H)(2) Limited Personnel Matters and (H)(7) Threatened or Pending Litigation of the Open Meetings Act: Discuss Matters Related to the Acquisition and Financing of 7425 Jefferson St. NE and Moss Adams Audit Report (Vice Chair, Derek Valdo)**

Werenko noted that during the closed session Director Hernandez joined the closed session briefly.

### **5 Sections 10-15-1 (H)(2) Limited Personnel Matters and (H)(7) Threatened or Pending Litigation of the Open Meetings Act: Discuss Matters Related to the Acquisition and Financing of 7425 Jefferson St. NE and Moss Adams Audit Report (Vice Chair, Derek Valdo).**

Acting Chair Valdo stated the Board review and discuss agenda Item 2 the Moss Adams report and no action will be taken at this time.

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**6 7425 Jefferson St. NE Cost Summary, Highlights and Budget Amendment (Izzy Hernandez).** Hernandez began his presentation stating the Property committee had a very thorough discussion at the October 12, 2023, Property Committee meeting. Attached to the memo on page 31 of the packet are questions and answers that were asked during that meeting. Updates to the memo were made after the meeting as well. Approval of the memo will be asked after Items 7 and 8 are presented. He then stated the memo requests approval of the recommended awards in the amount of \$4,220,689, along with an amendment to the capital budget for this amount. A third-party space needs assessment was conducted and used in conjunction with other criteria developed by staff and the Property Committee in our search of a suitable building. The building meets/exceeds our building selection criteria and has room for future projected growth. Acting Chair Valdo stated as Chair of the Property Committee and on behalf of the Property Committee, the information that Hernandez provided was reviewed and Board and staff relied on both external and internal expertise in this process to select a new home for MFA and this is the best course of action.

**7 7425 Jefferson Renovation RFP Award (Izzy Hernandez and Jeff Payne).** Payne began his presentation recommending the Construction Services Award be made to Klinger, LLC in an amount not to exceed \$2,935,626 (not including NMGR) along with an amendment to the capital budget for this amount, and that staff begin contract negotiations. MFA received three responses. All responses met the Minimum Qualifications and Requirements and were scored. Klinger, LLC was selected by MFA's internal review committee based on the highest score per evaluation criteria outlined in the RFP and detailed in the memo provided. Acting Chair Valdo commented that in the Property Committee meeting it was discussed that every attempt should be made to value engineering and try to lower the total cost. It is expected to not go over budget. Payne stated staff intends to hone the scope and reduce potential construction costs as the contract is negotiated. Motion to approve the 7425 Jefferson Renovation RFP Award as presented: Wurzbarger. Seconded by Sullivan. Roll Call Vote: Derek Valdo- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Proxy John Kreienkamp- abstain, Rebecca Wurzbarger- yes, Patricia Sullivan- yes. Vote: 5-0 (Kreienkamp abstained).

**8 7425 Jefferson Re-Roof RFP Award (Jeff Payne).** Payne begin his presentation by recommending the Construction Services Award to re-roof the building at 7425 Jefferson be made to J3 Systems, LLC for \$373,777 along with an amendment to the capital budget for this amount. MFA received three responses. All offerors met the Minimum Qualifications and Requirements and were scored. J3 Systems, LLC was selected by MFA's internal review committee based on highest score per evaluation criteria outlined in the RFP and detailed in the memo provided. Motion to approve the 7425 Jefferson Re-Roof RFP Award as presented: Wurzbarger. Seconded by Sullivan. Roll Call Vote: Derek Valdo- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Proxy John Kreienkamp- yes, Rebecca Wurzbarger- yes, Patricia Sullivan- yes. Vote: 6-0

Approval of **Item 6 7425 Jefferson St. NE Cost Summary, Highlights and Budget Amendment (Izzy Hernandez).** Hernandez stated the approval includes both agenda Items 7 and 8, that were approved during their presentations. In addition to the two-items, recommendation for approval of the furniture in the amount of \$778,500.00 and solar panels in the amount of \$132,768, with a total of \$4, 220,689 to the budget amendment. Motion to approve the 7425 Jefferson St. NE Budget Amendment as presented: Wurzbarger. Seconded by Sullivan. Roll Call Vote: Derek Valdo- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Proxy John Kreienkamp- yes, Rebecca Wurzbarger- yes, Patricia Sullivan- yes. Vote: 6-0

There being no further business the meeting was adjourned at 4:56 p.m.

Approved:

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Vice Chair, Derek Valdo

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Secretary, Isidoro Hernandez



## MEMORANDUM

**To:** Board of Directors

Through: Contracted Services Committee – November 7, 2023

Through: Policy Committee – November 2, 2023

**FROM:** Steve Hagins, Servicing Supervisor

**DATE:** November 2, 2023

**SUBJECT:** Award for Mortgage Servicing Legal Services Request for Qualifications

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**Recommendation:**

MFA received two responsive qualifications to the Request for Qualifications Mortgage Servicing Legal Services (the "RFQ"). Email notifications of the RFQ went to twenty-three law firms. The email was sent twice during the submission period. The qualifications were scored by an internal committee of five staff members in accordance with the evaluation criteria as outlined in the RFQ. The committee recommends that Smidt, Reist & Keleher, P.C. and Rose Ramirez & Associates, P.C. be selected to provide Mortgage Servicing Legal Services ("Legal Services"). The contracts will begin on November 30, 2023, upon MFA's Board of Directors approval of the awards and end on November 30, 2026. Each award is contingent upon successful negotiation of a contract with each offeror selected and will be negotiated based on the terms of the RFQ and the qualification submitted. At the option of MFA, each contract may be extended for two, one-year periods under the same terms and conditions.

**Background:**

April 2014 - The Board approved the "Request for Proposals for Mortgage Servicing Legal Services.

May 2014 – The Board awarded Mortgage Servicing Legal Services to Castle Law Group LLC. The contract had a three year term and includes a provision for two extensions, each for twelve (12) month duration, "...under the same terms and conditions, with the exception that the parties may agree to adjust the fees under an extended Agreement in accordance with changes in Fannie Mae's Allowable Foreclosure Attorney Fees."

August 2014 - MFA approved an assignment of the contract from Castle Law Group, LLC, to Weinstein, Pinson and Riley P.S.

January 2015 - MFA approved an assignment of the contract from Weinstein, Pinson and Riley P.S, to Weinstein and Riley P.S.

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June 2018 - MFA was notified by our current provider that the firm could no longer represent MFA in any case where the firm represents the plaintiff.

July 2018 – MFA entered a temporary, emergency procurement contract with a second legal services provider, Smidt, Reist & Keleher in July of 2018.

September 2018 – The Board approved the Mortgage Servicing Legal Services RFP.

November 2018- The Board approved the Mortgage Servicing Legal Services Award for Smidt, Reist & Keleher, P.C. and Rose L Brand & Associates, P.C. The contract had a three-year term and included a provision for two extensions, each for twelve (12) month duration, “...under the same terms and conditions, with the exception that the parties may agree to adjust the fees under an extended Agreement in accordance with changes in Fannie Mae’s Allowable Foreclosure Attorney Fees.”

November 2021- The contracts for both, Smidt, Reist & Keleher, P.C. and Rose L Brand & Associates, P.C. were extended for twelve (12) months.

November 2022- The contracts for both, Smidt, Reist & Keleher, P.C. and Rose L Brand & Associates, P.C. were extended for twelve (12) months.

September 2023 – The Board approved the Mortgage Servicing Legal Services RFQ.

**Discussion:**

MFA received qualifications from:

- Smidt, Reist & Keleher, P.C.
- Rose Ramirez & Associates, P.C.

All offerors met minimum qualifications and requirements and were independently scored by an internal committee of five staff members. The attached Exhibit A shows the average points awarded for each evaluation criteria as outlined in the RFQ Part IV: Evaluation Criteria.

Rose Ramirez, & Associates, P.C. earned the highest number of points in the evaluation process followed by Smidt, Reist & Keleher, P.C. MFA’s current Legal Service providers are Smidt, Reist & Keleher, P.C. and Rose L Brand & Associates, P.C. (NKA Rose Ramirez & Associates, P.C.)

The contracts will each begin on November 30, 2023, upon MFA’s Board of Directors approval of the awards and end on November 30, 2026, and each will be negotiated based on the terms of the RFQ and

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the contract submitted. At the option of MFA, the contract for each offeror selected may be extended for two, one-year periods under the same terms and conditions.

**Summary:**

MFA's Board of Directors approved a Request for Qualification for Mortgage Servicing Legal Services (the "RFQ") at its' October 18, 2023, Board Meeting. MFA received two responsive qualifications all of which met minimum qualifications. Qualifications were scored by an internal committee of five staff members in accordance with the evaluation criteria as outlined in the RFQ. Staff recommends the following offerors, which received the highest average scores receive awards to provide Mortgage Servicing Legal Services: Rose Ramirez & Associates, P.C. and Smidt, Reist & Keleher, P.C. The term of each contract begins November 30, 2023, upon MFA Board of Directors approval of the awards and ends November 30, 2026. Each award is contingent upon successful negotiation of a contract with each offeror awarded a contract and will be negotiated based on the terms of the RFQ and the qualifications submitted. At the option MFA, each contract may be extended for two, one-year periods under the same terms and conditions.

# New Mexico Mortgage Finance Authority

## Request for Qualifications

### Mortgage Servicing Legal Services

#### Part I: Background & General Information

##### Introduction

The New Mexico Mortgage Finance Authority (“MFA”) is a governmental instrumentality, separate and apart from the state, created by the Mortgage Finance Authority Act, NMSA 1978, Sections 58-18-1 to 27 (1975 as amended) for the purpose of financing affordable housing for low and moderate-income New Mexico residents.

##### Purpose

The purpose of this Request for Qualifications (RFQ) is to solicit Qualifications, in accordance with New Mexico Mortgage Finance Authority Procurement Policy, from qualified law firms, by reason of their skill, knowledge, and experience, are able to furnish mortgage servicing legal services to MFA (Offerors).

##### Questions and Answers

Questions pertaining to this RFQ and application must be submitted via the MFA’ website at <https://www.housingnm.org/rfp>. Then under “RFPs, RFQs & NOFAs” select “Mortgage Servicing Legal Services RFQ.” On the legal Services RFQ page, select the “Mortgage Servicing Legal Services FAQs” link. Questions will be checked on a daily basis. The FAQ will open the day after the RFQ issues (August 30, 2023) and will close on September 22, 2023. To submit your questions, scroll down to the “Ask a question” section, enter your name, email address, and type your question in the “Question” box. type in the two (2) words in the CAPTCHA box and click on “Send my question”. MFA will make every attempt to answer questions within two (2) business days.

##### Qualification Submission

Qualification submissions must be received no later than October 18, 2023, at 5:00 p.m., Mountain Time. Qualifications which are not received by this time will not be accepted.

Utilize one of the following methods for qualification submission:

Via E-mail: Send to [tlloyd@housingnm.org](mailto:tlloyd@housingnm.org) and [shagins@housingnm.org](mailto:shagins@housingnm.org) with a subject line of “Qualification to Furnish Mortgage Servicing Legal Services.” This is the preferred method and hard copies are not required.

Via USPS, FedEx, UPS, or other courier delivery: Deliver the original and six (6) copies of the qualification to MFA’s office located at 344 Fourth Street S.W., Albuquerque, New Mexico 87102. Qualifications shall be in sealed envelopes marked “Qualification to Furnish Mortgage Servicing Legal Services.”

**Qualification Tenure**

All Qualifications shall include a statement that the Qualification shall be valid until contract award, but no more than ninety (90) calendar days from the Qualification due date.

**RFQ Revisions and Supplements**

If it becomes necessary to revise any part of this RFQ, or if additional information is necessary to clarify any provision of this RFQ, the revision or additional information will be posted on the MFA web site.

**Incurred Expenses**

MFA shall not be responsible for any expenses incurred by an Offeror in responding to this RFQ. All costs incurred by the Offerors in the preparation, transmittal or presentation of any qualification or material submitted in response to this RFQ will be borne solely by the Offerors.

**Cancellation of Requests for Qualifications or Rejection of Qualifications**

MFA may cancel this RFQ at any time for any for any reason and MFA may reject all qualifications (or any Qualification) which are/is not responsive.

**Offeror's Rights to Withdraw Qualification**

Offerors will be allowed to withdraw their qualifications by submitting a written withdrawal request addressed to:

Teresa Lloyd, Director of Servicing  
New Mexico Mortgage Finance Authority  
344 Fourth Street S.W.  
Albuquerque, NM 87102

Or:

tlloyd@housingnm.org , shagins@housingnm.org

**Evaluation of Qualifications, Selection and Negotiation**

Qualifications will be evaluated by an Internal Review Committee made up of MFA staff using the criteria listed in Part II Minimum Qualifications and Requirements, Part III Services to be Performed, and Part IV Compensation, below, pursuant to the Evaluation Criteria and scoring shown in Part V, Evaluation Criteria. Final selection shall be made by the MFA Board of Directors.

MFA may provide Offerors whose Qualifications are reasonably likely, in MFA's discretion, to be selected an opportunity to discuss and revise their Qualifications prior to award, for the purpose

of obtaining final and best offers. Qualifications shall be evaluated on the criteria listed in Part IV Evaluation Criteria, below.

The MFA Board of Directors shall select the Offeror(s) whose qualification(s) is/are deemed to be most advantageous to MFA to enter into contract negotiations with MFA. If a final contract cannot be negotiated, then MFA will enter into negotiations with the other Offeror(s). The agreed-upon draft final contract will then be referred to the Contracted Services Committee for its review and recommendation, with final approval to be made by the full MFA Board of Directors.

### **Interview**

If selected as a finalist, Offerors agree to provide MFA the opportunity to interview proposed staff members identified by the Internal Review Committee. The Internal Review Committee may request a finalist to provide an oral presentation of the qualification as an opportunity for the Internal Review Committee to ask questions and seek clarifications. All requests for interviews and oral presentations shall be made in MFA's sole discretion.

### **Award Notice**

MFA shall provide written notice of the award to all Offerors within ten (10) days of the date of the award. The award shall be contingent upon successful negotiations of a final contract between MFA and the Offeror(s) whose Qualification(s) is/are accepted by MFA.

### **Qualification Confidentiality**

Offerors or their representatives shall not communicate with MFA's Board of Directors or staff members regarding any qualification under consideration or that will be submitted for consideration, except in response to an inquiry initiated by the Internal Review Committee, or a request from the MFA Board of Directors, or its Contracted Services Committee / Finance Committee for a presentation and interview. A qualification will be deemed ineligible if the Offeror or any person or entity acting on behalf of the Offeror attempts to influence members of the MFA Board of Directors or staff during any portion of the RFQ review process, including any period immediately following release of the RFQ.

MFA will not disclose, discuss, or otherwise make available the contents of any qualification to competing or potential Offerors prior to final determination by the MFA Board of Directors.

### **Irregularities in Qualification**

MFA may waive technical irregularities in the form of proposal of any Offeror selected for award which do not alter the price, quality or quantity of the services offered. Note especially that the date and time of proposal submission as indicated herein under "Part I Background and General Information, Proposal Submission" cannot be waived under any circumstances.

### **Responsibility of Offerors**

If an Offeror who otherwise would have been awarded a contract is found not to be a Responsible Offeror, a determination that the Offeror is not a Responsible Offeror, setting forth the basis of the finding, shall



be prepared and the Offeror shall be disqualified from receiving the award. A Responsible Offeror means an Offeror who submits a qualification that conforms in all material respects to the requirements of this RFQ and who has furnished, when required, information and data to prove that his financial resources, facilities, personnel, reputation, and experience are adequate to make satisfactory delivery of the services described in this RFQ. The unreasonable failure of an Offeror to promptly supply information in connection with an inquiry with respect to responsibility is grounds for a determination that the Offeror is not a Responsible Offeror.

### **Protest**

Any Offeror who is aggrieved in connection with this RFQ or the award of a Contract pursuant to this RFQ may protest to the MFA. The protest must be written and addressed to:

Teresa Lloyd, Director of Servicing  
New Mexico Mortgage Finance Authority  
344 Fourth Street S.W.  
Albuquerque, NM 87102  
Or:  
tlloyd@housingnm.org , shagins@housingnm.org

The protest must be submitted to MFA within five (5) business days after the notice of award. Upon the timely filing of a protest, the Contact Person shall give notice of the protest to all Offerors who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The Offerors receiving notice may file responses to the protest within five (5) business days of notice of protest. The protest process shall be:

- ◆ The protest will be reviewed by the Contracted Services Committee of MFA's Board of Directors, and that committee shall make a recommendation to the full MFA Board of Directors regarding the disposition of the protest.
- ◆ The MFA Board of Directors shall make a final determination regarding the disposition of the protest. Which determination shall not be subject to appeal.

Offerors or their representatives shall not communicate with MFA Board of Directors or staff members regarding any proposal under consideration, except when specifically permitted to present testimony to the committee of the MFA Board of Directors, until the protest period has expired, which if there is a protest shall not expire until final determination by the MFA Board of Directors. A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of Offeror attempts to influence members of the MFA Board of Directors or staff during any portion of the RFQ review process, which remains in effect until the expiration of the protest period or does not follow the prescribed proposal and protest process.

### **Confidential Data**

Offerors may request, in writing, nondisclosure of confidential information which Offeror includes in its proposal. Such confidential information shall accompany the proposal but shall be readily separable from the proposal so as to facilitate public inspection of the non-confidential portions of the proposal. After

the expiration of the protest period, which shall include final determination of any protest by MFA's Board of Directors, all proposals will be open to the public for inspection pursuant to MFA's Request to Inspect Documents Policy. Confidential information shall only include such information as is excepted under Section 14-2-1 NMSA 1978.

If MFA receives a request for inspection of its records which would require the disclosure of information identified by Offeror as confidential information, it will examine Offeror's request for confidentiality and make a written determination that specifies which portions of the qualification, including any information identified by Offeror as confidential information, shall be disclosed. MFA will provide the Offeror with a written notice of determination which details which information MFA intends to disclose and the date it shall disclose such information.

## **Part II: Minimum Qualifications and Requirements**

Only those Offerors who meet the following minimum criteria are eligible to submit a proposal pursuant to this RFQ:

1. All Offerors must list the attorneys who will provide legal services for MFA, and every attorney must be licensed and in good standing in the State of New Mexico.
2. All Offerors must have at least five years' experience in the following substantive areas of law as applied in New Mexico: banking laws and regulations (including federal and New Mexico law relating to mortgage servicing), single-family foreclosures, bankruptcy, real estate, mortgages, and contract law.
3. All Offerors must maintain and provide evidence of professional liability insurance as outlined in Part VI of the RFQ.
4. All Offerors shall not be debarred, suspended or subject to a Limited Denial of Participation or otherwise restricted from participation in Housing & Urban Development (HUD) programs or MFA programs.
5. All Offerors must meet Fannie Mae and Freddie Mac Minimum Requirements for default related legal services.

Selected Offerors must also meet the following requirements:

1. Offeror shall provide a written statement disclosing: (1) any political contribution or gift valued in excess of \$250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.
2. Offeror shall provide a written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.

3. Offeror shall provide a written certification that Offeror has read and shall at all times conduct itself in a manner consistent with MFA's Code of Conduct and MFA's Anti-Harassment Policy. A copy of MFA's Code of Conduct and MFA's Anti-Harassment Policy is posted on the MFA website for review at <http://www.housingnm.org/rfp>. Upon request by MFA, Offeror shall disclose information MFA may reasonably request relating to conflict or potential conflicts of interest.
4. Offeror shall provide a written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.
5. Offeror shall provide a written certification that Offeror is eligible to participate in any and all federal- or state funded housing programs; is not currently facing disciplinary action by any federal, state or local entity; is not suspended, debarred or excluded from participation in any federal or state funded housing program; and is not listed as an excluded party (ies) on the System for Award Management's list of excluded parties accessed at [www.sam.gov](http://www.sam.gov); and has not been debarred by MFA.

### **Part III: Services to be Performed**

As requested by MFA, professional legal services required to be provided (and to be incorporated into the contract to be awarded pursuant to this RFQ include, but are not limited to, the following:

1. At MFA's request, provide "end-to-end" default-related legal services to MFA in connection with MFA's single-family mortgage loans, including MFA's first and second and/or subordinate mortgage loan products funded with federal, state or other resources. These services may include representing MFA and protecting MFA's interests in foreclosure proceedings, bankruptcy proceedings, title policy claims, evictions, loss mitigation efforts, forbearance agreements, assignments, REO-related services, and related judicial and other proceedings.
2. At MFA's request, provide services for all other legal matters related to MFA's servicing of its single-family loans in accordance with HUD, VA, FHA, USDA, Conventional, MFA, and all other regulating agency guidelines, including document review and preparation.
3. At MFA's request, represent MFA in other legal matters that may affect MFA's servicing of its single-family loans, including but not limited to loan servicing litigation involving financial institutions, mortgage finance companies and brokerage houses, and other single family foreclosure litigation as required by MFA.

### **Part IV: Compensation**

[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 in their submission how long the Offeror can hold the all-inclusive hourly fee rates with the minimum amount of time being three (3) years from the date of qualification and should address how increases will be negotiated. If selected, contracts with Offerors must reflect the all-inclusive, hourly fee rates proposed.

Billing on the project shall occur on a frequency to be negotiated with successful Offeror(s) and will be based on hours spent on the project and associated costs.] (See Part VI, section 5 on page 10).

[Fee basis should be an all-inclusive, fixed-fee based on completion of service. Offeror must also state in their submission how long the Offeror can hold the all-inclusive fixed-fee for service with the minimum amount of time being three (3) years from the date of qualification and should address how increases

will be negotiated. If selected, contracts with Offerors must reflect the all-inclusive, fixed-fee for service. Billing on the project should occur on a frequency to be negotiated with successful Offeror(s) and will be based on proposed fixed fee for service.] (See Part VI, section 5 on page 10).

#### **Part V: Evaluation Criteria**

MFA shall award the contract for mortgage servicing legal services to the Offeror whose qualification is most advantageous to MFA. Qualifications that meet the Minimum Qualifications and Requirements shall be evaluated primarily on experience and fees. Qualifications shall be scored on a scale of 1 to 100 based on the criteria listed below. Please note that a serious deficiency in any one criterion may be grounds for rejection regardless of overall score.

| <b>Criteria</b>  | <b>Point Range</b> | <b>Maximum Points</b> |
|--|--------------------|-----------------------|
| <b>1. Experience and Capability:</b><br>Offeror's skill, knowledge and experience with: <ul style="list-style-type: none"> <li>a. banking law, New Mexico real estate law, and contract law;</li> <li>b. state and federal laws relating to Single Family foreclosures and bankruptcies and mortgage lending, including but not limited to HUD and other federal housing laws to include and all GSEs (Fannie Mae and Freddie Mac);</li> <li>c. minimum of five years of experience for all areas listed in a. and b.</li> </ul> | 0-25<br>0-15<br>10 | 50                    |
| <b>2. Responsiveness to MFA and Technical Capabilities:</b><br>Offeror's ability to deliver mortgage servicing legal services and Offeror's availability for consultation and discussion as evidenced by: <ul style="list-style-type: none"> <li>a. Number of attorneys assigned to MFA matters on a priority basis.</li> <li>b. Offeror's technical support capabilities, office hours, and the hours in which attorneys can be reached by telephone.</li> </ul>  | 0-10<br>0-5        | 15                    |
| <b>3. Fees:</b><br>Fixed Fees for specific services (Exhibit A), hourly rates, billing structure and other fees and costs. <ul style="list-style-type: none"> <li>a. Hourly basis – hourly rates OR Fixed fee based on specific services (Exhibit A); AND Other fees and costs.</li> </ul>   | 0-25               | 25                    |
| <b>4. References:</b><br>Organizational references regarding timeliness, communication, knowledge, expertise, value of services, level of satisfaction and overall recommendation of Offeror.  | 0-5                | 5                     |
| <b>5. Interviews, if held</b>  | 0-5                | 5                     |
| <b>Maximum Points</b>  |                    | 100                   |

## Part VI: Qualification Format and Instructions to Offeror

Qualification submitted to MFA must, at a minimum, contain the following information and shall be organized as follows:

### A. Letter of Transmittal

Include at least the following information:

- A. Name, address and telephone number of Offeror and contact person.
- B. A signature of the Offeror or any partner, officer or employee who certifies that he or she has the authority to bind the Offeror.
- C. Date of Qualification.
- D. A statement that the Offeror, if awarded the contract, will comply with the contract terms and conditions set forth in this RFQ.
- E. A statement describing how long the Offeror can hold the hourly rates, flat-fee, rate schedule, etc. with the minimum being three (3) years from date of qualification.
- F. A statement that the Offeror's Qualification is valid for ninety (90) days after the deadline for submission of Qualification.
- G. A list the attorneys who will provide legal services for MFA, and every attorney must be licensed and in good standing in the State of New Mexico.

### 2. Disclosure and Certifications – Offeror shall provide:

- A. A written statement disclosing: (1) any political contribution or gift valued in excess of \$250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.
- B. A written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.

- C. A Written certification that Offeror has read and shall at all times conduct itself in a manner consistent with MFA's Code of Conduct and MFA's Anti-Harassment Policy.
- D. A written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.

A written certification that Offeror is eligible to participate in any and all federal- or state funded housing programs; is not currently facing disciplinary action by any federal, state or local entity; is not suspended, debarred or excluded from participation in any federal or state funded housing program; and is not listed as an excluded party (ies) on the System for Award Management's list of excluded parties accessed at [www.sam.gov](http://www.sam.gov); and has not been debarred by MFA.

### 3. Experience and Capability

- A. A detailed description of Offeror's technical capabilities to provide responsive and professional services to MFA if the contract were awarded to Offeror (e.g., ability to prepare and respond to documents in a timely manner, expertise of administrative support staff, etc.).
- B. A description of businesses, clients, state agencies, municipalities, local governments, etc. represented by or for which Offeror has worked, performed services, etc. currently or in the last ten years.
- C. Evidence submitted by Offeror that Offeror retains professional liability insurance which fulfills the requirements set forth in Part VI Professional Liability Insurance of this RFQ. Possession of such coverage shall not limit Offeror's potential liability.
- D. Names and resumes of the lead attorney and other key personnel including other attorneys, legal assistants and support staff to be assigned to the contract. Resumes describing the qualifications of personnel to be utilized in the performance of this contract must show, at a minimum, the person's name, education, position, and total years and types of experience relevant to the performance of the contract.
- E. A detailed description of Offeror's knowledge and experience with respect to the single-family mortgage banking industry, federal and state tax and real estate laws as well as rules, regulations and guidelines of both single family governmental and private mortgage insurers. Offeror must also provide a detailed description of Offeror's ability to provide legal services to MFA as set forth in Part III "Services to be Performed" above, including: single family loan servicing and related matters.

### 4. Responsiveness to MFA and Technical Capabilities

Offeror's qualification for delivering services, including organization of responsibilities, work plan, approach, and the availability of personnel for

consultation, discussion and coordination with staff, and for travel both within and outside New Mexico, as necessary, to serve the needs of MFA.

## 5. Fees

- A. Services performed under this RFQ for mortgage servicing legal services will be provided on a [fixed fee, hourly, etc.] basis (based on service provided). A specific fee schedule for mortgage servicing legal services must be included in this qualification. Please include the following information:
- (i) A list of all Offeror's employees including attorneys, paralegals and support staff who are to work on MFA matters and their specific hourly rates, and if the rate varies by the type of service, the hourly rate for different types of service.
  - (ii) Offeror's minimum billing unit.
  - (iii) Information regarding Offeror's ability to provide detailed monthly billings summarized by subject matter and a sample itemized bill.
  - (iv) Whether Offeror's proposed rates are the best offered by the firm to any client.
  - (v) A rate schedule for those matters that would be charged on a flat rate fee basis, and a detailed breakdown of the service provided.
  - (vi) A rate schedule for standard expenses such as per page copying charges, facsimile transmissions, overnight mail expenses and word processing charges, and a description of all other charges that would be billed to MFA under the contract, such as mileage and travel expenses, and a statement as to when such miscellaneous charges would be imposed.
  - (vii) A narrative description of the steps routinely taken to ensure that legal representation is provided on a cost-effective basis. Discuss such matters as Offeror's policy with respect to billing for such items as intra-office consultation, research, travel, and unsuccessful attempts to reach people by telephone.
  - (viii) All Offerors are responsible for determining fees or costs associated with doing business in New Mexico and those costs must be included as part of the Qualification.

## 6. References

- A. Offeror shall provide at least three references for Offeror's work for financial institutions, governmental entities, and/or mortgage servicers.
- B. Offeror shall provide at least one reference for whom Offeror has provided mortgage servicing legal services.

- C. MFA shall provide the form attached hereto as **Exhibit A** to all references.
7. In preparing Offeror's proposed fee structure, please take note of the following:
- A. MFA invites the attention of Offeror to MFA's serious concern about the rising cost of legal services. The control and management of legal costs is the mutual concern of the Offeror and MFA. MFA requires quality professional services at a reasonable cost and the performance of only those services necessary. In evaluating bids, MFA will consider the methods used by the Offeror to avoid services which do not materially contribute to the overall success of the engagement.
  - B. Lodging and other travel related expenses shall be reimbursed by MFA in accordance with MFA expense reimbursement policies set forth in its Policies and Procedures Manual.
  - C. Offeror must absorb the cost of familiarizing itself with MFA programs, policies and procedures, rules, regulations and past bond issues. Program documents and any other relevant information shall be made available for Offeror's review at MFA's office in Albuquerque. MFA will not pay for such work. Indicate how much time Offeror expects to devote to familiarizing itself with MFA programs, policies and procedures, rules, regulations and provide a timetable for doing so.
  - D. Offeror must give MFA at least a three (3) year commitment on the rate schedule offered. The contract may be extended for two, one (1) year periods at the option of the MFA Board of Directors.
  - E. Offeror is required to submit itemized billing statements on a monthly basis.
8. Please provide any other relevant information which will assist MFA in evaluating Offeror's ability to provide mortgage servicing legal services to MFA.

## **Part VII: Principal Contract Terms and Conditions**

In addition to the terms respecting the services to be performed and compensation described above, the contract between MFA and the successful Offeror (herein "Contractor") shall include, but may not be limited to, terms substantially similar to the following:

### Hold Harmless and Indemnification.

Offeror shall indemnify, defend, and hold harmless MFA and the State of New Mexico, its officers, directors, agents, employees, successors and permitted assigns (each, a "MFA Indemnitee") from and against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs or expenses of whatever kind, including attorneys' fees, that are incurred by a MFA Indemnitee (collectively, "Losses") arising out of or related to any third party claim alleging (i) breach or non-fulfillment of any provision of this Agreement by Offeror or Offeror's personnel; (ii) any negligent or more culpable act or omission of Offeror or Offeror personnel, including any reckless



or willful misconduct, in connection with the performance of Offeror's obligations under this Agreement; (iii) any bodily injury, death of any person, or damage to real or tangible, personal property resulting from willful, fraudulent, or negligent acts or omissions of Offeror or Offeror personnel, or (iv) any failure by Offeror or its personnel to comply with any applicable federal, state or local laws, regulations, or codes in the performance of its obligations under this Agreement. Offeror shall further defend, indemnify, and hold harmless the MFA Indemnitees from and against any and all claims that any of the Services or deliverables or MFA's receipt or use thereof infringes any intellectual property right of a third party.

#### Permitted Subcontractors.

Offeror shall obtain MFA's written approval, which approval shall be given in MFA's sole discretion, prior to entering into any agreements with or otherwise engaging any person, including all subcontractors, other than Offeror's employees, to provide any Services to MFA (each such approved subcontractor or other third party, a "Permitted Subcontractor"). MFA's approval shall not relieve Offeror of its obligations under the Agreement, for any reason, including but not limited to Permitted Subcontractor's bankruptcy, insolvency, or other inability to perform the services required under any subcontract, an Offeror shall remain fully responsible for the performance of each such Permitted Subcontractor and its employees and for their compliance with all of the terms and conditions of this Agreement as if they were Offeror's own employees. Nothing contained in this Agreement shall create any contractual relationship between MFA and any Permitted Subcontractor or supplier. Offeror shall require each such Permitted Subcontractor to be bound in writing by the confidentiality and intellectual property assignment provisions of this Agreement.

#### Records.

Maintain complete and accurate records relating to the provision of the Services under this Agreement, including records of the time spent and materials used by Offeror in providing the Services in such form as MFA shall approve. During the Term and for a period of two years thereafter, upon MFA's written request, Offeror shall allow MFA or MFA's representative to inspect and make copies of such records and interview Offeror personnel in connection with the provision of the Services. MFA shall have the right to audit bills submitted to MFA under this Agreement both before and after payment. Payment under this Agreement shall not foreclose the right of MFA to recover excessive and/or illegal payments.

#### Payment.

Payment shall be made to Offeror at the times, and in the amounts, that shall be set forth in a Service Agreement between MFA and Offeror.

#### Insurance.

Offeror shall procure and maintain at its expense until final payment by MFA for Services covered by this Agreement, insurance in the kinds and amounts hereinafter provided with insurance companies authorized to do business in the state of New Mexico, covering all operations under this Agreement, whether performed by the Offeror or its agents. Before commencing the Services, and on the renewal of all coverages, the Offeror shall furnish to MFA a certificate or certificates, providing for not less than thirty (30) days' notice to MFA of non-renewal or cancellation, in form satisfactory to MFA showing that it has

complied with this Sub-Section. Various types of required insurance may be written in one or more policies. With respect to all coverages required other than workers' compensation, MFA shall be named an additional insured. Kinds and amounts of insurance required are as follows:

- i. Commercial General Liability insuring the activities of Offeror under this Agreement with limits no less than \$750,000 per occurrence and \$750,000 in the aggregate, and with a claim/aggregate deductible in an amount reasonable for a firm of Offeror's size and financial condition, in a form acceptable to MFA.
- ii. Professional Liability covering all liabilities and risks inherent in Offeror's performance of the services required under this Agreement, with limits no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate and with a claim/aggregate deductible in an amount reasonable for a firm of Offeror's size and financial condition, in a form acceptable to MFA.

#### Equal Opportunity Data.

The Offeror will maintain data relative to "Equal Opportunity" as related to Minority Business Enterprises ("MBE") and Women Business Enterprises ("WBE"). At a minimum, such data shall include the number and dollar value of MBE/WBE contracts and subcontracts awarded. This data is required to be reported to MFA annually in the format prescribed MFA and is due to MFA each year at a time to be determined by MFA in its sole discretion.

#### Termination.

If, in the judgment of MFA, the Offeror, for any cause, fails or omits to carry out the Work in an acceptable manner MFA may give notice in writing of such failure or omission and of a reasonable time within which to cure the deficiency. The Successful Offeror shall take corrective measures within such time. The Successful Offeror's failure to comply with such notice and to cure the deficiency as provided in the notice shall subject this Agreement to immediate termination by MFA. In the event of a for-cause termination, MFA shall terminate this Agreement by delivering to Architect a written notice of termination. The effective date of termination shall be the date stated in the notice or, if no date is stated, then the date of delivery of the notice.

Upon such termination, Successful Offeror shall deliver to MFA all design plans, construction estimates, drawings, documents, survey books, and all other materials developed under this Agreement. MFA shall then have the right to retain the services of other design professionals to complete Successful Offeror's Work under this Agreement and shall have no obligation to seek bids for that replacement design professional(s). The cost of completing Successful

Offeror's Work under this Agreement shall be paid for by applying the balance of the contract amount remaining on this Agreement at the time of termination. If the cost to complete the Work under this Agreement is less than the remaining contract amount, the remaining contract amount shall be paid to Successful Offeror. If the cost of completing the Work under this Agreement exceeds the contract amount, then Successful Offeror shall pay MFA for the difference between the contract amount and the cost to complete Successful Offeror's Work.

#### Termination for convenience of MFA.

On fifteen (15) business day's written notice to Successful Offeror, MFA may terminate this Agreement in whole or in part for its own convenience in the absence of termination for cause or any default of Successful Offeror. In the event of a termination for convenience, MFA shall terminate this Agreement by delivering to Successful Offeror notice of termination without cause specifying the extent to which performance of Work under this Agreement is terminated and the date upon which such termination becomes effective. Within ten (10) calendar days of the effective date of termination, Successful Offeror shall deliver to MFA all design plans, construction estimates, drawings, documents, survey books and any or all other materials developed under this Agreement. Upon delivery of such notice, Successful Offeror shall have the right to receive payment for services satisfactorily performed to termination date, including reimbursement then due.

All Offerors must be in good standing with MFA and all other state and federal affordable housing agencies. For example, debarment from HUD, MFA or other federal housing programs, bankruptcy, criminal indictments or convictions, poor performance on prior MFA or federally-financed Projects on the part of any Offeror may result in termination of this Agreement.

#### Independent Offeror.

The nature of the Offeror's and its staff's relationship to MFA will be that of an independent contractor, and the Offeror will not be deemed an agent, employee or servant of MFA. The compensation agreed upon by MFA and the Offeror will not be subject to withholding from taxes, F.I.C.A., or otherwise, and nothing in this Agreement burdens MFA with the duties of an employer concerning the Offeror and its staff under any state worker's compensation laws, state or federal occupational health and safety laws, or any other state or federal laws. The Offeror and its staff will not participate in any of the fringe benefits generally made available by MFA to its officers or employees. MFA will not provide the Offeror office space, clerical help, office supplies or the like except as mutually agreed to by MFA and the Offeror. Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture, or other form of joint enterprise, employment, or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever.

#### Awards to Other Offerors.

The Offeror shall not assign or transfer any rights, duties, obligations or interest in or to the proceeds of this Agreement without the prior written approval of MFA. If approved, any assignee will be subject to all terms, conditions, and provision of this Agreement. No such approval by MFA of any assignment shall obligate MFA for payment of amounts in excess of the Program Funds. In accordance with 2 CFR 200.213, Offeror shall not make any awards or permit any award (subcontract or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible to participate in Federal assistance programs under Executive Order 12549 and 12689, "Debarment and Suspension."

#### Intellectual Property Rights; Ownership.

MFA is, and shall be, the sole and exclusive owner of all rights, title, and interest in and to the deliverables provided pursuant to the provision of the Services, including all Intellectual Property Rights therein.

Offeror agrees, and will cause its Offeror personnel to agree, that with respect to any deliverables that may qualify as "work made for hire" as defined in 17 U.S.C. §101, such deliverables are hereby deemed a "work made for hire" for MFA. To the extent that any of the Deliverables do not constitute a "work made for hire", Offeror hereby irrevocably assigns, and shall cause the Offeror personnel to irrevocably assign to MFA, in each case without additional consideration, all right, title, and interest throughout the world in and to the deliverables, including all Intellectual Property Rights therein. The Offeror shall cause the Offeror personnel to irrevocably waive, to the extent permitted by applicable law, any and all claims such Offeror personnel may now or hereafter have in any jurisdiction to so-called "moral rights" or rights of droit moral with respect to the deliverables. Upon the request of MFA, Offeror shall, and shall cause the Offeror personnel to, promptly take such further actions, including execution and delivery of all appropriate instruments of conveyance, as may be necessary to assist MFA to prosecute, register, perfect, or record its rights in or to any deliverables.

#### Confidential Information.

Simultaneous herewith, Offeror shall enter into a Non-Disclosure Agreement with MFA under which Offeror shall agree Offeror will not, during the term of this Agreement, or thereafter, without the written consent of MFA, disclose to anyone, or use for Offeror's own account, any confidential information concerning the businesses or affairs of MFA. Offeror will retain all such knowledge and information respecting such confidential information in trust for the sole benefit of MFA. Upon termination of this Agreement, Offeror will deliver to MFA all writings relating to or containing confidential information or destroyed with destruction certified by the receiving Party.

#### Remedies.

Offeror recognizes that irreparable injury would be caused by any breach of any of the provisions of this Agreement by Offeror. MFA, in addition to all other rights and remedies at law or equity as may exist in its favor, will have the right to enforce the specific performance of the provisions of this Agreement and to apply for injunctive relief against any act that would violate any such provisions. Offeror shall reimburse MFA for all costs and expenses, including reasonable attorney fees incurred by MFA by reason of Offeror's breach of this Agreement. Nothing herein shall be read to limit Offeror's remedies in the event of a breach of this Agreement by the MFA.

#### Licenses/Compliance with Laws and Regulations.

Before the date on which the Services are to start, obtain, and at all times during the Term of this Agreement maintain, all necessary licenses and consents and comply with all relevant laws applicable to the provision of the Services.

#### Compliance with MFA Rules, Regulations and Policies.

Comply with, and ensure that all Offeror personnel comply with, all rules, regulations, and policies of MFA that are communicated to Offeror in writing, including security procedures concerning systems and data and remote access thereto, building security procedures, and general health and safety practices and procedures.

Governing Law and Jurisdiction.

This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico without giving effect to any choice or conflict of law provision or rule that would cause the application of laws of any jurisdiction other than those of the State of New Mexico. Any legal suit, action, or proceeding arising out of, or related to, this Agreement or the Services provided hereunder shall be instituted exclusively in the federal courts of the United States or the courts of the State of New Mexico in each case located in the city of Albuquerque and County of Bernalillo, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding.

## **New Mexico Mortgage Finance Authority**

### **Board Members**

Chair, Angel Reyes – President, Centinel Bank in Taos  
Vice Chair Derek Valdo- Chief Executive Officer, AMERIND Risk  
Treasurer Rebecca Wurzbarger-Strategic Planning Consultant  
Member Howie Morales – Lieutenant Governor, State of New Mexico  
Member Raul Torrez – Attorney General  
Member Laura M. Montoya – Treasurer, State of New Mexico  
Member Patricia A. Sullivan, PhD-Associate Dean, New Mexico  
State University College of Engineering

### **Management**

Isidoro “Izzy” Hernandez, Executive Director  
Yvonne Segovia, Acting Chief Financial Officer  
Donna Maestas-De Vries, Chief Housing Officer  
Jeff Payne, Chief Lending Officer

## **EXHIBIT A**

Following are the types and number of actions most often supported by legal services in the prior year.

**Foreclosures**

Foreclosure-MFA 1st Mtg - 1

Foreclosure-MFA 1st/2ndMtg – 1

Answer/Monitor - 94

Disclaimer - 74

Title policy claim - 0

Forbearance agreement - 0

Eviction action - 0

**Bankruptcies**

Monitor Bankruptcy - 30

Proof of Claim - 2

Motion for relief from Stay - 0

Proof of Claim Preparation -2

Plan objection - 0

**Miscellaneous**

Deed in Lieu of foreclosure - 0

**EXHIBIT B****ORGANIZATIONAL REFERENCE QUESTIONNAIRE**

The New Mexico Mortgage Finance Authority, as part of the RFQ process, requires Offerors to submit at least three references from financial institutions, governmental entities, and/or mortgage servicers and at least one reference for which services sought in this RFQ have been provided as required within this document. The purpose of these references is to document Offeror's experience relevant to the scope of work in an effort to establish Offeror's responsibility.

Offeror is required to send the following reference form to each business reference provided by Offeror. The business reference, in turn, is requested to submit the Reference Form directly to: Teresa Lloyd, Director of Servicing, [tlloyd@housingnm.org](mailto:tlloyd@housingnm.org) and Steve Hagins, Servicing Supervisor, [shagins@housingnm.org](mailto:shagins@housingnm.org) by **October 18, 2023 at 5:00 p.m.** for inclusion in the evaluation process. The form and information provided will become a part of the submitted Qualification. Business references provided may be contacted for validation of content provided therein.



## MORTGAGE SERVICING LEGAL SERVICES RFQ

### ORGANIZATIONAL REFERENCE QUESTIONNAIRE FOR:

\_\_\_\_\_ (“Offeror”)

This form is being submitted to your company for completion as a business reference for the company named above, which is referred to herein as the Offeror. This form is to be returned to the New Mexico Mortgage Finance Authority via facsimile or e-mail at:

Name: Teresa Lloyd and Steve Hagins  
 Address: 344 4<sup>th</sup> St. SW  
 Albuquerque, NM 87102  
 Telephone: (505) 767-2217, (505) 767-3395  
 Fax: (888) 794-5658  
 E-mail: [tlloyd@housingnm.org](mailto:tlloyd@housingnm.org) and [shagins@housingnm.org](mailto:shagins@housingnm.org)

The completed form must be returned to MFA no later than **October 18, 2023 5:00 p.m.**, and must **NOT** be returned to the Offeror requesting the reference.

For questions or concerns regarding this form, please contact Teresa Lloyd or Steve Hagins at the number listed above.

|  |    |
|--|----|
| Company providing reference:                   |    |
| Contact name and title/position:               |    |
| Contact telephone number:                      |    |
| Contact e-mail address:                        |    |
| Description of services provided:              |    |
| Dates services provided (starting and ending): |    |
| Total Revenues:                                | \$ |
| Total Assets:                                  | \$ |

- How would you rate the timeliness of the legal work conducted and the communication provided?

\_\_\_\_\_ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

- How would you rate how the work was executed?

\_\_\_\_\_ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

- How would you rate the knowledge and technical expertise demonstrated?

\_\_\_\_\_ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

4. How would you rate the value added to your organization through the Offeror's services?  
\_\_\_\_\_ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

5. With which aspect(s) of this Offeror's services are you most satisfied?

COMMENTS:

6. With which aspect(s) of this Offeror's services are you least satisfied?

COMMENTS:

7. Would you recommend this Offeror's services?

COMMENTS:

## Exhibit A

### Request for Qualifications Mortgage Servicing Legal Services - 2023

#### Part IV: Evaluation Criteria

| Criteria   | Point Range | Maximum Points | Smidt, Reist & Keleher | Rose Ramirez & Assoc |
|--|-------------|----------------|------------------------|----------------------|
| 1 Experience and Capability                        | 0-50        | 50             | 50                     | 50                   |
| 2 Responsiveness to MFA and Technical Capabilities | 0-15        | 15             | 13                     | 15                   |
| 3 Fees   | 0-25        | 25             | 25                     | 25                   |
| 4 References                                       | 0-5         | 5              | 2.5                    | 2.5                  |
| 5 Interviews                                       | 0-5         | 5              | 0                      | 0                    |
| Maximum Points/Total Scores                        | 0-100       | 100            | 90.5                   | 92.5                 |

**Minimum Qualifications**

|  | Smidt,<br>Reist<br>& Keleher | Rose Ramirez<br>& Associates |
|--|------------------------------|------------------------------|
| 1 All Offerors must list the attorneys who will provide legal services for MFA and every attorney must be licensed and in good standing in the State of New Mexico.  | X                            | X                            |
| 2 All Offerors must have at least five years' experience in the following substantive areas of law as applied in New Mexico: banking laws and regulations (including federal and New Mexico law relating to mortgage servicing), single-family foreclosures, bankruptcy, real estate, mortgages, and contract law. | X                            | X                            |
| 3 Offerors must maintain and provide evidence of professional liability insurance as outlined in Part VI of the RFP.   | X                            | X                            |
| 4 Offeror shall not be debarred, suspended or subject to a Limited Denial of Participation or otherwise restricted from participation in Housing & Urban Development (HUD) programs or MFA programs.   | X                            | X                            |
| 5 Offeror must meet Fannie Mae Minimum Requirements for default related legal services.  | X                            | X                            |



**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**Finance/Operations Committee Meeting**  
**Tuesday November 7, 2023 at 1:30 p.m.**

Webex - call-in information is 1-408-418-9388 (access code): 2483 035 4429  
or you can join the call from the calendar item

| Agenda Item  | COMMITTEE RECOMMENDED | BOARD ACTION REQUIRED |
|--|-----------------------|-----------------------|
| <b><u>Agenda</u></b>   | <b>JK/MCDB</b>        |                       |
| <b>1</b> HOME-ARP Internal Audit Executive Summary – Claire Hilleary, Director, and Jenny Fox, Senior, of Moss Adams | 3-0                   | YES                   |
| <b>2</b> Internal Audit Plan for 2024 & 2025 – Claire Hilleary, Director, Moss Adams                                 | <b>JK/MCDB</b><br>3-0 | YES                   |
| <b>3</b> Internal Audit Budget vs Actual for 2023 - Claire Hilleary, Director, Moss Adams                            | <b>MCDB/JK</b><br>3-0 | YES                   |
| <b>4</b> Internal Audit Follow-Up Outstanding Audit Findings - Claire Hilleary, Director, Moss Adams                 | <b>JK/MCDB</b><br>3-0 | YES                   |
| <b>5</b> 9/30/2023 Quarterly Investment Review-Ulrich Investments Consultants  | <b>JK/MCDB</b><br>3-0 | YES                   |
| <b>6</b> 9/30/2023 Quarterly Financial Statement Review - Arundhati Bose   | <b>JK/MCDB</b><br>3-0 | YES                   |
| <b>7</b> FirstDown Program Policy- Rene Acuna  | <b>MCDB/JK</b><br>3-0 | YES                   |
| <b><u>Information items</u></b>  |                       |                       |
| <b>8</b> September 2023 Wire Transfers   |                       | NO                    |
| <b>9</b> September 2023 Check Register   |                       | NO                    |

**Committee Members present:**

Derek Valdo, Chair

☐ present

☐ absent

☒ conference call

State Treasurer Laura M. Montoya/

☐ present

☐ absent

☒ conference call

JR Rael

Lt. Governor Howie Morales or

☐ present

☐ absent

☒ conference call

Proxy Martina C'de Baca



FINAL EXECUTIVE SUMMARY

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**New Mexico Mortgage Finance Authority**  
**HOME AMERICAN RESCUE PLAN (ARP) INTERNAL AUDIT**

October 3, 2023

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Moss Adams LLP  
999 Third Avenue, Suite 2800  
Seattle, WA 98104  
(206) 302-6500



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## I. EXECUTIVE SUMMARY

Moss Adams LLP (Moss Adams) was contracted by the New Mexico Mortgage Finance Authority (MFA) to perform an internal audit related to MFA's HOME Investment Partnerships Program (HOME) American Rescue Plan (ARP) program. We performed a variety of procedures to test and assess the overall program function for compliance with MFA and U.S. Department of Housing and Urban Development (HUD) requirements. Our procedures included reviewing internal policies and program documents, as well as conducting interviews with MFA personnel involved in subrecipient monitoring, client eligibility verification and recordkeeping. We also tested MFA documentation used to demonstrate subrecipient monitoring was completed in accordance with federal regulations, and reviewed subrecipient intake documentation to test the effectiveness of client eligibility and duplication of benefits internal controls. We also tested habitability confirmations to ensure housing meet federal regulation standards, and reviewed subrecipient transaction detail to confirm expenditure allowability. The audit took place from July through September 2023.

This engagement was performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants. Accordingly, we provide no opinion, attestation, or other form of assurance with respect to our work or the information upon which our work is based. This engagement was also performed consistent with the guidance issued by the Institute of Internal Auditor's International Professional Practices Framework. This report was developed based on information gained from our interviews and analyses of provided documentation. The procedures we performed do not constitute an examination in accordance with generally accepted auditing standards or attestation standards.

### A. OBJECTIVES

Our objectives for this engagement were to assess MFA's HOME-ARP project's compliance with Federal requirements for clients from November 1, 2022 to June 13, 2023. We conducted testing on a total of 46 clients across each of the eight subrecipients to determine whether the following were satisfied:

- Awardee eligibility was confirmed by providers.
- Providers only engaged in allowable activities.
- Providers followed all recordkeeping requirements.
- Appropriate subrecipient monitoring was conducted by MFA.
- Awardee duplication of benefits attestations were collected.
- Awardee housing inspections were completed.

### B. CONCLUSIONS

We identified two low-risk findings that are highlighted in the following table. We found there were two instances where intake forms provided contradictory information from other client file details and one instance where a duplication of benefits form was not provided.



| FINDINGS AND RECOMMENDATIONS |                     |  |
|------------------------------|---------------------|--|
| LOW RISK                     |                     |  |
| 1.                           | Finding             | Two providers either provided an intake form that was illegible or provided information on the form that appeared to contradict other documentation in the client file.  |
|                              | Recommendation      | Educate providers on how to properly fill out the intake form and the importance of appropriately filling out the form.  |
|                              | Management Response | Management agrees with this recommendation. MFA will discuss this with each provider within the next 60 days and going forward will incorporate the need to properly fill out the intake form into the regular meetings with service providers as part of ongoing training.  |
| 2.                           | Finding             | One Duplication of Benefits disclosure was not provided with client documentation.   |
|                              | Recommendations     | <p>A. Reiterate the need for completed Duplication of Benefits disclosures to clients.</p> <p>B. Require providers to retroactively collect the Duplication of Benefits disclosures to the extent practicable.</p>   |
|                              | Management Response | Management agrees with this recommendation. MFA will discuss this with each provider within the next 60 days and will ask providers to go back and retroactively collect any Duplication of Benefits disclosures to the extent practicable by October 31, 2023. MFA will explain to providers that even if the client has not yet been housed, the Duplication of Benefits form must be present in the file and should be signed by both the client and the landlord at lease signing. |

## C. COMMENDATIONS

Although the focus of this internal audit was to identify areas of noncompliance with MFA and HUD requirements and opportunities for improvement for the HOME ARP program, it is important to note the areas that are operating well. MFA should be commended for the following accomplishments:

- Subrecipient monitoring procedures align with federal regulations.** MFA is responsible for ensuring subrecipients use funds in accordance with program rules and laws. This includes conducting reviews to ensure subrecipient compliance with HOME-ARP guidance and regulations. We reviewed MFA's subrecipient monitoring procedures for one provider and found the procedures to be aligned with federal regulations and MFA guidance. In reviewing the fiscal transaction testing done by MFA, we found the testing was detailed, clear, and in compliance with CFR guidance in testing expense eligibility.

We would like to thank MFA staff and management for their time and efforts in assisting with this project. MFA staff were consistently professional, responsive, and knowledgeable in their responses, allowing us to sufficiently understand program nuances relative to the applicable requirements.



MOSSADAMS



FINAL REPORT

**New Mexico Mortgage Finance Authority**  
**FOLLOW-UP ON OPEN INTERNAL AUDIT OBSERVATIONS**

November 1, 2023

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Albuquerque, NM 87110  
(505) 878-7200



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## I. INTRODUCTION

Moss Adams LLP (Moss Adams) was contracted by the New Mexico Mortgage Finance Authority (MFA) to perform its outsourced internal audit functions. As part of the internal audit process and the commitment to continuous improvement, accountability, and transparency, this report presents the findings from our follow-up on open internal audit observations recorded throughout the year as well as any unresolved internal audit findings from previous years. It provides a concise overview of the actions taken, status, and progress made in addressing each observation.

This engagement was performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants. Accordingly, we provide no opinion, attestation, or other form of assurance with respect to our work or the information upon which our work is based. This report was developed based on information gathered from our interviews and analysis of sample documentation, if applicable. The procedures performed do not constitute an examination in accordance with generally accepted auditing standards or attestation standards.

## II. PURPOSE AND OBJECTIVES

Moss Adams performed follow-up procedures in response to MFA's interest in determining the resolution status of previous internal audit observations. The follow-up procedures were not intended to be a complete re-audit of the programs or departments but rather a high-level assessment to determine if progress had been made to resolve previous observations. Specifically, our procedures were limited the following:

- We obtained a listing of all open internal audit observations and their "current status", as reported by MFA. The listing contained all internal audits finalized and presented to the Board of Directors through September 30, 2023, that had low, moderate or high-risk observations.
- We reviewed the indicated status provided by MFA, and for those observations listed as resolved, we obtained supporting documentation to support the updates or corrective actions taken by MFA. This included items such as policies and procedures, contracts and/or contract amendments, and other documentation to support the corrective action. We assessed documentation provided to determine if it appeared that the related observations had been resolved.

For purposes of this report, we have classified the resolution status into three categories: resolved, partially resolved, or open. For those observations reported by MFA to be "partially resolved" or "open", we did not perform follow-up procedures to assess progress. While our focus was primarily on understanding the progress made on previous observations, it is crucial to mention that our follow-up procedures did not delve into the evaluation of best practice recommendations. This distinction allowed us to concentrate our efforts on previous observations characterized as low, moderate, or high risk, and the related prior recommendations and prior management responses.

This report is intended solely for the information and use of MFA. If additional procedures had been performed, other matters might have come to our attention that would have been reported to you.





### III. SUMMARY OF RESULTS

#### HOMEOWNER ASSISTANCE FUND (HAF) – JULY 2023

| PRIOR OBSERVATION AREA | PRIOR RISK RANKING | PRIOR OBSERVATION   | PRIOR RECOMMENDATION   | PRIOR MANAGEMENT RESPONSE/ DETERMINATION   | CURRENT ANTICIPATED COMPLETION DATE | CURRENT STATUS   |
|------------------------|--------------------|---|--|--|-------------------------------------|--|
| Signature Verification | Low                | In one instance, a HAF applicant did not personally sign the Attestation Form MFA used to certify the applicant's ability to resume payments on their loan following assistance. The signed attestation is an MFA requirement for the loss mitigation and loan reinstatement program. | MFA should consider updating the HAF program manual to better define who is allowed to sign/certify the Attestation Form and consider adding a box on the form to denote relationship of signor, if different from the applicant's name. | Management agrees with this recommendation. MFA has been following HUD guidance since Treasury guidance is somewhat vague on who is allowed to sign/certify the Attestation Form. MFA will update the HAF Program Manual and application to denote if there is a Personal Representative/Third Party assisting the applicant with the HAF application. The applicant shall sign/certify the Attestation Form as well as the Personal Representative/Third Party if they are assisting the applicant. | September 1, 2023                   | <b>Resolved:</b> Moss Adams reviewed the HAF Program Manual (revised 7/1/2023) and noted under Section 7 – Required Documentation that additional guidance related to signature/ e-signature requirements was documented. MFA has elected to push applicants towards self-certification and would only accept a signature from a personal representative if a valid Power of Attorney was provided, thus modifications to the form were not considered necessary based on these policy enhancements. |



## INFORMATION TECHNOLOGY (IT) – JULY 2023

| PRIOR OBSERVATION AREA   | PRIOR RISK RANKING | PRIOR OBSERVATION   | PRIOR RECOMMENDATION  | PRIOR MANAGEMENT RESPONSE/ DETERMINATION   | CURRENT ANTICIPATED COMPLETION DATE | CURRENT STATUS  |
|--|--------------------|---|---|--|-------------------------------------|---|
| Establishment of Dependencies and Critical Functions for Delivery of Critical Services | Moderate           | MFA did not prioritize the critical services and processes identified within the Business Risk Analysis (BIA). MFA had also not utilized the BIA to review and update the critical systems and processes listed within the Emergency Management Plan, which had not been reviewed and updated since 2021.   | MFA should develop and implement procedures to determine the recovery priority of critical systems and services identified within a BIA. It is also important to note that this process should be conducted with business process owners and management and cannot be accomplished by IT alone. Upon the completion of a BIA, its results should then be used to review and update the Emergency Management Plan to help ensure the accuracy of its information and objectives. It is also recommended that MFA perform and document annual reviews of its Emergency Management Plan. | Management agrees with this recommendation and will develop procedures related to recovery priority ranking and IT will coordinate with Management going forward on an annual basis to test various aspects of the Emergency Management Plan that will be reviewed annually.   | Ongoing – Annual Basis              | <b>Partially Resolved:</b> Management indicated the Emergency Management Plan will be updated to reflect that an annual test should be conducted in coordination with IT and priority ranking for recovery services will be documented. |
| Incorporation of the Principal of Least Functionality                                  | Moderate           | The insecure port 80 HTTP was open on MITAS02, MITAS02, NETWRIX01, MFAINTRANET, DAGOBAB, HANSOLO, R2D2, BB-8, POE, GREEDO, MFA-ISE01, BOBA-FETT, JANGO-FETT, OBI-WAN, SHORETEL, MFA-ESXI1, MFA-ESXI2, MFA-ESXI3, UCS-VCENTER, and MFA-DR-VCSA01 servers as part of the Network Detective results. Unless automatically redirected to port 443, which will protect traffic by encrypting | On a periodic basis, MFA should review the use of functions, ports, protocols, and services; identify and disable or eliminate those services deemed unnecessary, unused, or detrimental to the system or business; prohibit unauthorized software execution; identify and document software programs that are prohibited or restricted from execution on the information system; and periodically review and/or update the restricted software list.   | Management agrees with this response and IT will work with their managed security services vendor to evaluate and implement the recommended changes to provide secure communication when accessing the servers listed. They will also include periodic review of all web-related services to ensure that the more secure port of 443-HTTPS is used as a default. | March 31, 2024                      | <b>Partially Resolved:</b> Management indicated IT is working with the managed security services vendor on the recommended changes. Progress will be evaluated after March 31, 2024.  |





| PRIOR<br>OBSERVATION<br>AREA         | PRIOR<br>RISK<br>RANKING | PRIOR OBSERVATION   | PRIOR RECOMMENDATION   | PRIOR MANAGEMENT<br>RESPONSE/ DETERMINATION   | CURRENT<br>ANTICIPATED<br>COMPLETION<br>DATE | CURRENT STATUS  |
|--------------------------------------|--------------------------|---|--|---|--|---|
|                                      |                          | the content, port 80 communicated traffic in plaintext. Additionally, local administrative access was provisioned to select non-IT personnel.   | We recommend MFA use port 443 HTTPS instead of port 80 to securely send data between a web browser and a website. This would mitigate bad actors from exploiting unencrypted MFA traffic traversing the WAN and unsecure ports from the internal network.  |   |  |   |
| Mapping of Organizational Data Flows | Low                      | <p>MFA had a network diagram that was reviewed after changes were made to the network, but was not reviewed on a periodic basis.</p> <p>MFA had not created data flow diagrams for all critical business processes.</p> | <p>MFA should continue developing data flow diagrams that accurately depict datasets shared between systems and applications. Data flow diagrams should outline critical business processes. As each step of a business process is defined, MFA should consider identifying the following:</p> <ul style="list-style-type: none"><li>• The various ways of entering data into the system or application</li><li>• The personnel and vendors who enter, manage, or maintain systems, applications, or data</li><li>• Systems or vendors that store, transmit, or process data.</li></ul> <p>Within the Data Security Policy, MFA should also define the frequency for performing reviews and updates to network and data flow diagrams.</p> | Management agrees with these recommendations and IT has incorporated these recommendations into their 2024 Goals. | September 30, 2024                           | <b>Partially Resolved:</b> Management indicated IT has incorporated these flow diagrams into their 2024 goals. Progress will be evaluated after September 30, 2024. |



| PRIOR OBSERVATION AREA  | PRIOR RISK RANKING | PRIOR OBSERVATION  | PRIOR RECOMMENDATION  | PRIOR MANAGEMENT RESPONSE/ DETERMINATION  | CURRENT ANTICIPATED COMPLETION DATE | CURRENT STATUS   |
|---|--------------------|--|---|---|-------------------------------------|--|
| Usage of Threats, Vulnerabilities, Likelihoods, and Impacts in Risk Determination | Low                | MFA did not include the likelihood of threats occurring within their IT Risk Assessment and BIA.   | While likelihood was implicitly represented within the risk level rating, we recommend MFA explicitly include the likelihood of a threat occurring within their IT Risk Assessment to satisfy this requirement.   | Management agrees with these recommendations and the MFA "IT Risk Assessment" and "Business Impact Analysis" document has been updated and includes the probability of the threat risk.   | September 30, 2023                  | <b>Resolved:</b> IT has updated the IT Risk Assessment and Business Impact Analysis to include the risk probability as a component of each identified threat.  |
| Access Permissions  | Low                | MFA was in the process of enforcing the least privileged methodology in their environment through implementing the use of PolicyPak and providing individual accounts for vendors. Additionally, there was no segregation of duties language in MFA's data security policy that was enforced for internal MFA users. | We recommend MFA continue implementing PolicyPak, which will serve as a least privileged tool. Once implemented, MFA should create a granular access control policy and a segregation of duties matrix that will detail access control requirements for specific employee roles and access to critical applications and systems. The policy and matrix should include the type of access control implemented and the level of privilege required for the types of roles within the company. This should address the special local administrative access and act as a governing process to ensure that least privilege and segregation of duties are enforced. | Management agrees with these recommendations to implement the least privileged tool and creation of a granular access control policy and segregation of duties matrix. IT has incorporated these recommendations into their 2024 Goals. | September 30, 2024                  | <b>Partially Resolved:</b> Management indicated IT has incorporated these recommendations to implement the least privileged tool and creation of a granular access control policy and segregation of duties matrix into their 2024 goals. Progress will be evaluated after September 30, 2024. |
| Establishment of Baseline Configuration   | Low                | While PDQ was effectively used to manage assets, MFA did not have a configuration baseline for servers.  | We recommend MFA define configuration baselines for servers that, at a minimum, reduce the  | Management agrees with the recommendation to define configuration baselines in order to reduce the number of open ports and   | March 31, 2024                      | <b>Partially Resolved:</b> Management indicated IT has incorporated the recommendation to define   |





| PRIOR OBSERVATION AREA   | PRIOR RISK RANKING | PRIOR OBSERVATION  | PRIOR RECOMMENDATION  | PRIOR MANAGEMENT RESPONSE/ DETERMINATION  | CURRENT ANTICIPATED COMPLETION DATE | CURRENT STATUS  |
|--|--------------------|--|---|---|-------------------------------------|---|
|  |                    |  | number of open ports and services that are not needed.  | services. IT has incorporated this recommendation into their 2024 Goals.  |                                     | configuration baselines in order to reduce the number of open ports and services into their 2024 goals. Progress will be evaluated after March 31, 2024.  |
| Implementation of System Development Life Cycle                      | Low                | MFA developers used the same accounts for both environments. | We recommend MFA's developers use different local accounts for development and production. This will improve security and governance and provide broader access to the MFA developer team based on the access each account needs. | Management agrees with the recommendation to use different local accounts for development and production. IT has incorporated this recommendation into their 2024 Goals.  | March 31, 2024                      | <b>Partially Resolved:</b> Management indicated IT has incorporated the recommendation to use different local accounts for development and production into their 2024 goals. Progress will be evaluated after March 31, 2024.   |
| Proper Segregation of Development/Testing to Production Environments | Low                | MFA developers used the same accounts for both environments. | We recommend MFA create and configure access controls to ensure developers do not use the same accounts for both live and test environments to ensure effective user credential security is achieved.                             | Management agrees with the recommendation to configure access controls so developers are using different accounts for live vs test environments. IT has incorporated this recommendation into their 2024 Goals. | March 31, 2024                      | <b>Partially Resolved:</b> Management indicated IT has incorporated the recommendation to configure access controls so developers are using different accounts for live vs. test environments into their 2024 goals. Progress will be evaluated after March 31, 2024. |



| PRIOR OBSERVATION AREA   | PRIOR RISK RANKING | PRIOR OBSERVATION  | PRIOR RECOMMENDATION   | PRIOR MANAGEMENT RESPONSE/ DETERMINATION   | CURRENT ANTICIPATED COMPLETION DATE | CURRENT STATUS   |
|--|--------------------|--|--|--|-------------------------------------|--|
| Test of Response and Recovery Plans                                    | Low                | MFA had not tested their Business Continuity and Disaster Recovery plans since prior to the COVID outbreak. Those tests were reported to have helped them handle the COVID transition. | We recommend MFA conduct tests of their Business Continuity and Disaster Recovery plans on an annual basis to assist them in achieving their highest level of preparation in the event of a disaster.  | Periodic testing of MFA's Business Continuity and Disaster Recovery plans are outlined in MFA's Continuity and Disaster Recovery policy. Testing of the plan occurred on June 30, 2022, documentation can be provided, and a new simulation tabletop exercise is currently being created and will be implemented with a target timeframe on the second quarter of 2024.  | March 31, 2024                      | <b>Partially Resolved:</b> Testing of the Business Continuity and Disaster Recovery plan was conducted in 2022. Management indicated the tabletop exercise is in development. Progress will be evaluated following March 31, 2024.   |
| Pre-Defined Functional State System Operations to Achieve Availability | Low                | MFA had not tested their active-passive ISPs semi-annually, annually, or when changes to the firewall had occurred to ensure true high availability.                                   | We recommend MFA periodically test the standby ISP either semi-annually, annually, or when changes to the firewall occur. This will ensure all configuration settings to the active firewall are rolled over to the standby firewall allowing the switch between ISPs to be seamless to MFA end users and ensuring true high availability. | Periodic testing of MFA's Business Continuity and Disaster Recovery plans are outlined in MFA's Business Continuity and Disaster Recovery policy. The standby ISP was tested on September 18, 2023, as a result of the primary data center filing for bankruptcy and the immediate need for MFA to migrate to the standby center for business continuity. Simulation testing will also be done on a periodic basis and documentation to support these tests can be provided. | September 18, 2023                  | <b>Resolved:</b> Testing of the Business Continuity and Disaster Recovery plan was conducted in June 2022. The standby ISP was needed in September 2023 due to a bankruptcy filing of the primary data center. As a result, testing was not needed and the real-life migration was successful. |





## MORTGAGE OPERATIONS – JUNE 2021

| PRIOR OBSERVATION AREA                    | PRIOR RISK RANKING | PRIOR OBSERVATION  | PRIOR RECOMMENDATION  | PRIOR MANAGEMENT RESPONSE/ DETERMINATION   | CURRENT ANTICIPATED COMPLETION DATE | CURRENT STATUS   |
|---|--------------------|--|---|--|-------------------------------------|--|
| Loan Modification and Re-pooling Timeline | Moderate           | <p>Loan modifications and re-pooling on a timely basis are critical to ensure the loan portfolio is properly managed and risks related to default are minimized. While MFA does not have a strict policy on the timing of these two processes, MFA personnel provided timeframes believed to be reasonable yet expedient enough to help mitigate loan default. Loan modifications are completed by Idaho Housing Finance Authority on behalf of MFA and loans modified are then re-pooled by MFA. In the testing of 10 loans, the following was identified:</p> <ul style="list-style-type: none"> <li>Two of the loans had a loan modification completed in a timeframe that exceeded six months</li> <li>Four of the loans had a re-pooling completed that exceeded 60 days, ranging from 91 to 185 days.</li> </ul> | MFA should consider establishing a required re-pooling timeframe from the date of loan modification and should work closely with Idaho Housing Finance Authority to ensure timely reporting of loan modification and eligibility for re-pooling occurs. | Management agrees with this recommendation. Staff is currently tracking the time between loan modification repurchase and re-pooling and will establish written policies and procedures which include acceptable thresholds for re-pooling current loans. Additionally, staff will establish written procedures for handling exception loans that do not re-pool in the expected timeframes. These written policies will be communicated to the Sub-servicer, Idaho Housing and Finance Association, and any such re-pooling requests will be monitored on an ongoing basis. | September 30, 2023                  | <b>Resolved:</b> Moss Adams reviewed the Subservicer Oversight Policies and Procedures, most recently revised as of February 9, 2023, and the fourth amendment of the Idaho Housing and Finance Association (IHFA) Sub-Servicing agreement, dated October 1, 2023, and determined that guidance on re-pooling timelines and exceptions was established and incorporated. |



**New Mexico Mortgage Finance Authority**  
**Internal Audit Budget to Actual Summary**  
**Fiscal Year 2023**

| Area   | 2023 Budgeted Hours | 2023 Actual Hours | Variance (Over)/Under | Comments  |
|--|---------------------|-------------------|-----------------------|---|
| ERM and Risk Management                        | 162                 | 162               | 0                     | No High Risk Areas<br>Three High to Medium Risk Areas |
| <b>Internal Audits</b>                         |                     |                   |                       |   |
| Information Technology                         | 120                 | 135               | (15)                  | No High Risk Areas<br>2 Medium Findings               |
| Homeowner Assistance Fund (HAF)                | 100                 | 119               | (19)                  | 1 Low Risk Finding                                    |
| HOME ARP                                       | 120                 | 94                | 26                    | 2 Low Risk Findings                                   |
| Employee Mgmt & Retirement Plans               | 120                 | 32                | 88                    | In progress (hours as of 10/26/2023)                  |
| Follow-up, Annual Reporting and Administration | 50                  | 24                | 26                    | Hours as of (10/26/2023)                              |



# MEMO

TO: MFA Board of Directors

Through: Finance Committee, November 7, 2023

Through: Policy Committee, November 2, 2023

FROM: Claire Hilleary, Director, Moss Adams

DATE: November 15, 2023

RE: Internal Audit Plan for FY2024/2025

## Recommendation:

Staff seeks discussion and approval for the FY2024/2025 Internal Audit Plan.

## Draft Internal Audit Plan:

### FY2024

|   |     |
|---|-----|
| ERM and Risk Management                               | 80  |
| Qualified Mortgage Bond Requirements (Home Ownership) | 120 |
| Information Technology plus Tabletop exercise         | 140 |
| Weatherization Program (Community Development)        | 100 |
| Follow-up, Annual Reporting and Administration        | 50  |
| Total Hours Planned                                   | 490 |

### FY2025

|  |     |
|--|-----|
| ERM and Risk Management  | 80  |
| AP/Cash Disbursements and ACH transactions (includes accounting and servicing) | 140 |
| HOME Rehab (Community Development)   | 120 |
| New Mexico Housing Trust Fund (NMHTF)  | 100 |
| Follow-up, Annual Reporting and Administration                                 | 50  |
| Total Hours Planned  | 490 |

Additional internal audit budget hours will be allocated to subservicing oversight loan portfolio review and monthly/quarterly quality assurance review of loan servicing within MFA.



## Discussion:

Compliance has sought feedback with various Department Directors to discuss areas where MFA may have exposed risk or vulnerabilities. Due to the multiple requirements of income, purchase prices, First-Time Home Buyer (FTHB) eligibility and recapture notice, Home Ownership would like an internal audit of the qualified mortgage bond requirements approved for 2024.

Upon meeting with Community Development, they requested an internal audit of the Weatherization (WAP) program. WAP was last audited in 2022 as part of the federal single audit rotation and is slated to be audited in 2025. Therefore, the off-year of 2024 would be an ideal year to audit WAP. Community Development indicated a need to reaudit HOME Rehab even though it was audited in 2022. MFA has changed internal auditors and it might be prudent to audit the program again in 2025.

Last year, Moss Adams began the assessment to gauge MFA's alignment with the National Institute for Standards and Technology (NIST). In 2023, the technical IT security controls were evaluated and in 2024, the administrative and physical controls will be evaluated. In addition, Moss Adams will conduct a tabletop exercise as part of the 2024 internal audit. This is the reason for the additional hours beyond the typical internal audit.

Also, recommended for 2025 is an internal audit of the New Mexico Housing Trust Fund (NMHTF). MFA will have had a year's worth of experience in receiving these recurring funds. Therefore, it would be wise to conduct an audit to make sure all of the appropriate policies and safeguards are in place and working properly.

Finally, additional internal audit budget hours have been utilized the past two fiscal years for an annual subservicing oversight review of loan files. This has helped MFA and IHFA revamp processes where needed for servicing of the loan portfolio. Due to the onboarding of Moss Adams, only one loan file review took place in 2023 and it focused on loss mitigation, the transfer of a loan file from loss mitigation to foreclosure and foreclosure. MFA continues to narrow the scope of the loan file reviews so that internal processes and deadlines can be improved. MFA may coordinate with the internal auditor and IHFA to conduct a twice a year loan portfolio review depending on the need for continued review of certain areas. The results of the loan file

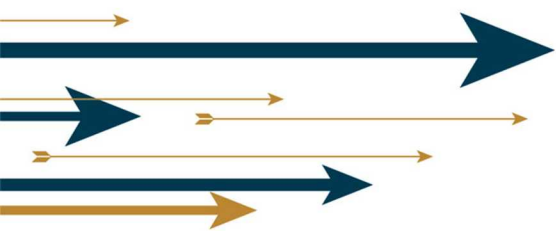
review are and will be reported to the Board in the Biannual Compliance Activity Report.

**Summary:**

Staff requests approval for the FY2024/2025 Internal Audit Plan.



**Board Report**  
**New Mexico Mortgage Finance Authority**



## ► MAJOR MARKET INDICES (AS OF 9/30/2023)

| Domestic Equity          | 2023   |       | 1 Year | Annualized |         | P/E Ratio<br>TTM |
|--------------------------|--------|-------|--------|------------|---------|------------------|
|                          | Q3     | YTD   |        | 5 Year     | 10 Year |                  |
| S&P 500                  | -3.3%  | 13.1% | 21.6%  | 9.9%       | 11.9%   | 21.48            |
| Russell 3000             | -3.3%  | 12.4% | 20.5%  | 9.1%       | 11.3%   | 20.25            |
| Russell 1000 Value       | -3.2%  | 1.8%  | 14.4%  | 6.2%       | 8.5%    | 15.21            |
| Russell 1000 Growth      | -3.1%  | 25.0% | 27.7%  | 12.4%      | 14.5%   | 30.69            |
| Russell 1000             | -3.1%  | 13.0% | 21.2%  | 9.6%       | 11.6%   | 20.86            |
| Russell 2000             | -5.1%  | 2.5%  | 8.9%   | 2.4%       | 6.6%    | 12.02            |
| Russell 2500             | -4.8%  | 3.6%  | 11.3%  | 4.5%       | 7.9%    | 13.01            |
| International Equity     | 2023   |       | 1 Year | Annualized |         | P/E Ratio<br>TTM |
|                          | Q3     | YTD   |        | 5 Year     | 10 Year |                  |
| MSCI ACWI Ex US          | -3.7%  | 5.8%  | 21.0%  | 3.1%       | 3.8%    | 14.73            |
| MSCI EAFE                | -4.0%  | 7.6%  | 26.3%  | 3.7%       | 4.3%    | 14.43            |
| MSCI EM                  | -2.8%  | 2.2%  | 12.2%  | 0.9%       | 2.5%    | 14.12            |
| Fixed Income             | 2023   |       | 1 Year | Annualized |         | Yield            |
|                          | Q3     | YTD   |        | 5 Year     | 10 Year |                  |
| Bloomberg US Aggregate   | -3.2%  | -1.2% | 0.6%   | 0.1%       | 1.1%    | 5.4%             |
| Bloomberg US Universal   | -2.9%  | -0.6% | 1.6%   | 0.3%       | 1.4%    | 5.7%             |
| Other                    | 2023   |       | 1 Year | Annualized |         | Value            |
|                          | Q3     | YTD   |        | 5 Year     | 10 Year |                  |
| S&P/LSTA Leveraged Loan  | 3.5%   | 10.2% | 13.1%  | 4.5%       | 4.3%    | -                |
| FTSE Nareit Equity REITs | -7.13% | -2.1% | 3.0%   | 2.8%       | 6.0%    | -                |
| US Dollar                | 3.2%   | 2.6%  | -5.3%  | 2.2%       | 2.8%    | \$106.22         |
| WTI                      | 28.5%  | 18.0% | 14.2%  | 3.8%       | -1.2%   | \$90.79          |
| Gold                     | -3.9%  | 1.4%  | 11.3%  | 9.2%       | 3.7%    | \$1,849          |

- There was nowhere to hide in Q3, as both stocks and bonds took a dive
- The 3rd quarter saw a massive increase in interest rates, especially at the long end of the curve
- As of 9/30, 30 Year Treasury yields rose 21.74% to 4.7%, the highest since March 2007
- Small caps fared worse than large caps
- Emerging markets outperformed developed international based on strength in commodity prices
- The US dollar continued to strengthen, pressuring international equities

Source: Morningstar Direct, Bloomberg

## ► ECONOMIC AND CAPITAL MARKET UPDATE SUMMARY

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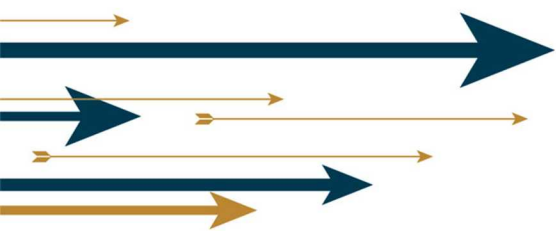
- ▶ Higher interest rates look to be slowing down the economy
- ▶ Inflation has come down but is still well above the Fed's long-term target of 2%
- ▶ The Fed looks to be pausing on interest rate hikes but for how long?
- ▶ Wages in particular, seem to be sticky, keeping inflation elevated
- ▶ A recession in the U.S. and other regions, still remains a distinct possibility
- ▶ Higher interest rates has led to an increase in distressed borrowers
- ▶ Persistent higher rates presents a challenge to long-term growth as interest expenses will become a bigger burden
- ▶ U.S. stock market performance has been dominated by the top 5 -10 largest companies in the S&P 500
- ▶ Stocks have historically done well after the Fed has paused hiking interest rates
- ▶ Real yields have turned slightly positive
- ▶ Equity valuations outside of the U.S., look more attractive
- ▶ Alternative investments continued to provide another source of return – both growth and income

Source: Bloomberg, Apollo

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# Portfolio Review

Fiscal Year and Third Quarter 2023 Update





## ► Portfolio Review as of 9.30.23 – Total Portfolio

### Activity Summary

|                 | Quarter To Date | Year To Date  | Fiscal YTD    |
|-----------------|-----------------|---------------|---------------|
| Beginning Value | 87,312,564.97   | 76,000,475.58 | 76,256,482.48 |
| Net Additions   | 1,177,535.12    | 9,697,434.80  | 7,476,140.71  |
| Net Gain        | -85,728.29      | 2,706,461.42  | 4,671,748.61  |
| Market Change   | -366,307.29     | 2,056,357.42  | 3,836,567.55  |
| Income          | 280,579.00      | 650,104.00    | 835,181.06    |
| Fees            | 0.00            | 0.00          | 0.00          |
| Ending Value    | 88,404,371.80   | 88,404,371.80 | 88,404,371.80 |

### Return Summary SIC Assets

|                                      | Quarter To Date | Year To Date | Fiscal YTD | Last 12 Months | Last 2 Years       |
|--------------------------------------|-----------------|--------------|------------|----------------|--------------------|
| Return                               | -1.9%           | 4.9%         | 10.2%      | 10.2%          | -4.9% <sup>1</sup> |
| Super Class Blended Benchmark Return | -2.6%           | 4.9%         | 10.5%      | 10.5%          | -4.4%              |
| Class Blended Benchmark Return       | -2.9%           | 4.2%         | 9.4%       | 9.4%           | -4.7%              |

<sup>1</sup> Annualized return

### Return Summary Non-SIC Assets

|                                      | Quarter To Date | Year To Date | Fiscal YTD |
|--------------------------------------|-----------------|--------------|------------|
| Return                               | 0.8%            | 2.2%         | 2.9%       |
| Super Class Blended Benchmark Return | -1.5%           | 0.8%         | 2.8%       |
| Class Blended Benchmark Return       | -1.8%           | 0.4%         | 2.1%       |
| BBG US MBS INDEX NAV Return          | -0.8%           | -0.8%        | -0.6%      |

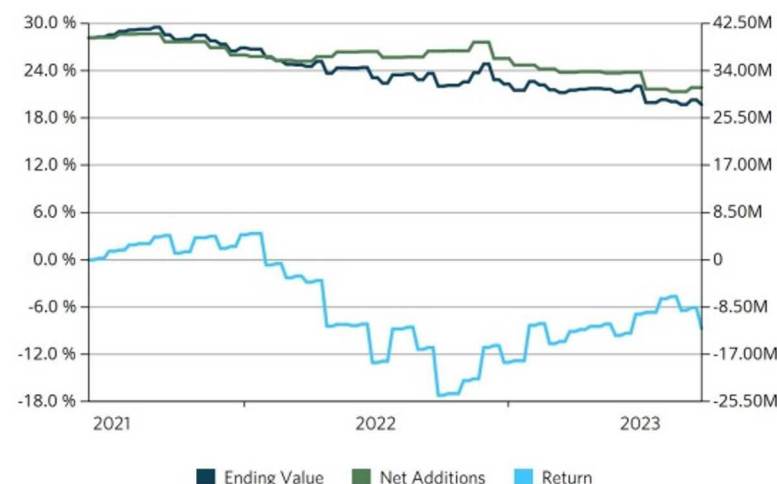
### Return Summary Total Assets

|                                      | Quarter To Date | Year To Date | Fiscal YTD |
|--------------------------------------|-----------------|--------------|------------|
| Return                               | -0.1%           | 3.4%         | 6.0%       |
| Super Class Blended Benchmark Return | -1.9%           | 2.6%         | 6.0%       |
| Class Blended Benchmark Return       | -2.1%           | 2.1%         | 5.2%       |

### Account Value

|  | Ending Value         |
|--|----------------------|
| <b>New Mexico Mortgage Finance Authority Total Portfolio</b> | <b>88,404,371.80</b> |
| MFA Housing Trust Fund                                       | 8,780,960.00         |
| Core Plus Bond Funds-Active (SIC)                            | 8,780,960.00         |
| MFA Intermediate-Term Investments                            | 27,646,066.00        |
| Bond Ladder  | 15,966,251.00        |
| Intermediate MFA Mortgage Backed Security Portfolio          | 11,679,815.00        |
| MFA Long-Term Investments                                    | 32,281,424.80        |
| Core Plus Bond Funds-Active (SIC)                            | 12,631,688.10        |
| Domestic Large Cap Index Equity Fund (SIC)                   | 4,421,461.47         |
| Long-Term MFA Mortgage Backed Security Portfolio             | 13,131,459.00        |
| Non-US Developed Markets Fund (SIC)                          | 644,748.70           |
| Non-US Emerging Markets Fund (SIC)                           | 936,458.85           |
| Small/Mid Cap Fund (SIC)                                     | 515,608.68           |
| MFA Short-Term Investments                                   | 19,695,921.00        |
| Cash Held for Operations/Warehoused MBS                      | 8,492,882.00         |
| Local Government Investment Pool                             | 11,203,039.00        |

### Cumulative Market Value SIC Assets





## ► Portfolio Review as of 9.30.23 – General Fund

### Activity Summary

|                 | Quarter To Date | Year To Date  | Fiscal YTD    |
|-----------------|-----------------|---------------|---------------|
| Beginning Value | 77,625,409.86   | 64,127,417.19 | 63,441,883.28 |
| Net Additions   | 1,930,897.00    | 12,936,440.00 | 12,023,470.46 |
| Net Gain        | 67,104.94       | 2,559,554.61  | 4,158,058.06  |
| Market Change   | -213,474.06     | 1,909,450.61  | 3,322,877.00  |
| Income          | 280,579.00      | 650,104.00    | 835,181.06    |
| Fees            | 0.00            | 0.00          | 0.00          |
| Ending Value    | 79,623,411.80   | 79,623,411.80 | 79,623,411.80 |

### Return Summary SIC Assets

|                                      | Quarter To Date | Year To Date | Fiscal YTD | Last 12 Months | Last 2 Years       |
|--------------------------------------|-----------------|--------------|------------|----------------|--------------------|
| Return                               | -2.1%           | 6.9%         | 14.6%      | 14.6%          | -3.9% <sup>1</sup> |
| Super Class Blended Benchmark Return | -2.5%           | 7.6%         | 15.5%      | 15.5%          | -3.1%              |
| Class Blended Benchmark Return       | -2.8%           | 6.9%         | 14.3%      | 14.3%          | -3.5%              |

<sup>1</sup> Annualized return

### Return Summary Non-SIC Assets

|                                      | Quarter To Date | Year To Date | Fiscal YTD |
|--------------------------------------|-----------------|--------------|------------|
| Return                               | 0.8%            | 2.2%         | 2.9%       |
| Super Class Blended Benchmark Return | -1.5%           | 0.8%         | 2.8%       |
| Class Blended Benchmark Return       | -1.8%           | 0.4%         | 2.1%       |
| BBG US MBS INDEX NAV Return          | -0.8%           | -0.8%        | -0.6%      |

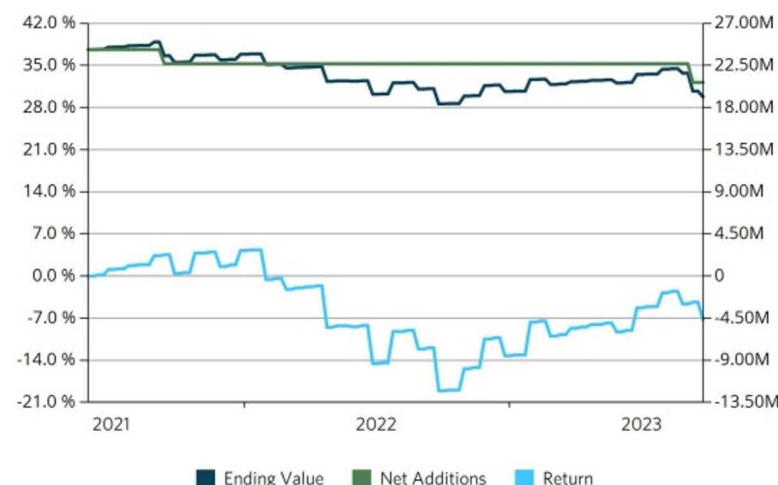
### Return Summary Total Assets

|                                      | Quarter To Date | Year To Date | Fiscal YTD |
|--------------------------------------|-----------------|--------------|------------|
| Return                               | 0.1%            | 3.7%         | 6.3%       |
| Super Class Blended Benchmark Return | -1.8%           | 3.0%         | 6.6%       |
| Class Blended Benchmark Return       | -2.0%           | 2.6%         | 5.8%       |

### Account Value

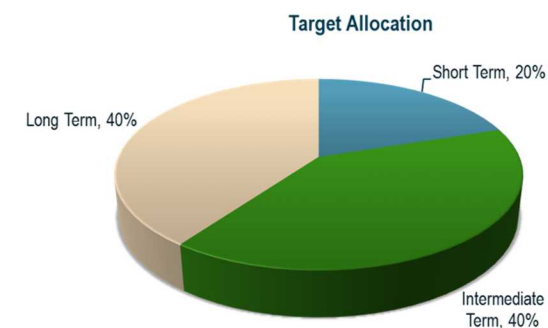
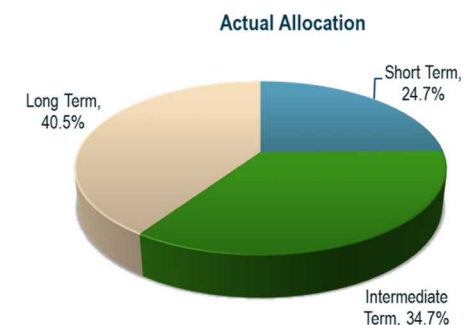
|   | Ending Value         |
|---|----------------------|
| <b>New Mexico Mortgage Finance Authority General Fund</b> | <b>79,623,411.80</b> |
| MFA Intermediate-Term Investments                         | 27,646,066.00        |
| Bond Ladder   | 15,966,251.00        |
| Intermediate MFA Mortgage Backed Security Portfolio       | 11,679,815.00        |
| MFA Long-Term Investments                                 | 32,281,424.80        |
| Core Plus Bond Funds-Active (SIC)                         | 12,631,688.10        |
| Domestic Large Cap Index Equity Fund (SIC)                | 4,421,461.47         |
| Long-Term MFA Mortgage Backed Security Portfolio          | 13,131,459.00        |
| Non-US Developed Markets Fund (SIC)                       | 644,748.70           |
| Non-US Emerging Markets Fund (SIC)                        | 936,458.85           |
| Small/Mid Cap Fund (SIC)                                  | 515,608.68           |
| MFA Short-Term Investments                                | 19,695,921.00        |
| Cash Held for Operations/Warehoused MBS                   | 8,492,882.00         |
| Local Government Investment Pool                          | 11,203,039.00        |

### Cumulative Market Value SIC Assets

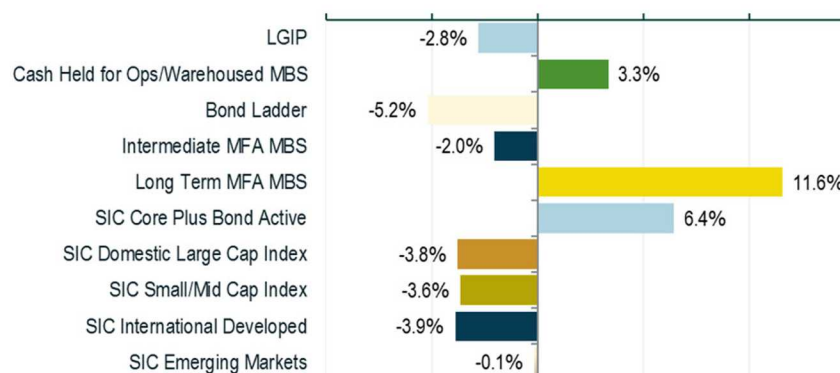


## ► Portfolio Review as of 9.30.23 – General Fund

| Asset Class                      | Actual<br>\$000s | Actual %      | Target %      | Maximum Allocation | Over/Under<br>Target % | Over/Under<br>\$000s |
|----------------------------------|------------------|---------------|---------------|--------------------|------------------------|----------------------|
| <b>Short Term</b>                | <b>\$19,696</b>  | <b>24.7%</b>  | <b>20%</b>    | <b>25%</b>         | <b>4.7%</b>            | <b>\$3,771</b>       |
| LGIP                             | \$11,203         | 14.1%         | 6%            | 11%                | 8.1%                   | \$6,426              |
| Cash Held for Ops/Warehoused MBS | \$8,493          | 10.7%         | 14%           | 19%                | -3.3%                  | (\$2,654)            |
| <b>Intermediate Term</b>         | <b>\$27,646</b>  | <b>34.7%</b>  | <b>40%</b>    | <b>45%</b>         | <b>-5.3%</b>           | <b>(\$4,203)</b>     |
| Bond Ladder                      | \$15,966         | 20.1%         | 27%           | 32%                | -6.9%                  | (\$5,532)            |
| Intermediate MFA MBS             | \$11,680         | 14.7%         | 13%           | 18%                | 1.7%                   | \$1,329              |
| <b>Long Term</b>                 | <b>\$32,281</b>  | <b>40.5%</b>  | <b>40%</b>    | <b>45%</b>         | <b>0.5%</b>            | <b>\$432</b>         |
| Long Term MFA MBS                | \$13,131         | 16.5%         | 4%            | 9%                 | 12.5%                  | \$9,947              |
| SIC Credit Plus Pool             | \$12,632         | 15.9%         | 12%           | 17%                | 3.9%                   | \$3,077              |
| SIC Domestic Large Cap Index     | \$4,421          | 5.6%          | 11%           | 16%                | -5.4%                  | (\$4,337)            |
| SIC Small/Mid Cap Index          | \$516            | 0.6%          | 5%            | 10%                | -4.4%                  | (\$3,466)            |
| SIC International Developed      | \$645            | 0.8%          | 6%            | 11%                | -5.2%                  | (\$4,133)            |
| SIC Emerging Markets             | \$936            | 1.2%          | 2%            | 7%                 | -0.8%                  | (\$656)              |
| <b>Total Portfolio</b>           | <b>\$79,623</b>  | <b>100.0%</b> | <b>100.0%</b> |                    |                        |                      |



**Change from Prior Fiscal Year**



## Allocation Review 9.30.23

- In June, \$13.1M was added to the Intermediate and Long-Term MBS portfolios. As such, certain sub-class allocations are outside of allowable IPS bands. All high-level allocations (Short, Intermediate and Long Term) are within IPS allowable ranges.
- In September, allocations to the SIC Equity sleeves were reduced to lower limits and allocated to the SIC Credit Plus sleeve. In addition, \$2M was withdrawn from SIC assets and transferred to the Bond Ladder to bring the Intermediate Term allocation within allowable ranges as outlined in the IPS.

NM MFA General Fund Allocations - Market Values as of 9/30/2023

| Asset Class  | Current Holdings    | Current Allocation | Over/Under Target | IPS Lower Limit | IPS Strategic Target | IPS Upper Limit |
|--|---------------------|--------------------|-------------------|-----------------|----------------------|-----------------|
| <b>SHORT TERM INVESTMENTS (Less than 1 Yr)</b>     | <b>\$19,695,921</b> | <b>25%</b>         | <b>4.7%</b>       | <b>15%</b>      | <b>20%</b>           | <b>25%</b>      |
| Local Government Investment Pool                   | \$11,203,039        | 14%                | 8%                | 1%              | 6%                   | 11%             |
| Cash Held for Operations/Warehoused MBS            | \$8,492,882         | 11%                | -3%               | 9%              | 14%                  | 19%             |
| <b>INTERMEDIATE TERM INVESTMENTS (1 to 10 Yrs)</b> | <b>\$27,646,066</b> | <b>35%</b>         | <b>-5.3%</b>      | <b>35%</b>      | <b>40%</b>           | <b>45%</b>      |
| Bond Ladder  | \$15,966,251        | 20%                | -7%               | 22%             | 27%                  | 32%             |
| Intermediate MFA MBS Portfolio                     | \$11,679,815        | 15%                | 2%                | 8%              | 13%                  | 18%             |
| <b>LONG TERM INVESTMENTS (More than 10 Yrs)</b>    | <b>\$32,281,425</b> | <b>41%</b>         | <b>0.5%</b>       | <b>34%</b>      | <b>40%</b>           | <b>45%</b>      |
| Long-Term MFA MBS                                  | \$13,131,459        | 16%                | 12%               | 0%              | 4%                   | 9%              |
| Credit Plus Pool (SIC)                             | \$12,631,688        | 16%                | 4%                | 7%              | 12%                  | 17%             |
| Domestic Large Cap Index (SIC)                     | \$4,421,461         | 6%                 | -5%               | 6%              | 11%                  | 16%             |
| Small/Mid Cap Index (SIC)                          | \$515,609           | 1%                 | -4%               | 0%              | 5%                   | 10%             |
| International Developed (SIC)                      | \$644,749           | 1%                 | -5%               | 1%              | 6%                   | 11%             |
| Emerging Markets (SIC)                             | \$936,459           | 1%                 | -1%               | 0%              | 2%                   | 7%              |
| <b>TOTAL</b>                                       | <b>\$79,623,412</b> | <b>100.0%</b>      |                   |                 | <b>100%</b>          |                 |



## ► DISCLOSERS

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Albuquerque, NM 87104

Compliance@ulrichcg.com or Johnu@ulrichcg.com

### Target Benchmark Disclosures

**Beginning 6/1/2022, the NM MFA Policy Benchmark is comprised of 20% 90-Day US Treasury Bills, 12% Bloomberg Barclay's Universal; 17% Bloomberg Aggregate Mortgage-Backed Bond Idx, 27% Bloomberg Aggregate 1-3 Year Gov't Bond Idx, 16% Russell 3000 and 8% MSCI-ACWI-Ex US.**



**Take aim.**



# MEMO

TO: MFA Board of Directors

Through: Policy Committee November 2, 2023

Through: Finance Committee November 7, 2023

FROM: Rene Acuna, Director of Homeownership

DATE: November 15, 2023

SUBJECT: FirstDown Plus Program Policy

## *Recommendation*

Staff recommends the approval of the First Down Plus Program Policy.

## *Background*

The NM Housing Trust Fund Advisory Committee approved the use of NMHTF money for down payment assistance on January 9, 2023. In April of 2023, The MFA Board of Directors approved allocating \$8.5 million of the NMHTF 2024 funds toward down payment assistance activities. MFA also received approval from the New Mexico State Board of Finance for the use of NMHTF-STB that would become available in July 2023 for certain activities.

Rising interest rates and home prices have created a gap in borrower's ability to purchase an affordable home. In our efforts to continue to support homeownership opportunities, we are allocating \$5.5million from the New Mexico Housing Trust to fund a new down payment assistance program.

## *Discussion*

The single largest obstacle we face is deploying funds quickly and adjusting program requirements. The FirstDown Plus Policy is written in a manner that establishes the maximum allowances for the program.

This would allow MFA to adjust the program based on current market conditions or to fulfill the funding source requirements. Some funding sources require that the funds be used in a certain way. Examples include but are not limited to restricting the use of funds from covering closing costs and fulfilling affordability periods.

The attached policy establishes the creation of the program and sets programmatic limits. MFA's Policy Committee will review and approve the program loan terms as adjustments are needed in accordance with funding source requirements along with determining how best to deploy the funds.

For example, the proposed policy states the maximum loan amount cannot exceed \$15,000. Based on the amount received from the funding source, The Policy Committee may set a maximum loan amount of \$10,000 which is within the approved policy.

The department will prepare a “Program Sheet” that outlines the current loan terms approved by Policy Committee and within established program policy. The Program Sheet will be distributed through a Lender Memo and placed on the website for reference.

### *Summary*

Staff proposes the approval of the attached FirstDown Plus program policy.

# FirstDown Plus Down Payment Assistance Program Policy

November 15, 2023

## Program Description:

The FirstDown Plus Down Payment Assistance Program (the “FirstDown Plus DPA Program”) is designed to assist low-income first-time homebuyers in purchasing a home. The program promotes statewide partnerships among MFA Participating Lenders and non-profit/public housing agencies and will help in offering increased access to homeownership for borrowers in communities that typically have limited access to affordable financing options.

## Eligible Mortgage Lenders:

Mortgage Lenders must be approved by MFA (“Participating Lender”) to originate FirstDown Plus Down Payment Assistance (DPA) Program loans. MFA maintains a list of Participating Lenders on the MFA website ([www.housingnm.org](http://www.housingnm.org)).

## Eligible FirstDown Plus DPA Program Loans:

FirstDown Plus DPA Program loans may only be used toward financing the **down payment**. **Utilizing program funds to cover closing costs is strictly prohibited.** The FirstDown Plus Program loan must be made in conjunction with MFA’s FirstHome, federally insured (FHA, VA, and USDA Rural Development Guarantee, HUD 184) or privately insured (FNMA’s HFA Preferred <sup>TM</sup> or Freddie Mac’s HFA Advantage<sup>®</sup>) first mortgage programs. FirstDown Plus may be combined with another MFA first time homebuyer DPA program, unless otherwise specified or restricted.

## Availability of Funds:

FirstDown Plus DPA Program funds are limited and may be reserved on a first come, first served basis in conjunction with a FirstHome Program loan through an MFA approved participating lender. A portion of these funds may be set aside by MFA for use in rural communities and economically distressed census tracts. Refer to current program requirements which are available on MFA’s website. Reservations of funds are made through MFA’s online reservation system, which can be accessed on MFA’s website ([www.housingnm.org/lenders\\_realtors/online-reservations](http://www.housingnm.org/lenders_realtors/online-reservations)). Program funds are exclusively available to borrower(s) who obtain a FirstHome mortgage loan through an approved participating lender.

## Eligible Borrowers:

The Annual Household Income will be established in accordance with the MFA’s Rules and Regulations. These limits may change from time to time. Current program requirements are published in the program guidelines, which are available on MFA’s website.

- Household Income Limits, as specified in the MFA Rules and Regulations, may be adjusted from time to time by MFA as allowed in the MFA Rules and Regulations. Refer to current program requirements which are available on MFA’s website.
- The FirstDown Plus DPA Program requires the borrower to be a first-time homebuyer.

- The *FirstDown Plus* DPA Program is eligible for any income limit waivers associated with other MFA programs such as allowed in Target Area Census tracts.
- Borrower(s) must meet all other eligibility requirements set forth in the *FirstHome* program policy.

### **Property Eligibility:**

All areas of the state, including Federally Designated Tribal Land, are eligible for the program.

- Properties must be owner-occupied, Single-family residences.
- Property types eligible for financing under the *FirstDown Plus* DPA Program include Single family detached properties, townhomes, condominiums, homes in Planned Unit Developments and manufactured homes on permanent foundations.
- Requirements such as income, purchase price limits and other program requirements are outlined in the “Program Guide”. The Program Guide is accessible on MFA’s website ([www.housingnm.org](http://www.housingnm.org)).

### **Interest Rate and Terms:**

Interest rates and loan terms are subject to the funding source requirements. In general interest rates and loan terms will range from zero percent (0%) to a market plus established margin. The mortgage loan terms may also vary from a 10- or 15- year non amortizing to a 10- or 15-year Amortizing loan. Additionally, the loan may or may not incorporate a forgiveness feature. The *FirstDown Plus* loans do not carry a prepayment penalty.

The Program Guidelines provide all pertinent information including pricing and loan terms. Program requirements and loan terms subject to change depending on funding source.

### **Fees:**

Participating Lenders may charge the borrower an origination fee not to exceed five hundred dollars (\$500.00) in conjunction with *FirstDown Plus* DPA Program loans. Other allowable fees that may be charged in conjunction with this loan program include the recording fees, and settlement/closing fees.

MFA, as administrator, may charge additional fees to release the mortgage at time of payoff. No other fees may be charged in conjunction with the *FirstDown Plus* DPA Program loan other than those previously mentioned.

### **Maximum Loan Amount:**

*FirstDown Plus* DPA Program loan amounts are published in the program guide as they may change from time to time. In no case will the loan amount exceed \$15,000. Program Guidelines are available on the MFA’s website.



When combined with other MFA administered funds, the maximum DPA assistance for each home purchase may not exceed \$35,000.

### **Pre-Purchase Housing Counseling:**

Homebuyer counseling is required for all first-time homebuyers (“FTHB”) including co-borrowers. FTHB must complete a homebuyer counseling course through eHomeAmerica or another HUD approved housing counseling agency. (Certificates from Mortgage Insurance Companies are not acceptable).

### **Affordability Period:**

*FirstDown Plus* DPA Program loans may require a minimum affordability period as required by the programs funding source. Should the homebuyer cease to reside in the home as a principal residence (by vacating, selling, or renting the unit) during the period of affordability, then the full amount of the *FirstDown Plus* DPA Program loan will be due and payable immediately. Refer to current program requirements which are available on MFA’s website.

### **Loan Closing:**

The *FirstDown Plus* Mortgage Loan must close in the Lender’s name on MFA’s *FirstDown Plus* DPA Program Note and Mortgage. The Lender must use MFA’s MERS #1013401 to assign the mortgage to MFA via MERS.

The Note must be endorsed to New Mexico Mortgage Finance Authority it’s successors and or assigns.

- The Lender must ensure that the *FirstDown Plus* DPA Program loan meets all applicable program guidelines and has been Compliance Approved by MFA prior to the loan closing.

The *FirstDown Plus* DPA Program loan must be closed according to the terms specified in the Compliance Approval/Purchase Commitment (“Commitment”) and the Closed Loan File delivered to the Contract Service Provider prior to the Final Mortgage Loan Purchase Date as specified on the Commitment. The Closed Loan Checklist outlines the documents that must be submitted by the Lender. Failure by the Lender to submit the required documentation prior to the purchase expiration date may result in MFA’s determination that the loan is not eligible for the program or MFA will charge a fee to the Lender for an extension or the loan may be purchased from the Lender on a worst case, Mark-to-Market basis. In these cases, MFA will not be obligated to authorize the Contract Service Provider to purchase the loan.

**Funding:**

*FirstDown Plus* DPA Program loans must be delivered to and purchased by the Contract Service Provider via Lender Connection prior to the Final Mortgage Loan Purchase Date as specified on the Commitment. The Closed Loan Checklist outlines the documents that must be submitted by the Lender. In addition, if at the time the Closed Loan File is reviewed, and the *FirstDown Plus* DPA Program Loan is found to be ineligible MFA will not be obligated to authorize the purchase of the loan.

**Servicing:**

MFA will service all *FirstDown Plus* DPA Program loans.

New Mexico Mortgage Finance Authority

Combined Financial Statements  
and Schedules

September 30, 2023

Unaudited

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**FINANCIAL REVIEW**  
**For the twelve-month period ended September 30, 2023**

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

|   | 12 months<br><u>9/30/2023</u> | 12 months<br><u>9/30/2022</u> | % Change<br><u>Year / Year</u> | Forecast<br><u>9/30/2023</u> | Actual to<br><u>Forecast</u> | Forecast/Target<br><u>9/30/23</u> |
|---|-------------------------------|-------------------------------|--------------------------------|------------------------------|------------------------------|-----------------------------------|
| <b>PRODUCTION</b>   |                               |                               |                                |                              |                              |                                   |
| 1 Single family issues (new money):   | \$315.0                       | \$390.0                       | -19.2%                         | \$300.0                      | 5.0%                         | \$300.0                           |
| 2 Single family loans sold (TBA):   | \$21.4                        | \$83.7                        | -74.5%                         | \$10.0                       | 114.0%                       | \$10.0                            |
| 3 Total Single Family Production  | \$336.4                       | \$473.7                       | -29.0%                         | \$310.0                      | 8.5%                         | \$310.0                           |
| 4 Single Family Bond MBS Payoffs:   | \$54.5                        | \$146.6                       | -62.8%                         | \$47.9                       | 13.9%                        | \$47.9                            |
| <b>STATEMENT OF NET POSITION</b>  |                               |                               |                                |                              |                              |                                   |
| 5 Avg. earning assets:  | \$1,769.8                     | \$1,567.0                     | 12.9%                          | \$1,721.9                    | 2.8%                         | \$1,721.9                         |
| 6 General Fund Cash and Securities:   | \$107.5                       | \$91.9                        | 16.9%                          | \$87.8                       | 22.5%                        | \$87.8                            |
| 7 General Fund SIC FMV Adj.:  | \$1.1                         | -\$4.0                        | 128.6%                         | \$0.0                        | N/A                          | \$0.0                             |
| 8 Total bonds outstanding:  | \$1,547.4                     | \$1,393.9                     | 11.0%                          | \$1,422.4                    | 8.8%                         | \$1,422.4                         |
| <b>STATEMENT OF REVENUES, EXPENSES AND NET POSITION</b>                       |                               |                               |                                |                              |                              |                                   |
| 9 General Fund expenses (excluding capitalized assets):                       | \$26.5                        | \$25.6                        | 3.6%                           | \$27.5                       | -3.7%                        | \$27.5                            |
| 10 General Fund revenues:   | \$34.3                        | \$27.5                        | 24.6%                          | \$29.9                       | 14.8%                        | \$29.9                            |
| 11 Combined net revenues (all funds):   | \$15.4                        | \$0.2                         | 6968.1%                        | \$10.0                       | 54.8%                        | \$10.0                            |
| 12 Combined net revenues excluding SIC FMV Adj. (all funds):                  | \$14.6                        | \$6.3                         | 131.2%                         | \$10.0                       | 47.2%                        | \$10.0                            |
| 13 Combined net position:   | \$301.0                       | \$285.6                       | 5.4%                           | \$296.1                      | 1.7%                         | \$296.1                           |
| 14 Combined return on avg. earning assets:                                    | 0.87%                         | 0.01%                         | 6158.3%                        | 0.58%                        | 50.1%                        | 0.58%                             |
| 15 Combined return on avg. earning assets excluding SIC FMV Adj. (all funds): | 0.83%                         | 0.40%                         | 104.7%                         | 0.58%                        | 42.7%                        | 0.58%                             |
| 16 Net TBA profitability:   | 0.57%                         | 0.31%                         | 83.0%                          | 0.57%                        | 0.0%                         | 0.57%                             |
| 17 Combined interest margin:  | 0.86%                         | 0.55%                         | 55.7%                          | 0.79%                        | 8.6%                         | 0.79%                             |
| <b>MOODY'S BENCHMARKS</b>   |                               |                               |                                |                              |                              |                                   |
| 18 Net Asset to debt ratio (5-yr avg):  | 24.51%                        | 26.05%                        | -5.9%                          | 25.18%                       | -2.6%                        | 25.18%                            |
| 19 Net rev as a % of total rev (5-yr avg):                                    | 10.75%                        | 11.07%                        | -2.8%                          | 10.12%                       | 6.3%                         | 10.12%                            |
| <b>SERVICING</b>  |                               |                               |                                |                              |                              |                                   |
| 20 Subserviced portfolio  | \$2,126.6                     | \$1,900.9                     | 11.9%                          | \$2,015.4                    | 5.5%                         | \$2,015.4                         |
| 21 Servicing Yield (subserviced portfolio)                                    | 0.39%                         | 0.41%                         | -4.3%                          | 0.38%                        | 3.9%                         | 0.38%                             |
| 22 Combined average delinquency rate (MFA serviced)                           | 8.12%                         | 8.03%                         | 1.1%                           | 9.50%                        | -14.5%                       | 9.50%                             |
| 23 DPA loan delinquency rate (all)  | 8.14%                         | 7.80%                         | 4.4%                           | N/A                          | N/A                          | N/A                               |
| 24 Default rate (MFA serviced-annualized)                                     | 0.69%                         | 0.80%                         | -13.8%                         | 1.30%                        | -46.9%                       | 1.30%                             |
| 25 Subserviced portfolio delinquency rate (first mortgages)                   | 12.18%                        | 10.48%                        | 16.2%                          | N/A                          | N/A                          | N/A                               |
| 26 Purchased Servicing Rights Valuation Change (as of 9/30/23)                | \$11.9                        | \$11.5                        | 3.3%                           | N/A                          | N/A                          | N/A                               |

**Legend:**

Positive Trend    Caution    Negative Trend    Known Trend/Immaterial

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**FINANCIAL REVIEW**  
**For the twelve-month period ended September 30, 2023**

**SUMMARY OF BOND ISSUES:**

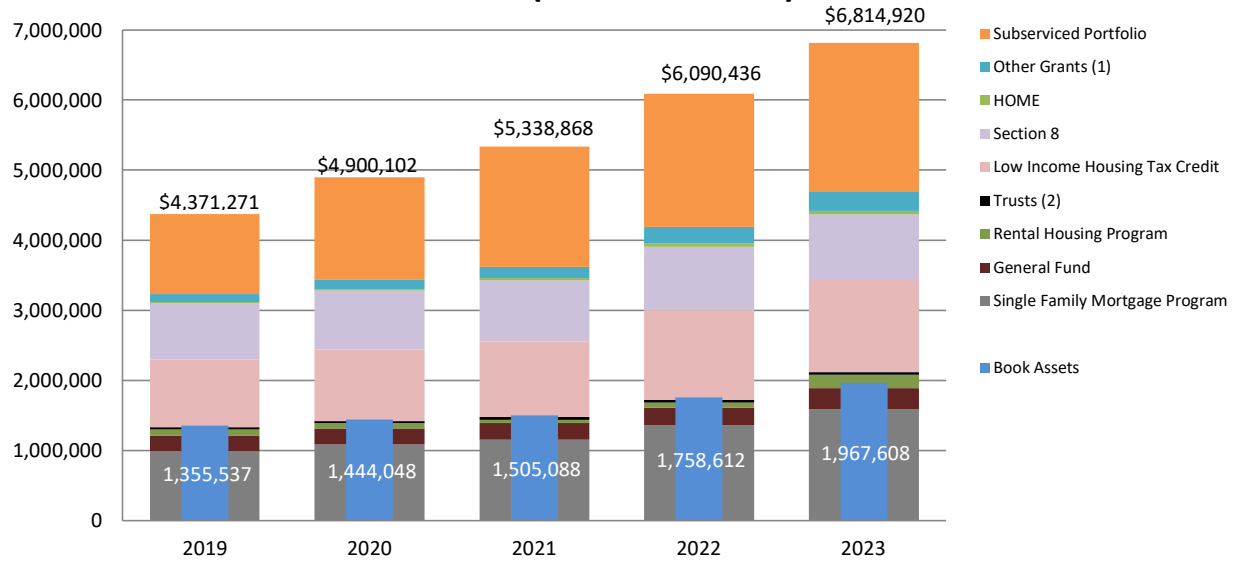
Single Family Issues:

\$74.99 mm Series 2022E (November)  
\$60.00 mm Series 2023A (February)  
\$80.00 mm Series 2023B (May)  
\$100.00 mm Series 2023C (August)

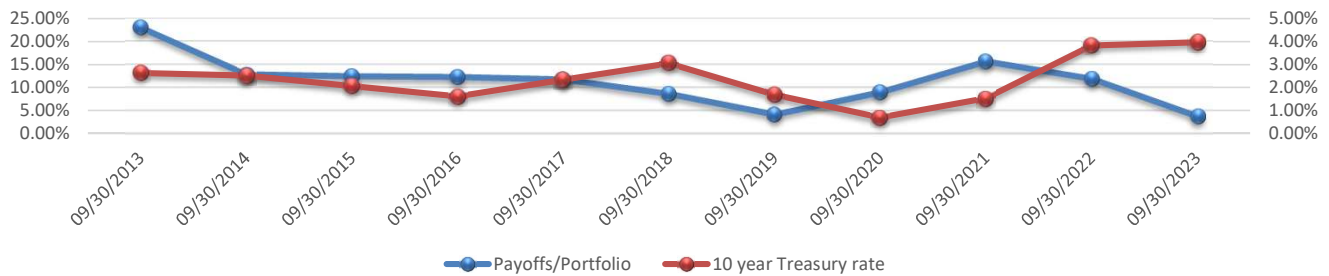
**CURRENT YEAR FINANCIAL TRENDS & VARIANCES:**

- The single-family production has decreased from last year due to headwinds from rising home prices, climbing mortgage rates, and high inflation. Due to changes in the economics of the mortgage program, we currently favor issuing tax-exempt bonds as the primary loan financing tool. In June, we started to sell Mortgage-Backed Securities (MBS) originated through our HomeForward mortgage program into the TBA market. The issuance of bonds is currently producing a lower mortgage rate for the First Home program than the sales of those loans to the TBA market. As a result, MFA is likely to lean more heavily toward bond financing and continue to use the TBA market where beneficial. Payoffs slowed by 63% since last year due to rising mortgage rates discouraging homeowners from refinancing their loans.
- The Return on Average earnings assets was 0.87%, which is significantly better than last year as we rely heavily on bond financing, which led to growth in earning assets as new mortgage loans with higher interest rates are added to the balance sheet and earn interest revenue. Cash through bond proceeds and mortgage payments are invested in short-term funds earning higher interest revenue.
- The General Fund expenses increased 3.59% compared to last year, while the General Fund revenue increased by 24.62% due to interest from loans and investments, administrative fees and loan servicing income recognized higher than budgeted. The rise in short-term rates is having a direct and immediate positive effect on MFA earnings.
- The combined interest margin of 0.86% increased from the FY22 year-end mark of 0.55% due to higher income from interest on loans and investments. The rising interest rates are positively impacting loan portfolio performance, bolstering MFA's investment income and discouraging homeowners from refinancing their loans.
- Based on Moody's issuer credit rating scorecard, MFA's 24.51% net asset to debt ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA's creditworthiness under stressful circumstances (> 20 %). The net revenue as a percent of total revenue measures performance and profitability. MFA's 10.75% ratio (5-year average) is just within the optimal range (10-15%) because the percentage was low in fiscal 2022 due to decreased FMV of SIC investments, lower TBA profitability resulting from market changes, and increased repurchased loan expenses. Although net revenue has increased substantially in FY23, the ratio remains below target because total revenue includes federal grants that have increased 52% this fiscal year.
- Moody's Investor Services completed an updated credit opinion on MFA's Issuer Credit Rating in June 2020. They assigned the Aa3/stable rating. Comments included a high asset-to-debt ratio, good profitability, and a low-risk profile due to a mortgage-backed security structure, and no exposure to variable-rate debt. Additionally, Moody's reaffirmed the Aaa/stable rating on the single-family indenture in October 2023, noting a high quality of collateral and future profitability.
- The Servicing Department monitors delinquencies and defaults to identify reduction strategies and refer borrowers to available loss mitigation programs. The Subserviced Portfolio delinquency rate is 12.18%. The subserviced portfolio is approximately 85% FHA-insured loans. The Mortgage Bankers Association quarterly survey as of June 30, 2023, indicates that the delinquency rate for FHA loans nationally is 8.95%, and for New Mexico is 6.59%. In addition, FHA Single Family Loan Performance Trends for August 2023 showed 12.85% delinquency (for purchase loans only), which decreased from 12.86% in July 2023.
- The fair market value for purchased servicing rights as of September 2023 is \$32.0 million, an increase of about \$11.9 million over cost. GASB requires MFA to record the value of servicing rights at the 'lower of cost or market'. The elevated FMV is related to decreased prepayment speed projections, and increased earnings rates impacted portfolio value positively. The current recorded cost of the asset is \$20.1 million. Valuations are obtained every quarter.

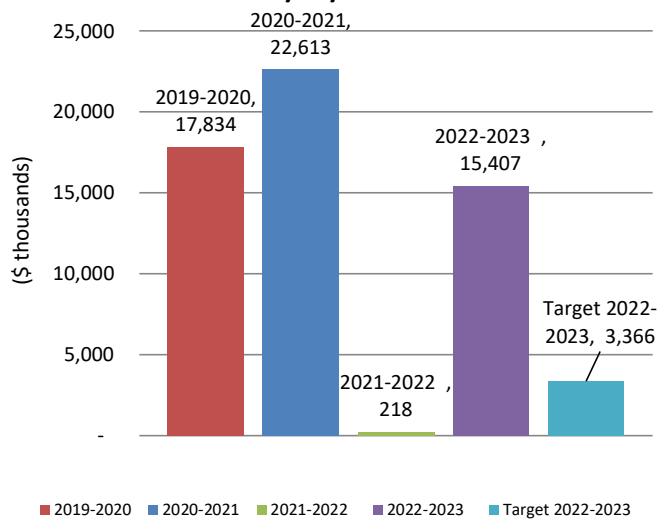
## Assets Under Management as of 09/30/2023 (\$ in thousands)



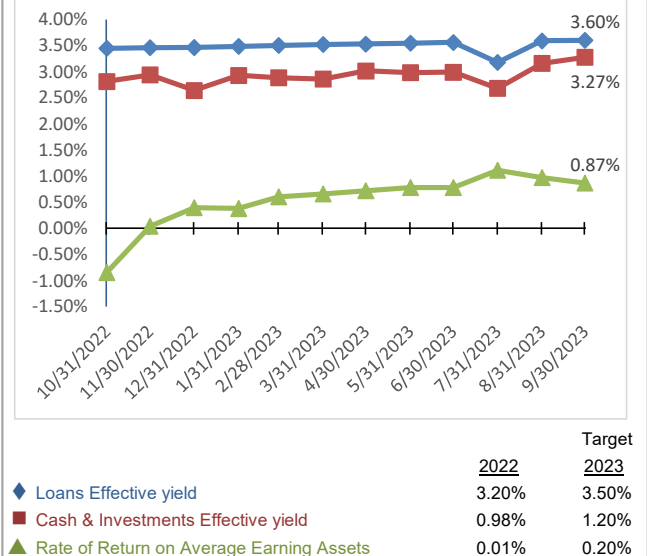
## YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2023



## YTD Excess Revenues over Expenses as of 9/30/2023

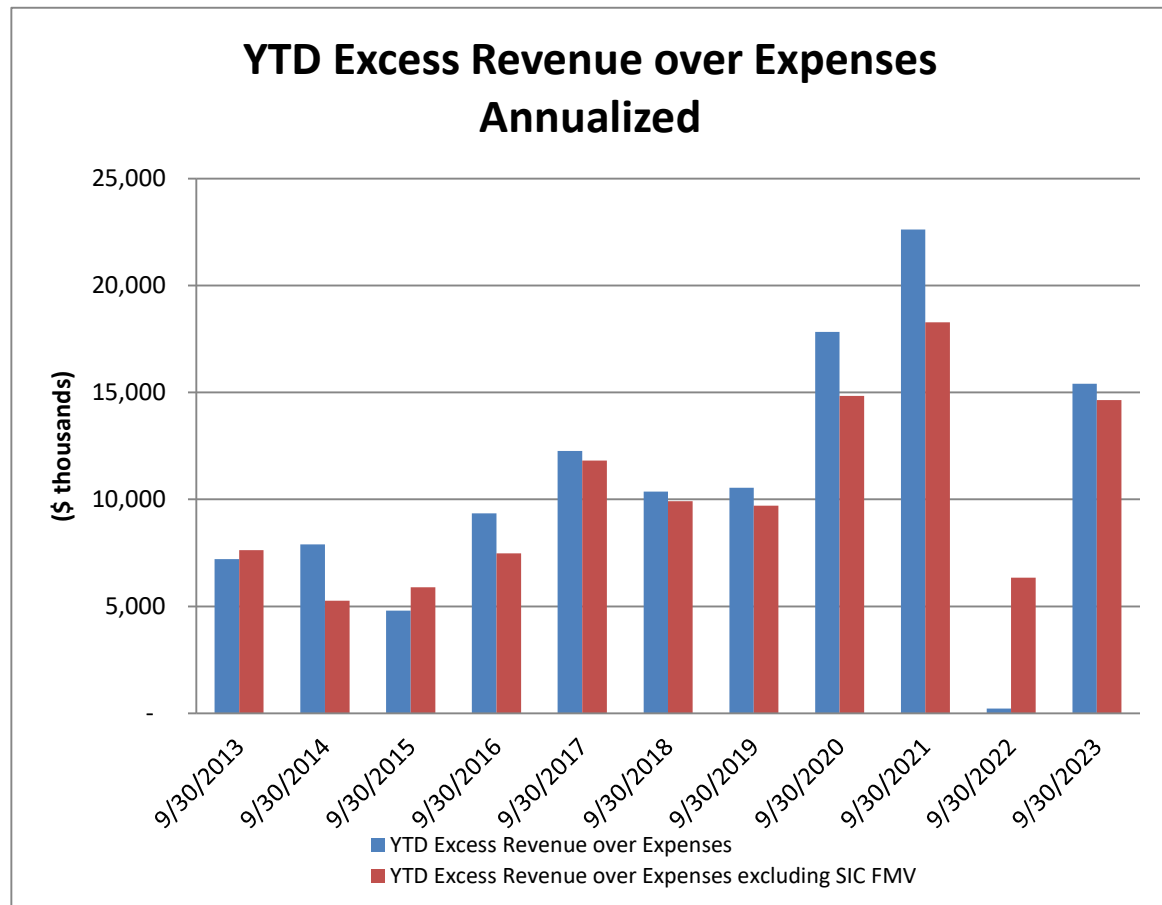
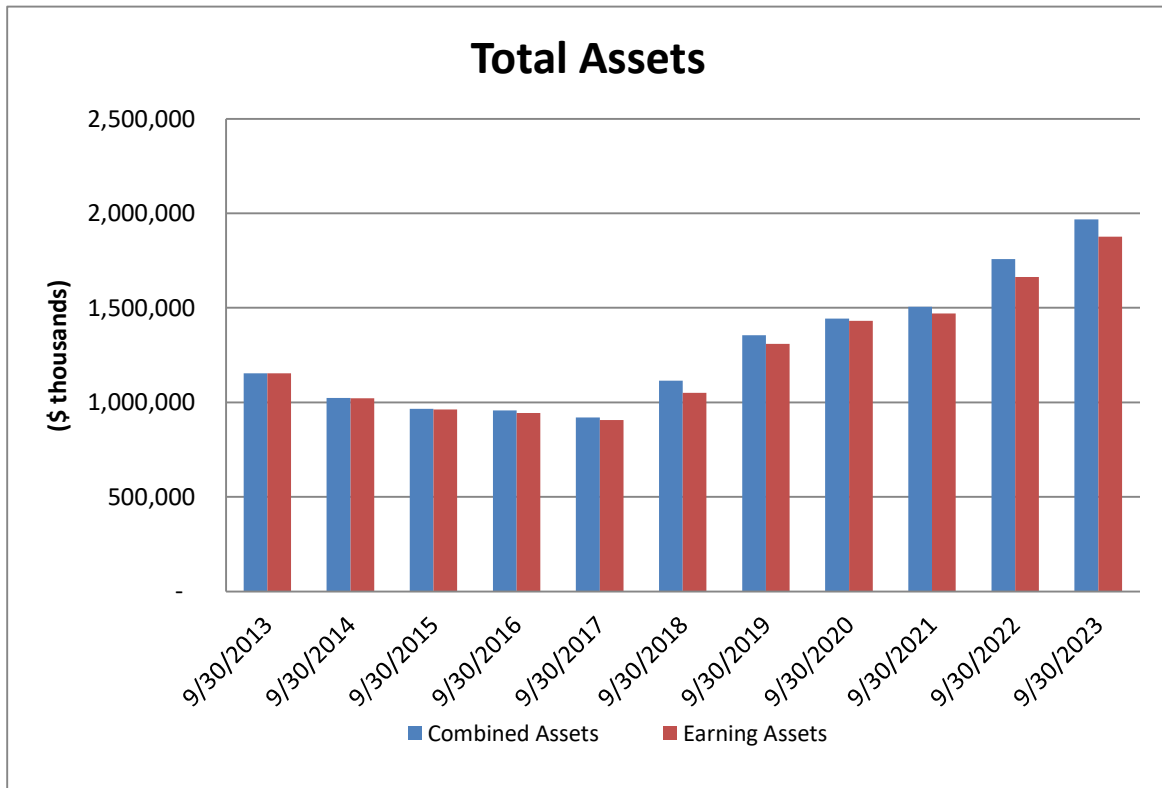


## Yield Targets 9/30/2023

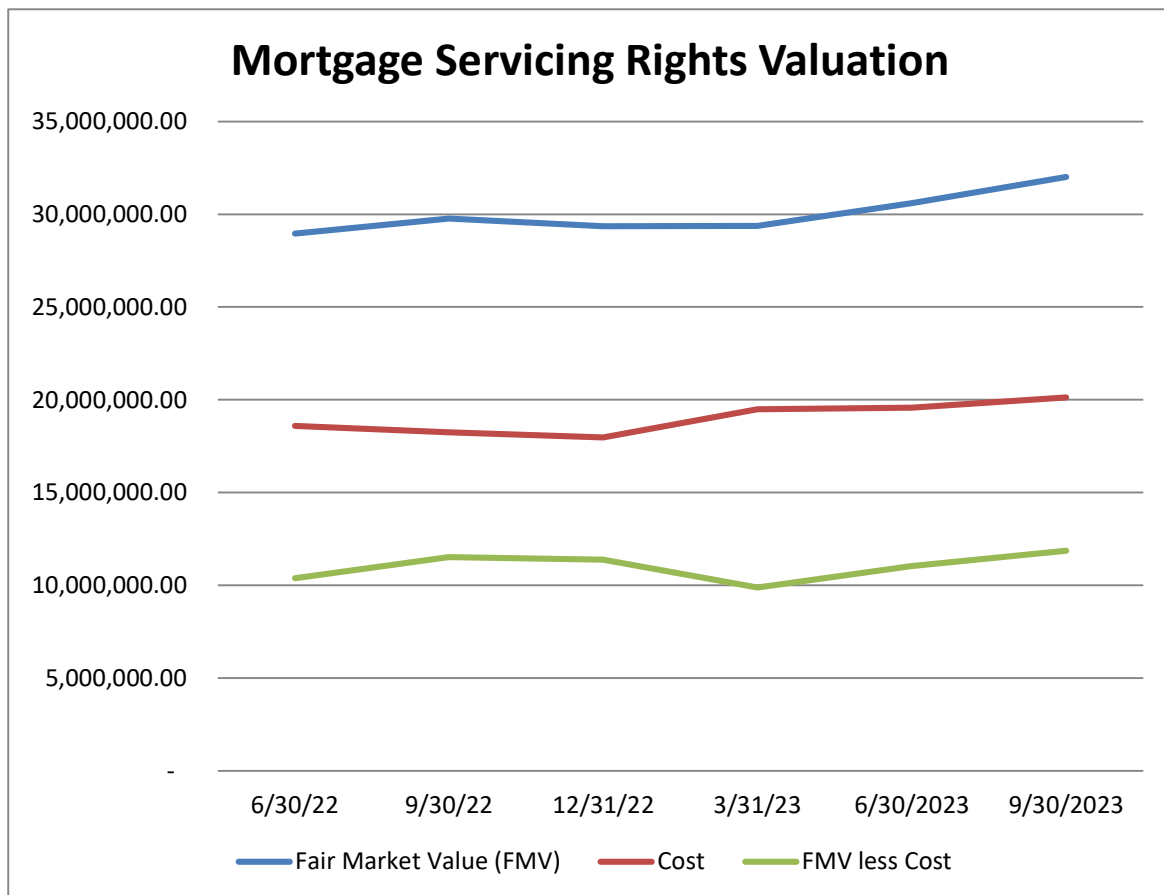
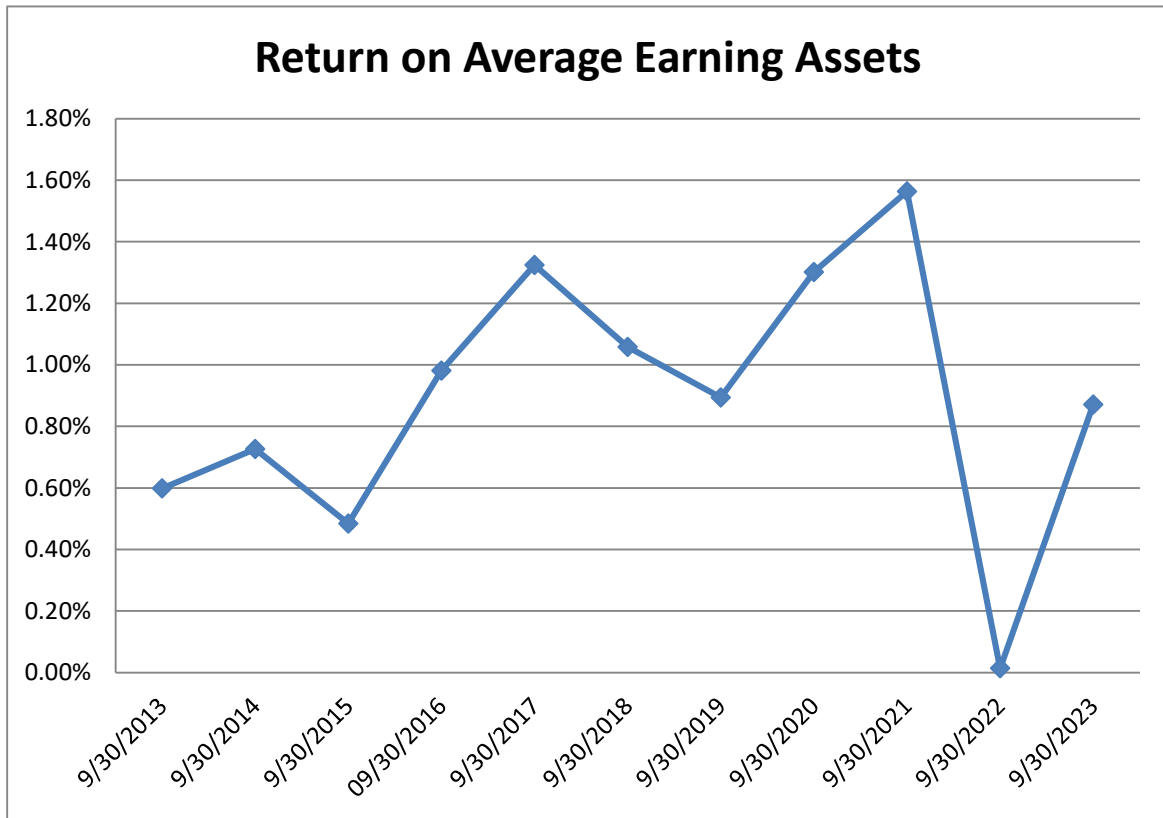


(1) Weatherization Assistance Programs; Emergency Shelter Grant; State Homeless; Housing Opportunities for People With Aids; NM State Tax Credit; Governor's Innovations; EnergySaver; Tax Credit Assistance Program; Tax Credit Exchange; Neighborhood Stabilization Program; Section 811 PRA; Homeownership 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  
SEPTEMBER 2023  
(THOUSANDS OF DOLLARS)

|   | <u>YTD 9/30/23</u>   | <u>YTD 09/30/22</u>  |
|---|----------------------|----------------------|
| <u>ASSETS:</u>                                    |                      |                      |
| <u>CURRENT ASSETS:</u>                            |                      |                      |
| CASH & CASH EQUIVALENTS                           | \$52,514             | \$44,588             |
| RESTRICTED CASH HELD IN ESCROW                    | 10,590               | 9,782                |
| SHORT-TERM INVESTMENTS                            | -                    | -                    |
| ACCRUED INTEREST RECEIVABLE                       | 6,002                | 4,378                |
| OTHER CURRENT ASSETS                              | 9,161                | 5,648                |
| ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)          | -                    | 6                    |
| INTER-FUND RECEIVABLE (PAYABLE)                   | 0                    | 0                    |
| TOTAL CURRENT ASSETS                              | <u>78,267</u>        | <u>64,402</u>        |
| <br>CASH - RESTRICTED                             | <br>116,349          | <br>140,219          |
| LONG-TERM & RESTRICTED INVESTMENTS                | 69,410               | 63,116               |
| INVESTMENTS IN RESERVE FUNDS                      | -                    | -                    |
| FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS        | 1,467,093            | 1,216,737            |
| MORTGAGE LOANS RECEIVABLE                         | 211,128              | 187,931              |
| ALLOWANCE FOR LOAN LOSSES                         | (9,540)              | (10,131)             |
| NOTES RECEIVABLE                                  | -                    | -                    |
| FIXED ASSETS, NET OF ACCUM. DEPN                  | 11,601               | 1,793                |
| OTHER REAL ESTATE OWNED, NET                      | 2,497                | 1,597                |
| OTHER NON-CURRENT ASSETS                          | 10                   | 14                   |
| INTANGIBLE ASSETS                                 | 20,641               | 18,379               |
| TOTAL ASSETS                                      | <u>1,967,455</u>     | <u>1,684,056</u>     |
| <br><u>DEFERRED OUTFLOWS OF RESOURCES</u>         |                      |                      |
| REFUNDINGS OF DEBT                                | 153                  | 187                  |
| <br>TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES | <br><u>1,967,608</u> | <br><u>1,684,243</u> |
| <br><u>LIABILITIES AND NET POSITION:</u>          |                      |                      |
| <u>LIABILITIES:</u>                               |                      |                      |
| <u>CURRENT LIABILITIES:</u>                       |                      |                      |
| ACCRUED INTEREST PAYABLE                          | \$8,339              | \$7,517              |
| ACCOUNTS PAYABLE AND ACCRUED EXPENSES             | 20,335               | 23,944               |
| ESCROW DEPOSITS & RESERVES                        | 10,370               | 9,650                |
| TOTAL CURRENT LIABILITIES                         | <u>39,045</u>        | <u>41,111</u>        |
| <br>BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT    | <br>1,547,359        | <br>1,325,981        |
| MORTGAGE & NOTES PAYABLE                          | 79,342               | 31,053               |
| ACCRUED ARBITRAGE REBATE                          | -                    | -                    |
| OTHER LIABILITIES                                 | 603                  | 214                  |
| TOTAL LIABILITIES                                 | <u>1,666,349</u>     | <u>1,398,358</u>     |
| DEFERRED INFLOWS                                  | 244                  | 277                  |
| TOTAL LIAB/DEFERRED INFLOWS                       | <u>1,666,593</u>     | <u>1,398,635</u>     |
| <br><u>NET POSITION:</u>                          |                      |                      |
| NET INVESTED IN CAPITAL ASSETS                    | 11,601               | 1,793                |
| UNAPPROPRIATED NET POSITION (NOTE 1)              | 70,265               | 62,100               |
| APPROPRIATED NET POSITION (NOTE 1)                | 219,149              | 221,715              |
| TOTAL NET POSITION                                | <u>301,015</u>       | <u>285,608</u>       |
| <br>TOTAL LIABILITIES & NET POSITION              | <br><u>1,967,608</u> | <br><u>1,684,243</u> |

NEW MEXICO MORTGAGE FINANCE AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 2023  
(THOUSANDS OF DOLLARS)

|  | <u>YTD 9/30/23</u> | <u>YTD 09/30/22</u> |
|--|--------------------|---------------------|
| <u>OPERATING REVENUES:</u>                     |                    |                     |
| INTEREST ON LOANS                              | \$55,292           | \$42,474            |
| INTEREST ON INVESTMENTS & SECURITIES           | 7,481              | 2,211               |
| LOAN & COMMITMENT FEES                         | 3,499              | 3,521               |
| ADMINISTRATIVE FEE INCOME (EXP)                | 5,584              | 6,339               |
| RTC, RISK SHARING & GUARANTY INCOME            | 540                | 398                 |
| HOUSING PROGRAM INCOME                         | 1,755              | 1,871               |
| LOAN SERVICING INCOME                          | 9,951              | 10,244              |
| OTHER OPERATING INCOME                         | -                  | -                   |
| SUBTOTAL OPERATING REVENUES                    | <u>84,101</u>      | <u>67,058</u>       |
| <u>NON-OPERATING REVENUES:</u>                 |                    |                     |
| ARBITRAGE REBATE INCOME (EXPENSE)              | -                  | -                   |
| GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT     | 579                | (5,747)             |
| OTHER NON-OPERATING INCOME                     | 127                | 1                   |
| GRANT AWARD INCOME                             | 103,553            | 68,184              |
| SUBTOTAL NON-OPERATING REVENUES                | <u>104,259</u>     | <u>62,438</u>       |
| TOTAL REVENUES                                 | <u>188,360</u>     | <u>129,496</u>      |
| <u>OPERATING EXPENSES:</u>                     |                    |                     |
| ADMINISTRATIVE EXPENSES                        | 22,136             | 22,007              |
| INTEREST EXPENSE                               | 47,588             | 36,090              |
| AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)    | (3,657)            | (3,233)             |
| PROVISION FOR LOAN LOSSES                      | 420                | 496                 |
| MORTGAGE LOAN & BOND INSURANCE                 | -                  | -                   |
| TRUSTEE FEES                                   | 165                | 148                 |
| AMORT. OF SERV. RIGHTS & DEPRECIATION          | 2,018              | 2,767               |
| BOND COST OF ISSUANCE                          | 2,819              | 3,673               |
| SUBTOTAL OPERATING EXPENSES                    | <u>71,490</u>      | <u>61,948</u>       |
| <u>NON-OPERATING EXPENSES:</u>                 |                    |                     |
| CAPACITY BUILDING COSTS                        | 160                | 233                 |
| GRANT AWARD EXPENSE                            | 101,302            | 67,141              |
| OTHER NON-OPERATING EXPENSE                    | -                  | -                   |
| SUBTOTAL NON-OPERATING EXPENSES                | <u>101,463</u>     | <u>67,374</u>       |
| TOTAL EXPENSES                                 | <u>172,953</u>     | <u>129,322</u>      |
| NET REVENUES                                   | 15,407             | 174                 |
| OTHER FINANCING SOURCES (USES)                 | -                  | -                   |
| NET REVENUES AND OTHER FINANCING SOURCES(USES) | <u>15,407</u>      | <u>174</u>          |
| NET POSITION AT BEGINNING OF YEAR              | <u>285,608</u>     | <u>285,434</u>      |
| NET POSITION AT 9/30/23                        | <u>301,015</u>     | <u>285,608</u>      |

NOTES TO FINANCIAL STATEMENTS  
(For Informational Purposes Only)  
(in Thousands of Dollars)

(Note 1) MFA Net Position as of September 30, 2023

UNAPPROPRIATED NET POSITION:

|                  |   |
|------------------|---|
| \$ 31,683        | is held by Bond Program Trustees and is pledged to secure repayment of the Bonds. |
| \$ 37,749        | is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.  |
| \$ 833           | is held for New Mexico Affordable Housing Charitable Trust.                       |
| <u>\$ 70,265</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:

|                   |  |
|-------------------|--|
| \$ 117,129        | for use in the Housing Opportunity Fund (\$106,954 in loans and grants plus \$10,175 unfunded, of which \$5,098 is committed). |
| \$ 25,128         | for future use in Single Family & Multi-Family housing programs.   |
| \$ 1,093          | for loss exposure on Risk Sharing loans.   |
| \$ 11,601         | invested in capital assets, net of related debt.   |
| \$ 20,140         | invested in mortgage servicing rights.   |
| \$ 34,153         | for the future General Fund Budget year ending 09/30/24  |
| <u>\$ 209,243</u> | Subtotal - General Fund  |

APPROPRIATED NET POSITION: HOUSING

|                   |  |
|-------------------|--|
| \$ 21,507         | for use in the federal and state housing programs administered by MFA. |
| <u>\$ 21,507</u>  | Subtotal - Housing Program   |
| <u>\$ 230,750</u> | Total Appropriated Net Position  |
| <u>\$ 301,015</u> | Total Combined Net Position at September 30, 2023                      |

Total combined Net Position, or reserves, at September 30, 2023 was \$301 million, of which \$70.3 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$230.8 million of available reserves, with \$107.5 million primarily liquid in the General Fund and in the federal and state Housing programs and \$123.3 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 2022-2023 Budget**  
**For the twelve months ended 9/30/2023**

|                                      | One Month Actual | Year to Date Actuals | Year to Date<br>ProRata Budget | Annual Budget | YTD Budget<br>Under/(Over) | Annual Budget<br>Under/(Over) | Expended Annual<br>Budget % |
|--------------------------------------|------------------|----------------------|--------------------------------|---------------|----------------------------|-------------------------------|-----------------------------|
| <b>Revenue</b>                       |                  |                      |                                |               |                            |                               |                             |
| Interest Income                      | 846,330          | 8,450,640            | 8,405,392                      | 8,405,392     | (45,248)                   | (45,248)                      | 100.54%                     |
| Interest on Investments & Securities | 275,237          | 2,619,978            | 1,318,256                      | 1,318,256     | (1,301,722)                | (1,301,722)                   | 198.75%                     |
| Loan & Commitment Fees               | 27,479           | 193,223              | 175,344                        | 175,344       | (17,879)                   | (17,879)                      | 110.20%                     |
| Administrative Fee Income (Exp)      | 1,044,910        | 9,673,759            | 8,408,864                      | 8,408,864     | (1,264,895)                | (1,264,895)                   | 115.04%                     |
| Risk Sharing/Guaranty/RTC fees       | 1,475            | 539,079              | 463,730                        | 463,730       | (75,349)                   | (75,349)                      | 116.25%                     |
| Housing Program Income               | 5,040            | 1,753,503            | 1,530,014                      | 1,530,014     | (223,489)                  | (223,489)                     | 114.61%                     |
| Loan Servicing Income                | 946,207          | 9,950,623            | 9,434,743                      | 9,434,743     | (515,880)                  | (515,880)                     | 105.47%                     |
| Other Operating Income               |                  |                      | -                              | -             | -                          | -                             |                             |
| <b>Operating Revenues</b>            | 3,146,676        | 33,180,804           | 29,736,343                     | 29,736,343    | (3,444,461)                | (3,444,461)                   | 111.58%                     |
| Gain (Loss) Asset Sale/Debt Ex       | (680,912)        | 963,978              | -                              | -             | (963,978)                  | (963,978)                     |                             |
| Other Non-operating Income           | 20,055           | 126,962              | 126,942                        | 126,942       | (20)                       | (20)                          | 100.02%                     |
| <b>Non-Operating Revenues</b>        | (660,857)        | 1,090,939            | 126,942                        | 126,942       | (963,997)                  | (963,997)                     | 859.40%                     |
| <b>Revenue</b>                       | 2,485,819        | 34,271,744           | 29,863,285                     | 29,863,285    | (4,408,459)                | (4,408,459)                   | 114.76%                     |
| Salaries                             | 1,090,731        | 7,559,172            | 7,992,009                      | 7,992,009     | 432,837                    | 432,837                       | 94.58%                      |
| Overtime                             | 9,378            | 51,148               | 37,585                         | 37,585        | (13,564)                   | (13,564)                      | 136.09%                     |
| Incentives                           | 149,374          | 612,950              | 678,356                        | 678,356       | 65,406                     | 65,406                        | 90.36%                      |
| Payroll taxes, Employee Benefits     | 361,764          | 3,415,568            | 3,965,221                      | 3,965,221     | 549,653                    | 549,653                       | 86.14%                      |
| Compensation                         | 1,611,247        | 11,638,838           | 12,673,171                     | 12,673,171    | 1,034,332                  | 1,034,332                     | 91.84%                      |
| Business Meals Expense               | 111              | 4,492                | 7,220                          | 7,220         | 2,728                      | 2,728                         | 62.21%                      |
| Public Information                   | 34,329           | 166,948              | 339,488                        | 339,488       | 172,540                    | 172,540                       | 49.18%                      |
| In-State Travel                      | 5,677            | 70,380               | 159,671                        | 159,671       | 89,291                     | 89,291                        | 44.08%                      |
| Out-of-State Travel                  | 2,961            | 102,614              | 268,046                        | 268,046       | 165,432                    | 165,432                       | 38.28%                      |
| Travel & Public Information          | 43,079           | 344,433              | 774,425                        | 774,425       | 429,992                    | 429,992                       | 44.48%                      |
| Utilities/Property Taxes             | 18,853           | 114,876              | 124,860                        | 124,860       | 9,984                      | 9,984                         | 92.00%                      |
| Insurance, Property & Liability      | 19,119           | 231,334              | 231,148                        | 231,148       | (186)                      | (186)                         | 100.08%                     |
| Repairs, Maintenance & Leases        | (85,155)         | 1,327,872            | 1,683,429                      | 1,683,429     | 355,557                    | 355,557                       | 78.88%                      |
| Supplies                             | 1,772            | 34,870               | 35,700                         | 35,700        | 830                        | 830                           | 97.67%                      |
| Postage/Express mail                 | 3,681            | 109,057              | 40,800                         | 40,800        | (68,257)                   | (68,257)                      | 267.30%                     |
| Telephone                            | 1,395            | 16,174               | 22,701                         | 22,701        | 6,527                      | 6,527                         | 71.25%                      |
| Janitorial                           | 3,128            | 39,894               | 40,900                         | 40,900        | 1,006                      | 1,006                         | 97.54%                      |
| Office Expenses                      | (41,425)         | 1,826,614            | 2,178,792                      | 2,178,792     | 352,179                    | 352,179                       | 83.84%                      |
| Dues & Periodicals                   | 3,573            | 65,996               | 62,773                         | 62,773        | (3,223)                    | (3,223)                       | 105.13%                     |
| Education & Training                 | 1,822            | 100,760              | 170,690                        | 170,690       | 69,930                     | 69,930                        | 59.03%                      |
| Contractual Services                 | 177,733          | 1,126,960            | 1,402,004                      | 1,402,004     | 275,044                    | 275,044                       | 80.38%                      |
| Professional Services-Program        | 9,794            | 258,000              | 242,751                        | 242,751       | (15,249)                   | (15,249)                      | 106.28%                     |
| Direct Servicing Expenses            | 803,162          | 6,047,033            | 4,885,567                      | 4,885,567     | (1,161,466)                | (1,161,466)                   | 123.77%                     |
| Program Expense-Other                | 20,726           | 443,636              | 180,448                        | 180,448       | (263,188)                  | (263,188)                     | 245.85%                     |
| Rebate Analysis Fees                 |                  |                      | -                              | -             | -                          | -                             |                             |
| Miscellaneous                        | -                | 196                  |                                |               | (196)                      | (196)                         |                             |

**GENERAL FUND**  
**Fiscal Year 2022-2023 Budget**  
**For the twelve months ended 9/30/2023**

|                                     | One Month Actual | Year to Date Actuals | Year to Date<br>ProRata Budget | Annual Budget     | YTD Budget<br>Under/(Over) | Annual Budget<br>Under/(Over) | Expended Annual<br>Budget % |
|-------------------------------------|------------------|----------------------|--------------------------------|-------------------|----------------------------|-------------------------------|-----------------------------|
| Other Operating Expense             | 1,016,810        | 8,042,581            | 6,944,233                      | 6,944,233         | (1,098,348)                | (1,098,348)                   | 115.82%                     |
| Interest Expense                    | 344,812          | 2,051,414            | 1,771,420                      | 1,771,420         | (279,994)                  | (279,994)                     | 115.81%                     |
| Non-Cash Expenses                   | 445,700          | 2,436,365            | 2,841,098                      | 2,841,098         | 404,733                    | 404,733                       | 85.75%                      |
| Expensed Assets                     | -                | 18,385               | 79,850                         | 79,850            | 61,465                     | 61,465                        | 23.02%                      |
| <b>Operating Expenses</b>           | <b>3,420,224</b> | <b>26,358,630</b>    | <b>27,262,989</b>              | <b>27,262,989</b> | <b>904,359</b>             | <b>904,359</b>                | <b>96.68%</b>               |
| Program Training & Tech Asst        | 5,298            | 55,871               | 151,900                        | 151,900           | 96,029                     | 96,029                        | 36.78%                      |
| Program Development                 | 799              | 104,581              | 111,925                        | 111,925           | 7,344                      | 7,344                         | 93.44%                      |
| Capacity Building Costs             | 6,097            | 160,452              | 263,825                        | 263,825           | 103,373                    | 103,373                       | 60.82%                      |
| <b>Non-Operating Expenses</b>       | <b>6,097</b>     | <b>160,452</b>       | <b>263,825</b>                 | <b>263,825</b>    | <b>103,373</b>             | <b>103,373</b>                | <b>60.82%</b>               |
| <b>Expenses</b>                     | <b>3,426,321</b> | <b>26,519,082</b>    | <b>27,526,814</b>              | <b>27,526,814</b> | <b>1,007,732</b>           | <b>1,007,732</b>              | <b>96.34%</b>               |
| <b>Excess Revenue over Expenses</b> | <b>(940,502)</b> | <b>7,752,662</b>     | <b>2,336,471</b>               | <b>2,336,471</b>  | <b>(5,416,191)</b>         | <b>(5,416,191)</b>            | <b>331.81%</b>              |

**GENERAL FUND CAPITAL BUDGET**  
**Fiscal Year 2022-2023 Budget**  
**For the twelve months ended 9/30/2023**

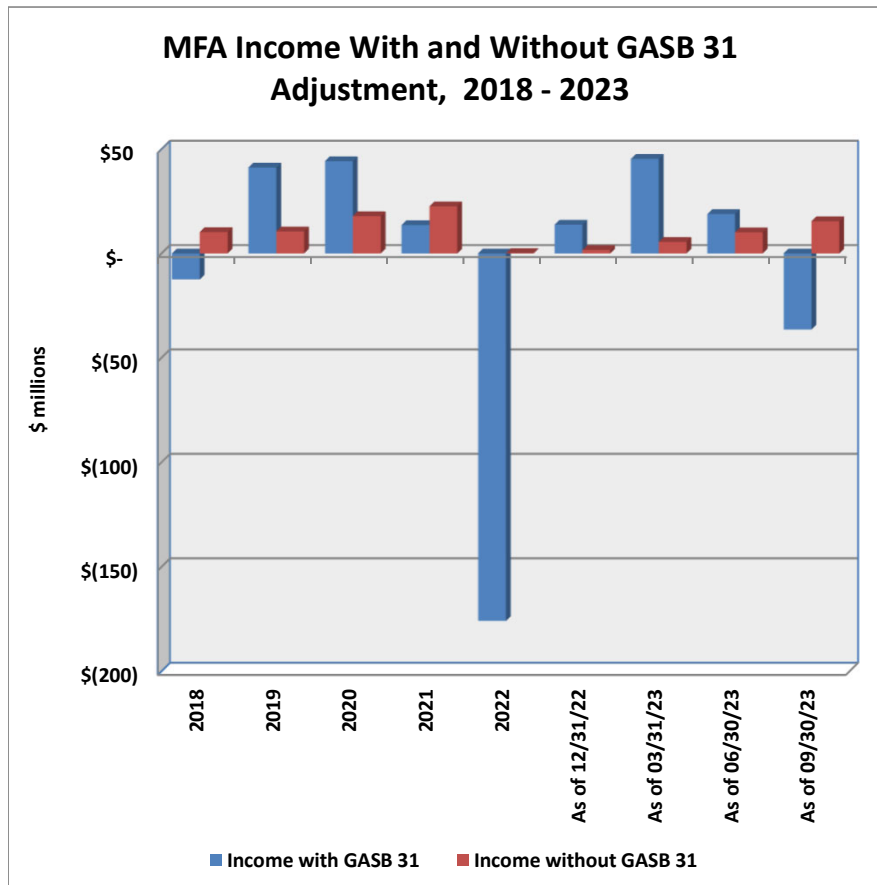
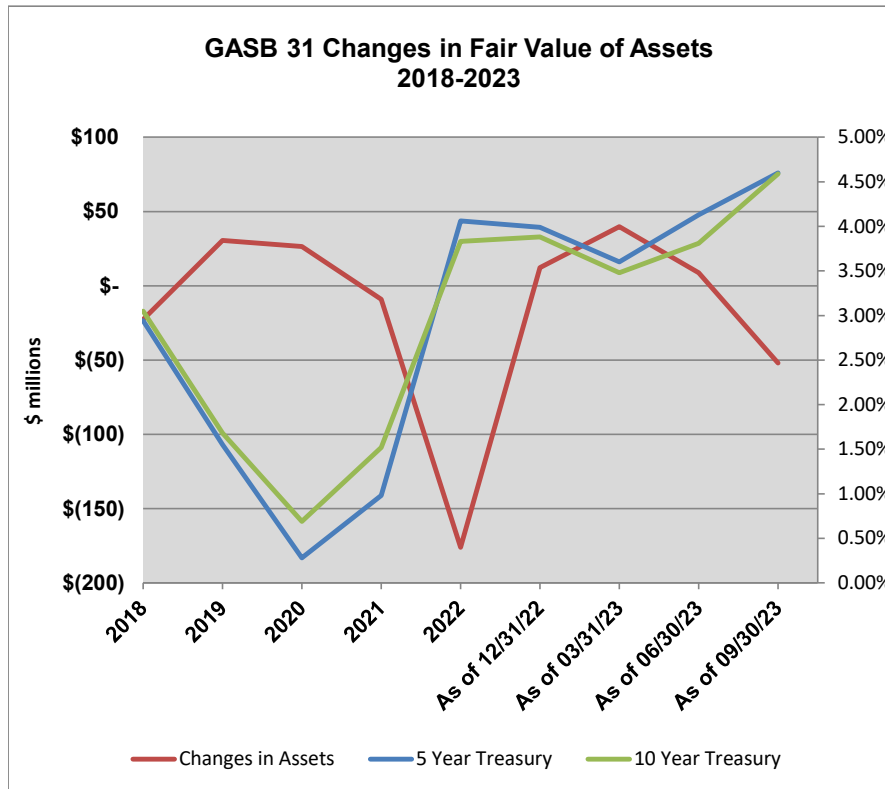
|   | One Month Actual | Year to Date Actuals | Year to Date<br>ProRata Budget | Annual Budget | YTD Budget<br>Under/(Over) | Annual Budget<br>Under/(Over) | Expended Annual<br>Budget % |
|---|------------------|----------------------|--------------------------------|---------------|----------------------------|-------------------------------|-----------------------------|
| <b>2690 PURCHASED SERVICING RIGHTS</b>      | 348,353          | 3,438,071            | 4,350,847                      | 4,350,847     | 912,776                    | 912,776                       | 79.02%                      |
| <b>2950 COMPUTER HARDWARE</b>               | -                | -                    | 40,324                         | 40,324        | 40,324                     | 40,324                        | 0.00%                       |
| <b>2960 SOFTWARE LICENSES</b>               | -                | -                    | -                              | -             | -                          | -                             |                             |
| <b>2920 FURNITURE &amp; EQUIPMENT-10 YR</b> | -                | -                    | -                              | -             | -                          | -                             |                             |
| <b>2930 FURNITURE &amp; EQUIP, 5 YR.</b>    | -                | -                    | -                              | -             | -                          | -                             |                             |
| <b>2860 BUILDING</b>                        | -                | 9,966,018            | 10,000,000                     | 10,000,000    | 33,982                     | 33,982                        |                             |
| <b>Capital Budget</b>                       | 348,353          | 13,404,089           | 14,391,171                     | 14,391,171    | 987,082                    | 987,082                       | 93.14%                      |

New Mexico Mortgage Finance Authority  
HOUSING OPPORTUNITY FUND (HOF)  
Unobligated Balance as of September 30, 2023

| Description                        | Access Loans | BUILD IT Loan Guaranty | DPA Mortgages | Emergency Housing Needs Grant | Emerging Markets | HERO 1st Mortgages | Partners Loans | Primero Loans | Primero Loans PRLF | Primero Working Capital Loans | Total        |
|------------------------------------|--------------|------------------------|---------------|-------------------------------|------------------|--------------------|----------------|---------------|--------------------|-------------------------------|--------------|
| AVAILABLE BALANCE 9/30/22          | (218,546)    | 0                      | 3,155,060     | 470,000                       | 0                | (0)                | 71,837         | 3,862,151     | 3,438,122          | 0                             | 10,778,624   |
| ADD RECEIPTS FY23:                 |              |                        |               |                               |                  |                    |                |               |                    |                               |              |
| General Fund Authorized            | 0            | 0                      | 0             | 0                             | 0                | 0                  | 0              | 0             | 0                  | 0                             | 0            |
| Third-Party Awards                 | 0            | 0                      | 0             | 0                             | 0                | 0                  | 0              | 0             | 0                  | 0                             | 0            |
| Current Year Appropriations        | 0            | 0                      | 0             | 0                             | 0                | 0                  | 0              | 0             | 0                  | 0                             | 0            |
| Loan Repayments                    | 463,533      | 0                      | 8,298,761     | 0                             | 0                | 220,002            | 310,164        | 293,916       | 63,918             | 0                             | 9,650,295    |
| LESS DISBURSEMENTS FY23:           |              |                        |               |                               |                  |                    |                |               |                    |                               |              |
| Loans Funded                       | 0            | 0                      | (10,122,486)  | 0                             | 0                | 0                  | (111,445)      | 0             | 0                  | 0                             | (10,233,931) |
| Grants Funded                      | 0            | 0                      | 0             | (19,557)                      |                  | 0                  | 0              | 0             | 0                  | 0                             | (19,557)     |
| Transfers                          |              |                        |               |                               |                  |                    |                |               |                    |                               | 0            |
| TOTAL UNUSED FUNDS 9/30/2023       | 244,987      | 0                      | 1,331,336     | 450,443                       | 0                | 220,001            | 270,556        | 4,156,067     | 3,502,040          | 0                             | 10,175,432   |
| FUNDS COMMITTED 9/30/2023          |              |                        | 983,881       |                               |                  |                    | 1,000,000      |               | 3,114,035          |                               | 5,097,916    |
| AVAILABLE BALANCE as of 09/30/2023 | 244,987      | 0                      | 347,455       | 450,443                       | 0                | 220,001            | (729,444)      | 4,156,067     | 388,005            | 0                             | 5,077,516    |

|   |            |       |             |        |       |           |            |            |           |        |             |
|---|------------|-------|-------------|--------|-------|-----------|------------|------------|-----------|--------|-------------|
| Number of Units/Loans Outstanding at 9/30/2023    | 1,575      |       | 12,687      |        |       | 11        | 100        | 88         | 136       |        | 14,597      |
| Units/Loans Funded Since Inception                | 1,649      | 105   | 23,527      |        |       | 63        | 254        | 3,463      | 259       |        | 29,320      |
| Units/Loans Funded Current Year as of 09/30/2023  | -          | -     | 1,212       | -      | -     | -         | 1          | -          | -         | -      | 1,213       |
| Loans/Grants Funded since Inception               | 31,522,224 | 0     | 161,438,409 | 49,557 | 0     | 9,258,705 | 13,643,845 | 19,052,318 | 1,935,965 | 35,000 | 236,936,024 |
| Loan Amount Outstanding at 9/30/2023              | 23,885,013 | 0     | 77,923,530  | 0      |       | 1,066,285 | 2,327,444  | 153,974    | 1,547,960 |        | 106,904,205 |
| Loan Yield at 9/30/2023                           | 5.91%      | 0.00% | 5.55%       | 0.00%  | 0.00% | 5.17%     | 0.00%      | 3.65%      | 3.00%     | 0.00%  | 5.46%       |
| Loan Loss Allowance at 9/30/2023                  |            |       | 9,451,806   |        |       |           |            | 79,787     |           |        | 9,531,593   |
| Loan Write-offs since Inception                   | 0          | 0     | 8,276,171   | n/a    |       | 0         | 0          | 662,777    | 0         | 0      | 8,938,948   |
| Loan Loss Provision Current Year as of 09/30/2023 |            |       | 424,309     |        |       |           |            | 0          |           |        | 424,309     |

**New Mexico Mortgage Finance Authority**  
Effect of GASB31 on Financials





New Mexico Mortgage Finance Authority  
Loan and Credit Line Activity  
As of 9/30/2023

| Lender          | Purpose  | Collateral                     | Board<br>Authorization Date                              | Authority Limit | Outstanding<br>06/30/2023 | Advances    | Repayments  | Outstanding<br>09/30/2023 | Maturity   | Interest<br>Rate as of<br>09/30/23 | Interest<br>Payments<br>this<br>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      | 38,000,000                | 156,000,000 | 124,000,000 | 70,000,000                | 7/12/2023  | 5.607%                             | 889,270                                 |
| FHLB            | Mortgage Backed Security Warehouse, Loans Held for Sale Program & operations | Securities                     | October 2017   | 25,000,000      | -                         | -           | -           | -                         | n/a        | n/a                                |   |
| Main Bank       | Loan for Building on Jefferson   | Jefferson Building             | May 15, 2023   | 8,000,000       | 7,946,172                 | -           | 162,631     | 7,783,541                 | 5/15/2033  | 4.26%                              | 85,909                                  |
| USDA-RD         | Preservation Revolving Loan Fund Demonstration Program                       | PRLF mortgage loans            | September 2015<br>April 2014, March 2019, September 2023 | 2,125,000       | -                         | -           | -           | -                         | n/a        |                                    |   |
| SBIC            | Capitalize Primero Loan Fund   | None                           |  | 3,500,000       | -                         | -           | -           | -                         | 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         | 212,500                   | -           | 106,250     | 106,250                   | 11/15/2023 | 2.00%                              | 1,322                                   |
| USDA-RD         | Preservation Revolving Loan Fund Demonstration Program                       | PRLF mortgage loans            | May 2011   | 2,000,000       | 1,451,969                 | -           | -           | 1,451,969                 | 1/20/2042  | 1.00%                              |   |
| TOTAL           |  |                                |  | 131,475,000     | 47,610,641                | 156,000,000 | 124,268,881 | 79,341,760                |            |                                    | 976,501                                 |



# MEMO

TO: Board of Directors  
 Through: Contracted Services – November 7, 2023  
 Through: NMHTF Advisory Committee- November 6, 2023  
 Through: Policy Committee – November 2, 2023

FROM: Troy Cucchiara

DATE: November 15, 2023

SUBJECT: NM Energy\$mart Solar Program - New Mexico Housing Trust Fund  
 DOA: 22. NMHTF Recurring Funds, Funding Programs including Program  
 Guidelines and Notice of Funding Availability (NOFA)

## Recommendation

Staff requests approval for the NM Energy\$mart Program to use \$3.5M of NMHTF funds of the 2024 allocation to install solar systems for homes that are receiving weatherization services.

## Background

The Department of Energy (DOE) is the primary funder for the Energy\$mart Program and partially funds the installation of solar systems as an eligible weatherization measure and has match requirements for some of its grants.

## Discussion

### NM Climate Goals

SB 489 in the 2019 legislative session sets a renewable energy standard of 50% by 2030 for NM investor-owned utilities and rural electric cooperatives, and 80% by 2040. The state is phasing out the use of fossil fuels and their corresponding appliances. As an example, the City of Las Cruces is planning to begin the transition in 2024.

### Fossil Fuel Heating System Replacement

The Energy\$mart network is already committed to preparing its clients for fossil fuel phase out by replacing propane fueled heating units with air source heat pumps that use electricity which are cost effective since propane is a more expensive fuel than electricity. Natural gas has historically been a less expensive fuel source than electricity in NM, and therefore the existing natural gas heaters have been replaced with more efficient natural gas heaters when cost effective. Heating systems have an average lifespan of 20 years. This practice works for the program as a weatherization measure but will not be helping the clients if the homes are also not prepared for electrification when the replacement unit has reached its useful life.

If the household is equipped with a solar system, and the electrical system is upgraded, the switch from natural gas to electric not only becomes cost effective, but also helps protect the low-income household when electricity becomes more expensive, and the available replacement appliances are limited to electric fuel.

#### Supplemental to Weatherization DOE Grants

DOE regularly releases funding opportunities and grants that encourage the use of innovative practices, installation of solar, and electrification. MFA has successfully been awarded the Sustainable Energy Resources for Consumers (SERC) grant and plans on applying for more grants as future opportunities are announced. These grants include the awarded SERC grant, and the Enhancement & Innovation (E&I) grant that MFA is pursuing.

The Bipartisan Infrastructure Law, SERC, and E&I grants are the latest releases and will fund proposed projects if accepted. MFA has submitted a concept paper to DOE for the E&I grant and DOE has encouraged full pursuit of the grant. One of the requirements of the grant is to provide matching funds of a 2:1 ratio from non-DOE sources, and this funding will help meet that threshold. The City of Las Cruces would like to partner with MFA by adding additional funds to help the disadvantaged portion of their community. MFA is also partnering with the City of El Paso and the NM State Energy Office with applications for the Environmental Protection Agency's Solar for All grant that will further support this cause if awarded. The City of El Paso is the entity that will receive the grant, pass through El Paso Electric, and then flow towards MFA to provide services in NM territories that utilize El Paso Electric.

#### Recurring Weatherization Funds

DOE allows for weatherization funds to be used towards solar with a limitation of \$4,047 per unit once a proposed method of solar is approved by DOE. This method will include securing other funding sources, training, client selection, and monitoring. In addition to meeting the match requirement for the grants, the NMHTF funds will help pay for the additional cost when solar is found to be appropriate for homes that receive weatherization from DOE and other funding sources. The combination of solar and energy efficiency will further help our client base keep their energy bills low.

These funds will be allocated to the existing Energy\$mart weatherization service providers, Southwest Regional Housing and Community Development, Central NM Housing Corporation, International Center for Appropriate and Sustainable Technology (ICAST), and RedFeather Development.

| Housing Type  | NMHTF       | *Other Leverage  | DOE E&I Grant | Total         |
|---------------|-------------|------------------|---------------|---------------|
| Multifamily   | \$1M        | -                | -             | \$1M          |
| Single-family | \$2.5M      | \$500,000        | \$1.5M        | \$4.5M        |
| <b>Total</b>  | <b>3.5M</b> | <b>\$500,000</b> | <b>\$1.5M</b> | <b>\$5.5M</b> |

\*Other leverage consists of City of Las Cruces and reoccurring weatherization funds.

**Summary**

Staff requests \$3.5M of funding from the NMHTF 2024 allocation to install solar powered systems in households that are receiving weatherization services throughout NM. The utilization of these funds will keep the electric bills for low-income households affordable after electrification and create a pathway for future funding opportunities like specified in this memo.



**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**Contracted Services/Credit Committee Meeting**  
**Tuesday, November 7, 2023 @ 10:00 am**  
**MFA – Albuquerque**

WebEx join the meeting from the calendar or call 1-408-418-9388 (access code): 2496 234 4466

| AGENDA ITEM  | TIME ALLOTTED | COMMITTEE RECOMMENDED | BOARD ACTION REQUIRED |
|--|---------------|-----------------------|-----------------------|
| 1 NM Energy\$mart Solar Program-New Mexico Housing Trust Fund -Troy        | 10:00-10:10   | GE/RW<br>2-0          | YES                   |
| 2 NM Energy\$mart New Mexico Housing Trust Fund Award Recommendations-Troy | 10:10-10:20   | DEFER                 | YES                   |
| 3 Encino Senior Gardens Loan Requests – Tim & George                       | 10:20-10:30   | GE/RW<br>2-0          | YES                   |
| 4 RFQ Mortgage Servicing Legal Services Awards- Steve                      | 10:30-10:40   | GE/RW<br>2-0          | YES                   |
| 5 Questions/comments from Committee  | 10:40-10:50   |                       | NO                    |

**Committee Members present:**

Rebecca Wurzbarger, Chair

☐ present

☐ absent

☒ conference call

Attorney General Raul Torrez/Designee

**Gideon Elliot**

☐ present

☐ absent

☒ conference call

Patricia Sullivan

☐ present

☒ absent

☐ conference call

## 2023 RENTAL AWARD SUMMARY

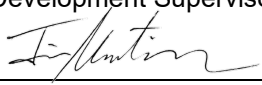
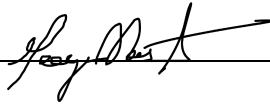
|                                   |   |                                       |      |      |
|-----------------------------------|---|---------------------------------------|------|------|
| <b>Project Name &amp; Address</b> | Encino Senior Gardens<br>412 Alvarado Dr SE, Albuquerque, Bernalillo County, NM 87108   |                                       |      |      |
| <b>Proposed Awards</b>            | \$2,000,000   | New Mexico Housing Trust Fund (NMHTF) | Rate | 1.0% |
|                                   | \$800,000   | HOME                                  | Rate | 0.0% |
| <b>Borrowers</b>                  | <b>NCNO Limited Partnership, LLLP</b> is owned .01% by Senior Gardens LLC, as General Partner, with Encino Development & Management, Inc. as its Sole Member and Manager; and 99.99% by a to-be-determined tax credit investor, as Limited Partner.   |                                       |      |      |
| <b>Management</b>                 | <b>Monarch Properties, Inc.</b> is a privately held Texas corporation chartered in 1982. Monarch provides third-party, full-service management of multifamily apartment communities throughout Texas, New Mexico, and Oklahoma. The corporate office is located in Albuquerque, New Mexico. The total apartments under management have consistently averaged more than 7,500 with over 280 team members employed.   |                                       |      |      |
| <b>Developer</b>                  | <p><b>Encino Development and Management Corp. (EDM)</b>, is a private, 501(c)(3) nonprofit organization incorporated in 2000 in New Mexico and is based in Albuquerque, NM. EDM's Board of Directors oversees four existing multifamily senior properties in Albuquerque and Santa Fe's designated Pocket of Poverty and Consolidated Plan Neighborhoods. Its mission is to provide rental housing and related facilities and services for lower income elderly households that meet the organization's eligibility criteria for housing. Currently, the Board is considering rehabilitation of all its properties through the Low Income Housing Tax Credit (LIHTC) program.</p> <p>The Board consists of prominent Albuquerque business executives with backgrounds in entrepreneurship, real estate, banking, and the high-tech industry. Two of the current Board members, Gregory Leach and Juan Caraveo, have taken an active role in feasibility studies for the rehabilitation and updating of the four properties. Greg and Juan both have extensive backgrounds in real estate with Greg specializing in commercial real estate and Juan with residential real estate. Juan also has extensive experience in accounting with the Bernalillo County Housing Authority. EDM's Executive Director, Christina Stanley, has extensive experience in the LIHTC and funding processes and construction project management services. She has over 22 years in multifamily property management and four years in commercial property management. She holds a Project Management Professional Certification (PMP) and a New Mexico Real Estate License.</p> <p>EDM's CPA audited financials for FYE 03/31/22 show total cash of \$543K, total assets of \$583K, a net worth of \$583K, and a net income (loss) of approximately (\$2K). EDM's CPA audited financials for FYE 03/31/23 show total cash of \$1.17M, total assets of \$1.17M, a net worth of \$1.17M, and a net income of \$594K. Internally prepared financials dated 05/31/23 show total cash of \$1.08M, total assets of \$1.10M, a net worth of \$1.10M, and a net income (loss) of (\$75K).</p> |                                       |      |      |
| <b>Project Type &amp; Size</b>    | Acquisition and Rehabilitation of 165 units to be located on a 2.6-acre site. One-hundred sixty-four (164) units will receive Section 8 Project Based Vouchers and will target seniors 62+. Seventy-four (74) units will be income restricted to households earning 60% or less of Area Median Income (AMI), forty-eight (48) units will be income-restricted to households earning 50% or less of AMI, forty-two (42) units will be income restricted to households earning 30% or less of AMI, and one unit will be a non-revenue generating manager's unit.  |                                       |      |      |
| <b>Project Description</b>        | EDM is proposing the acquisition and rehabilitation of Encino Gardens Apartments (to be renamed Encino Senior Gardens); an existing 165-unit apartment project targeting seniors 62+ in Albuquerque, NM and the surrounding market area. The unit mix is 46 studio units at an average of 452 square feet, 118 one-bedroom units at an average of 562 square feet, and one non-revenue generating 2-bedroom unit. The project's gross square footage is approximately 125,688 square feet consisting of one 5-story multifamily residential building. The first floor consists of office space, a kitchen and dining area, a community area, a fitness facility, a maintenance area, and apartments. The remaining floors consist of apartment units. There is a laundry facility on the fifth floor. Interior access is provided by two elevators and four interior staircases.  |                                       |      |      |

|  |   |
|--|---|
|  | <p>Encino Gardens Apartments was built in 1978 and has not undergone any significant renovations during its lifespan. The proposed substantial rehabilitation will include all resident units, corridors, interior common use amenity spaces, mechanical systems, lighting fixtures, plumbing fixtures, and exterior common use amenity areas of the site. Reduced energy and water consumption will be achieved through the installation of LED light fixtures, Energy Star appliances, low-flow faucets and shower heads. A photovoltaic system will be installed in the north parking lot. The energy efficiencies listed above will provide a HERS rating of 65 or less. With the removal of the existing swimming pool, the renovation will provide additional outdoor amenities to encourage outdoor activities that can take place in the natural shade provided by the building. A full-time service coordinator will arrange activities for the resident that include, but are not limited to: music events, bake &amp; craft sales, bingo, holiday parties, commodities distribution, AARP tax services, free phones or tablets, special services representations (funeral service, understanding health care, etc.), birthday celebrations, billiard tournaments, and provide van services to offsite amenities and events.</p> <p>The immediate neighborhood consists primarily of older, below average-to-average quality single family and multifamily residential developments, public parks, and several schools and day care facilities. There are many shopping options, pharmacies, a US Post Office, religious centers and churches, banks, and restaurants. Kirtland Airforce Base, the Veteran's Administration Campus, ABQ Uptown, Nob Hill and UNM are easily accessible by bus routes along Central, San Mateo and Louisiana and a stop directly in front of the property on Zuni. Retail stores, banks, medical offices, and other commercial services are found within a 4-block radius. The neighborhood is nearly 100% built-out and there is very little, if any, vacant developable land.</p> <p>A Novogradoc market study dated 06/15/2023 generally defines the Subject's Primary Market Area as the central and southeastern portions of the city of Albuquerque. The market study advises that the Subject is feasible as proposed and will maintain good quality affordable, senior housing that is in high demand in the area. The property is within close proximity of employment, retail, and related amenities. The Subject's market is currently performing well, with stable occupancy levels and waiting lists at several of the comparables. The senior comparable in the Market Study demonstrated 100% occupancy. The project's unit mix, size, rents, and amenity package are appropriate for its location and market and will be competitive with existing properties in the market.</p> <p>The market study demand estimate shows a Capture Rate of 8.1%. The LIHTC comparables demonstrated an effective vacancy rate of 0.8%, which is exceptionally low and is indicative of supply-constrained conditions. The Subject is expected to maintain a 3% vacancy rate or below. The market study estimates that the Subject's units will be absorbed at a rate of 25 units per month, assuming full vacancy after rehabilitation. This equates to an absorption period of approximately six months creating a stabilized occupancy of 97%. The Market Study concludes that the Subject will attract seniors in the PMA and throughout the county and will have a positive impact on the surrounding neighborhood. The study additionally states that the renovations of the Subject will provide good condition, newly renovated affordable housing at various AMI levels and will not adversely affect existing housing located in the PMA.</p> <p>Prior to this loan request, Encino Senior Gardens received an American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) award from MFA totaling \$1,000,000.</p> |
| <b>Environmental &amp; Site</b>        | <p>There are no known environmental issues affecting the Subject site, surrounding area, or original construction materials utilized to build the existing structures. A Phase 1 Environmental Site Assessment was completed by EBI Consulting on 06/05/23.</p> <p>A HUD Part 58 Environmental Review is required for HOME loans and must be completed prior to the acquisition of the property.</p>  |
| <b>Site and Neighborhood Standards</b> | N/A – New Construction only   |

|   |  |
|---|--|
| <b>Project Financials, Projections and Assumptions, and Subsidy Layering Review</b> | <p><b>Project Financials, Projections and Assumptions</b></p> <p>The applicant has provided a detailed 15-year cash flow projection for the project, which assumes total annual income of \$2,085,982. The developers estimate total operating expenses less reserves and social services of \$6,078 per unit per year, which is slightly above MFA's standard underwriting range of \$4,300 to \$5,800. It should be noted, however, that the existing property shows actual operating expenses ranging between \$6,457 and \$6,739 in the last three years. As such, the currently proposed operating budget would reduce existing annual expenses.</p> <p>The Debt Service Coverage Ratio (DSCR) starts at 1.25 to 1.00 in year one, decreasing to 1.42 to 1.00 in year 15. This ratio is within MFA's underwriting standards of a range between 1.20 – 1.40 to 1:00 for the first 13 years of operation, with years 14-15 being slightly above MFA's underwriting standards. The interest rate for WaFd's first mortgage loan is assumed to be 6.09% (5.59% adjusted upwards by 50 basis points for underwriting). If, for any reason, the rate increases too much to accommodate required DSCR, then the first mortgage permanent loan can be reduced and that portion of it replaced by a cash flow loan from EDM.</p> <p>Currently, it appears that 37% (\$1,390,722) of the \$3,771,099 developer fee will be deferred. Generally, a deferral in fee could be used to replace a portion of the first mortgage loan and would mitigate any possible interest rate risk that may occur between commitment and inception of the permanent loan. Deferral of the developer fee is usually allowable by the investor, provided that cash flow can repay the deferred fee by the end of the 15-year LIHTC compliance period. Current projections indicate the Subject would fully pay off the deferred developer fee by the end of year 7.</p> <p>Staff has underwritten the project utilizing a 5% vacancy rate, which is standard for projects serving seniors and projects with at least 90% of units receiving Section 8 Project Based Vouchers. Additionally, the Novogradac market study supports a vacancy rate of less than 5% for the Subject.</p> <p>Based on the investor's letter of interest, the project is currently underwritten using a credit price of 88 cents on the dollar, which is within the average range for recent 4% LIHTC projects. Every one (1) cent drop in that price would create the need for an additional \$150K in deferred developer fee or cash flow loan from EDM.</p> <p><b>Subsidy Layering Review</b></p> <p><b>HOME-</b> MFA's Housing Development Department's underwriting guidelines, performed for the HOME loan request, show this project is not over-subsidized per HUD regulations.</p> |
| <b>Affordability Requirements</b>   | <p><b>HOME:</b> Five HOME units consisting of: two studio apartments, and two 1-bedroom apartments for households at or below 60% AMI and restricted to High HOME rents and one 1-bedroom unit for households earning at or below 50% and restricted to Low HOME rents for which a Land Use Restriction Agreement (LURA) will be filed in Bernalillo County. The affordability period is 40 years: 15 years as required by HOME rules standards and 25 years for MFA's extended affordability period (i.e. in concurrence with the loan term). The affordability period starts on the date of acceptance by HUD of a final HOME project completion report and ends 40 years later.</p> <p><b>NMHTF:</b> One-hundred sixty-four (164) units income-restricted to households earning 60% or less of AMI for which a Land Use Restriction Agreement (LURA) will be filed in Bernalillo County. The NMHTF affordability period is 30 years; 20 as required by Affordable Housing Act Rules and 10 for MFA's extended affordability period (i.e., in concurrence with the loan term) and starts on the date the Certificate of Occupancy is issued.</p>   |



|  |  |
|--|--|
| <b>Repayment and Disbursement</b>        | <p><b>HOME:</b><br/> <u>Payments:</u> No payments during the construction period, which is not to exceed 24 months; thereafter, 480 equal principal payments during the permanent loan period, based on a 40-year amortization over a 40-year term. Outstanding principal due at the earlier of maturity, refinance, or sale of the project.<br/> <u>Disbursement:</u> Allow up to three draws: two during the construction period, and the third upon submission of a final HOME project completion report to HUD.</p> <p><b>NMHTF:</b><br/> <u>Payments:</u> Interest only monthly during the construction period not to exceed 24 months; 360 equal principal &amp; interest payments during the permanent loan period. Outstanding principal and interest due at the earlier of maturity, refinance or sale of the project.<br/> <u>Disbursement:</u> Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.</p>  |
| <b>Special Conditions</b>                | <ol style="list-style-type: none"> <li>1. All loans are subject to MFA's final underwriting for project feasibility if needed. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e. interest rate &amp; amortization) may be revised in line with projected cash flow at closing;</li> <li>2. Any changes or additions to the following development team members listed in the loan application must be approved by MFA: developer, contractor, management company, consultant or architect;</li> <li>3. Financing commitments acceptable to MFA prior to funding on all funding sources;</li> <li>4. Acceptance of 2023 award of 4% Low-Income Housing Tax Credits (LIHTC);</li> <li>5. Approval of plans/construction monitoring/draws by MFA's Architectural Services Representative or a third party acceptable to MFA (i.e. hired by MFA, investor or primary construction lender) and shared with MFA. Cost to be paid by applicant;</li> <li>6. Other conditions as may be determined by staff; and</li> <li>7. Subject to availability of funds.</li> </ol> <p><b>Additional Conditions: HOME Loan</b></p> <ol style="list-style-type: none"> <li>8. Loan to be in second lien position;</li> <li>9. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any ER approval conditions must be met; and</li> <li>10. If other than minimal funds used during construction (i.e. \$50,000 or less), Encino Development and Management Corp. must provide a guarantee.</li> </ol> <p><b>Additional Conditions: NMHTF</b></p> <ol style="list-style-type: none"> <li>11. Loan to be in third lien position; and</li> <li>12. Encino Development and Management Corp. must provide a guarantee.</li> </ol> |
| <b>MFA Commitments to Other Projects</b> | None   |
| <b>MFA Exposure</b>                      | None   |
| <b><u>Risk Factors</u></b>               | <ol style="list-style-type: none"> <li>1. <b>Market – Low</b> (Strong demand for proposed property in PMA)</li> <li>2. <b>Construction – Medium</b> (construction material pricing remains volatile, but the investor and main construction lender will provide additional oversight and controls)</li> <li>3. <b>Developer – Medium</b> (developer has never completed a LIHTC project)</li> <li>4. <b>Guarantor – Medium</b> (developer has a moderate financial capacity to cover unexpected shortfalls)</li> <li>5. <b>General Partner/Managing Member – Medium</b> (i.e. the developer)</li> <li>6. <b>Community Opposition – Low</b> (existing project)</li> <li>7. <b>Financing – Medium</b> (as long as market conditions for interest rates &amp; LIHTC pricing do not fluctuate too much, the project is feasible. However, in the event of adverse market conditions the project would not move forward. Final underwriting is required before loan closing to ensure viability before final commitment)</li> </ol>   |
| <b>Summary &amp; Recommendation</b>      | The proposed project presents an acceptable risk profile and is recommended for approval.  |

|                    |  |             |           |
|--------------------|--|-------------|-----------|
| <b>Prepared by</b> | Tim Martinez, Housing Development Supervisor<br>    | <b>Date</b> | 11/2/2023 |
| <b>Reviewed by</b> | George Maestas, Director of Housing Development<br> | <b>Date</b> | 11/2/2023 |

| PROJECT INFORMATION SUMMARY                            |   |  |   |                        |                           |
|--|---|--|---|------------------------|---------------------------|
| Project Name   | City  | NC, AR, or NC/AR   | Total # Units   | Sizes                  | Target AMIs               |
| Encino Senior Gardens                                  | Albuquerque                                   | AR   | 165   | STUIDO, 1-BED, & 2-BED | 30% AMI, 50% AMI, 60% AMI |
| Total Development Cost                                 | \$ 32,894,496                                 |  |   |                        |                           |
| Borrowers  | NCNO Limited Partnership, LLLP                |  |   |                        |                           |
| Management   | Monarch Properties, Inc.                      | YEAR BUILT (AR)  |   | LIHTC ALLOC            | 4% or 9%                  |
| Developer  | Encino Development and Management Corp. (EDM) | 1978   |   | \$ 1,502,840           | 4%                        |
|  |   | NC = New Construction<br>AR = Acquisition/Rehab<br>AMI = Area Median Income<br>MR = Market Rate apartments |   |                        |                           |
| HOME LOAN INFORMATION                                  |   |  | NUMBER OF HOME UNITS:   |                        | 5                         |
| Funds Available as of:                                 | 10/30/23                                      | \$6,298,006  | EXCEPTIONS/CONDITIONS/NOTES   |                        |                           |
|  | MFA Guidelines                                | Loan Request   |   |                        |                           |
| Maximum Loan Amount                                    | \$800,000                                     | \$800,000  | Max loan amount w/o 9% LIHTC  |                        |                           |
| Rates  | 0.0% to 3.0%                                  | 0.00%  |   |                        |                           |
| Loan Fees  | NA  | NA   |   |                        |                           |
| Maximum Loan Term                                      | 2 yr construct, 40 yr perm                    | 2 yr construct, 40 yr perm   |   |                        |                           |
| Loan Amortization                                      | 20 to 80 years                                | 40 years   |   |                        |                           |
| Lien Position  | Subordinate allowed                           | 2nd lien position  |   |                        |                           |
| Affordability Requirements                             | Min 20 yrs, max 60% AMI                       | 40 yrs, 4 units @ 60% AMI, 1 unit at 50% AMI   |   |                        |                           |
| DSCR   | 1.20 to 1.40 : 1 on all must-pay debt         | 1.25 to 1 increasing to 1.42 by year 15  | DSCR is within 1.20 : 1 and 1.40 : 1 in years 1-13 increases to slightly above 1.40 : 1 in years 14 and 15. |                        |                           |
| Scoring Criteria                                       | NA  |  |   |                        |                           |
| NEW MEXICO HOUSING TRUST FUND (NMHTF) LOAN INFORMATION |   |  | NUMBER OF NMHTF UNITS:  |                        | 164                       |
| Funds Available as of:                                 | 10/30/23                                      | \$4,130,000  | EXCEPTIONS/CONDITIONS/NOTES   |                        |                           |
|  | MFA Guidelines                                | Loan Request   |   |                        |                           |
| Maximum Loan Amount                                    | \$2,000,000                                   | \$2,000,000  |   |                        |                           |
| Rates  | 1.0% to 5.0%                                  | 1.0%   |   |                        |                           |
| Loan Fees  | NA  | NA   |   |                        |                           |
| Maximum Loan Term                                      | 2 yr construct, 30 yr perm                    | 2 yr construct, 30 yr perm   |   |                        |                           |
| Loan Amortization                                      | Mthly during perm                             | Mthly during perm  |   |                        |                           |
| Lien Position  | Subordinate allowed                           | 3rd lien position  |   |                        |                           |
| Affordability Requirements                             | Min 20 years, Max 60% AMI                     | 30 yrs, 60% AMI  |   |                        |                           |
| DSCR   | 1.20 to 1.40 : 1 on all must-pay debt         | 1.25 to 1 increasing to 1.42 by year 15  | DSCR is within 1.20 : 1 and 1.40 : 1 in years 1-13 increases to slightly above 1.40 : 1 in years 14 and 15. |                        |                           |
| Scoring Criteria                                       | 57-112 points                                 | 86   |   |                        |                           |

| TOTAL DEVELOPMENT COST INFORMATION SUMMARY   |                       |               |       |           |
|--|-----------------------|---------------|-------|-----------|
| Project:   | Encino Senior Gardens | Total         | % TDC | Cost/GSF* |
| Acquisition Costs (land, building acquisition, & other acquisition costs)                  |                       | \$ 7,555,000  | 23%   | \$ 60.11  |
| Construction Hard Costs  |                       | \$ 11,432,736 | 35%   | \$ 90.96  |
| Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc) |                       | \$ 4,691,458  | 14%   | \$ 37.33  |
| Professional Services/Fees (architect, engineer, real estate legal, etc)                   |                       | \$ 806,416    | 2%    | \$ 6.42   |
| Construction Financing Costs (interest, insurance, inspections, fees, etc)                 |                       | \$ 2,547,881  | 8%    | \$ 20.27  |
| Permanent Financing Costs (fees, title/recording, etc)                                     |                       | \$ 298,000    | 1%    | \$ 2.37   |
| Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)     |                       | \$ 719,906    | 2%    | \$ 5.73   |
| Syndication-Related Costs (organization, bridge loan, tax opinion, etc)                    |                       | \$ 75,000     | 0.2%  | \$ 0.60   |
| Reserves (rent-up, operating, replacement, escrows, etc)                                   |                       | \$ 997,000    | 3%    | \$ 7.93   |
| Developer Fees (inc consultant fees)   |                       | \$ 3,771,099  | 11%   | \$ 30.00  |

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|  |           |                   |             |                  |
|--|-----------|-------------------|-------------|------------------|
| <b>Total Development Costs (TDC)</b>           | <b>\$</b> | <b>32,894,496</b> | <b>100%</b> | <b>\$ 261.72</b> |
| <b>TDC w/o Land, Reserves &amp; Commercial</b> | <b>\$</b> | <b>31,210,496</b> | <b>95%</b>  | <b>\$ 248.32</b> |

\*Gross square footage: 125,688

| <b>CONSTRUCTION SOURCES</b>       |                                    |                      |                   |                   |
|-----------------------------------|------------------------------------|----------------------|-------------------|-------------------|
| <b>Project:</b>                   | <b>Encino Senior Gardens</b>       | <b>Total</b>         | <b>% of Total</b> | <b>Per Unit</b>   |
| <b>Construct. Lender</b>          | Bernalillo County Tax-Exempt Bonds | \$ 24,000,000        | 73.0%             | \$ 145,455        |
| <b>2nd Lien Holder</b>            | HOME                               | \$ 720,000           | 2.2%              | \$ 4,364          |
| <b>3rd Lien Holder</b>            | NMHTF                              | \$ 2,000,000         | 6.1%              | \$ 12,121         |
| <b>4th Lien Holder</b>            | SLFRF Loan                         | \$ 1,000,000         | 3.0%              | \$ 6,061          |
| <b>5th Lien Holder</b>            | Seller Cash Flow Loan              | \$ 2,855,029         | 8.7%              | \$ 17,303         |
| <b>Other</b>                      | Deferred Operating Reserves        | \$ 997,000           | 3.0%              | \$ 6,042          |
| <b>Other</b>                      | GP Equity Contribution             | \$ 100               | 0.0%              | \$ 1              |
| <b>LIHTC Equity</b>               | TBD Investor                       | \$ 1,322,367         | 4.0%              | \$ 8,014          |
| <b>Total Construction Sources</b> |                                    | <b>\$ 32,894,496</b> | <b>100.0%</b>     | <b>\$ 199,361</b> |

| <b>PERMANENT SOURCES</b>           |   |                      |                   |                   |
|------------------------------------|---|----------------------|-------------------|-------------------|
| <b>Project:</b>                    | <b>Encino Senior Gardens</b>                  | <b>Total</b>         | <b>% of Total</b> | <b>Per Unit</b>   |
| <b>Permanent Lender - 1st Lien</b> | WaFd / Bernalillo County Bonds                | \$ 10,400,000        | 31.6%             | \$ 63,030         |
| <b>2nd Lien Holder</b>             | HOME  | \$ 800,000           | 2.4%              | \$ 4,848          |
| <b>3rd Lien Holder</b>             | NMHTF   | \$ 1,000,000         | 3.0%              | \$ 6,061          |
| <b>4th Lien Holder</b>             | SLFRF Loan                                    | \$ 1,000,000         | 3.0%              | \$ 6,061          |
| <b>5th Lien Holder</b>             | Seller Cash Flow Loan                         | \$ 4,710,000         | 14.3%             | \$ 28,545         |
| <b>Other</b>                       | Deferred Operating Reserves                   | \$ 370,000           | 1.1%              | \$ 2,242          |
| <b>Other</b>                       | GP Equity Contribution                        | \$ 100               | 0.0%              | \$ 1              |
| <b>Deferred Developer Fee</b>      | Encino Development and Management Corp. (EDM) | \$ 1,390,722         | 4.2%              | \$ 8,429          |
| <b>LIHTC Equity</b>                | TBD Investor                                  | \$ 13,223,674        | 40.2%             | \$ 80,143         |
| <b>Total Permanent Sources</b>     |   | <b>\$ 32,894,496</b> | <b>100.0%</b>     | <b>\$ 199,361</b> |

| Appendix A: Development Cost Budget                         |                      |                 |
|---|----------------------|-----------------|
| Encino Senior Gardens                                       | Gross Sq. Footage:   | 125,688         |
| Albuquerque   | TOTAL COST           | COST/GSF        |
| <b>ACQUISITION COSTS</b>                                    |                      |                 |
| Land Acquisition  | \$ 687,000           | \$ 5.47         |
| Building Acquisition  | \$ 6,868,000         | \$ 54.64        |
| Other: Closing/Title Costs                                  |                      | \$ -            |
| <b>SUBTOTAL</b>   | <b>\$ 7,555,000</b>  | <b>\$ 60.11</b> |
| <b>CONSTRUCTION HARD COSTS</b>                              |                      |                 |
| Demolition  | \$ -                 | \$ -            |
| Accessory Structures  | \$ 500,000           | \$ 3.98         |
| Site Construction   | \$ 1,748,996         | \$ 13.92        |
| Buildings and Structures                                    | \$ 8,487,420         | \$ 67.53        |
| Off-Site Improvements                                       | \$ -                 | \$ -            |
| Other:  | \$ 696,320           | \$ 5.54         |
| <b>SUBTOTAL</b>   | <b>\$ 11,432,736</b> | <b>\$ 90.96</b> |
| <b>OTHER CONSTRUCTION COSTS</b>                             |                      |                 |
| Contractor Overhead   | \$ 228,650           | \$ 1.82         |
| Contractor Profit   | \$ 685,959           | \$ 5.46         |
| General Requirements  | \$ 685,959           | \$ 5.46         |
| Construction Contingency                                    | \$ 2,047,101         | \$ 16.29        |
| Gross Receipts Tax (GRT)                                    | \$ 993,789           | \$ 7.91         |
| Landscaping   | \$ -                 | \$ -            |
| Furniture, Fixtures, & Equipment                            | \$ 50,000            | \$ 0.40         |
| Other: Builder's Risk Insurance, P&P Bond, Building Permits | \$ -                 | \$ -            |
| <b>SUBTOTAL</b>   | <b>\$ 4,691,458</b>  | <b>\$ 37.33</b> |
| <b>PROFESSIONAL SERVICES/FEES</b>                           |                      |                 |
| Architect (Design)  | \$ 650,000           | \$ 5.17         |
| Architect (Supervision)                                     | \$ -                 | \$ -            |
| Attorney (Real Estate)                                      | \$ 18,966            | \$ 0.15         |
| Engineer/Survey   | \$ 25,000            | \$ 0.20         |
| Other : HERS Testing/ Phase 1/2, Geotechnical               | \$ 112,450           | \$ 0.89         |
| <b>SUBTOTAL</b>   | <b>\$ 806,416</b>    | <b>\$ 6.42</b>  |
|   |                      |                 |
| Hazard Insurance  | \$ 50,000            | \$ 0.40         |
| Liability Insurance   | \$ 225,225           | \$ 1.79         |
| Performance Bond  | \$ 152,856           | \$ 1.22         |
| Interest  | \$ 1,612,800         | \$ 12.83        |
| Origination\Discount Points                                 | \$ 192,000           | \$ 1.53         |
| Credit Enhancement  | \$ -                 | \$ -            |
| Inspection Fees   | \$ 25,000            | \$ 0.20         |
| Title and Recording   | \$ 40,000            | \$ 0.32         |
| Legal   | \$ 65,000            | \$ 0.52         |
| Taxes   | \$ -                 | \$ -            |

|  |                      |                  |
|--|----------------------|------------------|
| Other:   | \$ 185,000           | \$ 1.47          |
| <b>SUBTOTAL</b>                                | <b>\$ 2,547,881</b>  | <b>\$ 20.27</b>  |
| <b>Project: Encino Senior Gardens</b>          |                      |                  |
| <b>PERMANENT FINANCING COSTS</b>               |                      |                  |
| Bond Premium                                   | \$ -                 | \$ -             |
| Credit Report                                  | \$ -                 | \$ -             |
| Origination\Discount Points                    | \$ 10,000            | \$ 0.08          |
| Credit Enhancement                             | \$ -                 | \$ -             |
| Title and Recording                            | \$ 45,000            | \$ 0.36          |
| Legal  | \$ -                 | \$ -             |
| Pre-Paid MIP                                   | \$ 65,000            | \$ 0.52          |
| Reserves and Escrows                           | \$ -                 | \$ -             |
| Other:   | \$ 178,000           | \$ 1.42          |
| <b>SUBTOTAL</b>                                | <b>\$ 298,000</b>    | <b>\$ 2.37</b>   |
| <b>SOFT COSTS</b>                              |                      |                  |
| Market Study                                   | \$ 12,500            | \$ 0.10          |
| Environmental                                  | \$ 15,000            | \$ 0.12          |
| Tax Credit Fees                                | \$ 114,906           | \$ 0.91          |
| Appraisal                                      | \$ 12,500            | \$ 0.10          |
| Hard Relocation Costs                          | \$ -                 | \$ -             |
| Accounting/Cost Certification                  | \$ 15,000            | \$ 0.12          |
| Other: Soft Cost Contingency, Constr. Mngmt    | \$ 550,000           | \$ 4.38          |
| <b>SUBTOTAL</b>                                | <b>\$ 719,906</b>    | <b>\$ 5.73</b>   |
| <b>SYNDICATION</b>                             |                      |                  |
| Organization                                   | \$ 75,000            | \$ 0.60          |
| Bridge Loan                                    | \$ -                 | \$ -             |
| Tax Opinion                                    | \$ -                 | \$ -             |
| Other:   | \$ -                 | \$ -             |
| <b>SUBTOTAL</b>                                | <b>\$ 75,000</b>     | <b>\$ 0.60</b>   |
| <b>TDC before Dev. Fees &amp; Reserves</b>     | <b>\$ 28,126,397</b> | <b>\$ 224</b>    |
| <b>RESERVES</b>                                |                      |                  |
| Rent Up  | \$ -                 | \$ -             |
| Operating                                      | \$ 997,000           | \$ 7.93          |
| Replacement (inc. only if capitalized)         | \$ -                 | \$ -             |
| Escrows/Working Capital                        | \$ -                 | \$ -             |
| Other:   | \$ -                 | \$ -             |
| <b>SUBTOTAL</b>                                | <b>\$ 997,000</b>    | <b>\$ 7.93</b>   |
| <b>DEVELOPER FEES</b>                          |                      |                  |
| Developer Fee                                  | \$ 3,771,099         | \$ 30.00         |
| Consultant Fee                                 | \$ -                 | \$ -             |
| <b>SUBTOTAL</b>                                | <b>\$ 3,771,099</b>  | <b>\$ 30.00</b>  |
| <b>Total Development Cost (TDC)</b>            | <b>\$ 32,894,496</b> | <b>\$ 261.72</b> |
| <b>TDC w/o Land, Reserves &amp; Commercial</b> | <b>\$ 31,210,496</b> | <b>\$ 248.32</b> |



## MEMORANDUM

TO: MFA Board of Directors

Through: Strategic Management Committee October 24, 2023  
Through: Policy Committee on October 24, 2023

FROM: Arundhati Bose, Chief Financial Officer  
Donna Maestas-DeVries, Chief Housing Officer  
Jeff Payne, Chief Lending Officer

DATE: November 15, 2023

SUBJECT: Strategic Plan Benchmarks Closeout Fiscal Year 2023

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### Recommendation:

Staff recommends the approval of the Strategic Plan Benchmarks Closeout for fiscal year 2023.

### Background:

MFA's 2021-2025 Strategic Plan establishes performance benchmarks for staff. Benchmarks are approved by the Board of Directors each year and closed out annually. Benchmarks are reviewed quarterly by the Strategic Management Committee.

### Discussion:

The Strategic Management Committee met on October 24, 2023 to complete the quarter 4 updates. There are a total of 31 benchmarks for fiscal year 2023, 27 benchmarks were met or exceeded, and 4 benchmarks were not met.

The details of each benchmark are included in this memo for reference.

### Summary:

Staff met or exceeded 27 of 31 benchmarks. Staff recommend the approval of the Strategic Plan Benchmarks Closeout for fiscal year 2023.

# MFA Strategic Plan Benchmarks FY 2023

## Goal 1 - Create affordable housing opportunities that support and strengthen New Mexico's communities



Benchmark: 1

Benchmark: Provide mortgage financing for 2,043 homebuyers.

- Q1 Caution | MFA financed 394 homebuyers in Q1 of FY 2023 and 394 homebuyers YTD.
- Q2 Caution | MFA financed 361 homebuyers in Q1 of FY 2023 and 755 homebuyers YTD.
- Q3 Caution | MFA financed 417 homebuyers in Q3 of FY 2023 and 1,172 homebuyers YTD.
- Q4 Not Met | MFA financed 613 homebuyers in Q3 of FY 2023 and 1,844 homebuyers YTD.



Benchmark: 2

Benchmark: 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 25.19% for a YTD average of 25.19%
- Q2 On Target | The MFA quarterly product utilization reported for Q2 is 18.04% for a YTD average of 21.32%
- Q3 On Target | The MFA quarterly product utilization reported for Q3 is 29.04% for a YTD average of 23.68%
- Q4 Met | The MFA quarterly product utilization reported for Q4 is 43.65% for a YTD average of 27.87%



Benchmark: 3

Benchmark: Finance the development and/or preservation of 900 rental and homeownership units.

- Q1 On Target | Financed the development of 268 Multifamily units in Q1, for a YTD total of 268 units developed and/or preserved.
- Q2 Caution | No additional units were financed in Q2 for a YTD total of 268 units developed and/or preserved.  
Caution |
- Q3 Financed the development of 137 multifamily units and one single family unit in Q3, for a YTD total of 406 units developed and/or preserved.
- Q4 Met | Financed the development of 530 multifamily units in Q4, for a YTD total of 936 units developed and/or preserved.

Benchmark: 4



Benchmark: Maintain a 35% exit rate of individuals experiencing homelessness served to permanent housing through EHAP.

- Q1 On Target | The Q1 unduplicated clients were 789, 269 exited to permanent housing. YTD rate is 34%.
- Q2 On Target | The Q2 unduplicated clients were 826, 255 exited to permanent housing (31%). YTD rate is 32%.
- Q3 On Target | The Q3 unduplicated clients were 737. Of those, 271 exited to permanent housing (37%). YTD rate is 34%.  
Not Met |
- Q4 The Q4 unduplicated clients were 1,090. Of those, 303 exited to permanent housing (28%). YTD total served is 3,442, with 1,102 exiting to permanent housing. YTD rate is 32%



Benchmark: 5


Benchmark: Achieve annual combined average loan delinquencies of MFA serviced portfolio below 9.5%.

- Q1 On Target | MFA combined average delinquency rate is at 8.95% as of 12/31/2022 FY Q1
- Q2 On Target | MFA combined average delinquency rate is at 8.50% as of 3/31/2023 FY Q2
- Q3 On Target | MFA combined average delinquency rate is at 8.32% as of 6/30/2023 FY Q3
- Q4 Met |



MFA combined average delinquency rate is at 8.21% as of 9/30/2023 FY Q4

Benchmark: 6

-  **Benchmark: Maintain subserviced portfolio delinquency percentage below the Federal Housing Administration Loan Performance Trend delinquency rate (purchase loans only).**

On Target |

- Q1 Subserviced portfolio delinquency as of 12/31/2022 met and exceeded benchmark at 12.31% delinquency rate. FHA rate as of 11/2022 report is 13.44% delinquency.

On Target |

- Q2 Subserviced portfolio delinquency as of 3/31/2023 equals 9.22% exceeding FHA's February 2023 reported delinquency of 13.44% for purchased loans.


On Target |

- Q3 Subserviced portfolio delinquency as of 6/30/2023 equals 9.84% exceeding FHA's May 2023 reported delinquency of 12.63% for purchased loans.

Met |

- Q4 Subserviced portfolio delinquency as of 9/30/2023 equals 12.18% exceeding FHA's August 2023 reported delinquency of 12.85% for purchased loans.

Benchmark: 7

-  **Benchmark: Evaluate at least three new specialty products or significant program or product improvements.**

On Target |

- Q1 SLFRF Notice of Funding Availability, use of NM Housing Trust Fund as source of DPA for NextHome program as new specialty products.

Met |

- Q2 Thornburg Foundation Grant opportunity/Linkages research project. Preservation Loan program approved. DPAdvantage was implemented. Servicing evaluated options for a new servicing system and obtained approval to move forward with a conversion to a web base

- Q3 Met | Evaluate Accounts Payable software to automate the process. YTD 6

Met |

- Q4 Evaluated Freddie Mac HFA Advantage Product; Primero Loan Program policy revisions to support single family development, NMHTF Loan Program policy revisions to support single family development. YTD 9

## Goal 2 - Build a network of advocates and partners that work to create and promote affordable housing in the state

Benchmark: 8

-  **Benchmark: Achieve an average of 2,118 social media engagements each quarter across all platforms**

On Target |


- Q1 In Q1, MFA had 4,388 in total engagements across all social media platforms. This was due, in part, to the launch of the DownPaymentAdvantage grant program.

- Q2 On Target | In Q2, MFA had 1,370 in total engagements across all social media platforms. Total YTD 5,758

- Q3 Met | In Q3, MFA had 1,905 in total engagements across all social media platforms. Total YTD 7,663

- Q4 Met | In Q4, MFA had 2,229 in total engagements across all social media platforms. Total YTD 9,892 (Quarter average: 2,473)

Benchmark: 9

-  **Benchmark: Expand services of at least one program to an underserved area of the state.**

New |


- Q1 Amended and implemented changes to the MFA Rules and Regulations to define Moderate Income persons or families as those with income above 80% and up to 150% of the AMI adjusted for family size. Moderate income limits may be adjusted for high-cost areas to accommodate qualification of purchase of a median priced home in a county of the subject property or rent at the fair market rate.

- Q2 Met | Awarded HOME-ARP grant for Cornerstone Apartments in Lordsburg. YTD 2

Met |

- Q3 HOME Rehab services will now be provided in 14 new counties as a result of the most recent NOFA: Cibola, Colfax, Mora, Taos, San Miguel, Santa Fe, Tesuque, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, Lea. MFA executed a new contract with Cochiti Housing to service 5 new home loans and future loans. YTD 4

Benchmark: 10

-  Benchmark: Conduct outreach to and/or assist at least 50 local governments, tribal governments, potential new program partners and/or elected officials.

New |

- Q1 Provided Affordable Housing Act assistance to Cibola, Grant and San Miguel counties. Presented to Council of Governments on Restoring our Communities (ROC) program and AHA Act. Participated in Association of Counties Better Informed Public Officials Conference. Policy and Planning: Rep. Dixon and Matthews, City of Taos (Steve Archuleta, Rep. Chandler, Guadalupe County Commissioner (housing strategy), Mid-Region Counsel of Governments (housing strategy), City of Las Cruces Policy Review Committee (housing strategy), Roosevelt County (housing plan outreach); Homeownership presentation at Sandoval Client Advisory Board Meeting. Year to date: 14

Met |

- Q2 Met with LFC staff to discuss NMHTF, AHA, Linkages, Section 8 Voucher Programs; met with LFC staff and HDS staff re. Linkages (1); Met with Elected Officials Anyanonu, Alcon, Armstrong, Baca, Block, Borrego, Castellano, Chandler, Chasey, Dixon, Duncan, Ezzell, Garcia, Harper, Herndon, Lane, Lente, Lord, Lujan, Matthews, Montoya, Romero, Small, Szczepanski, Terrazas, Diamond, Gallegos, Hickey, Ingle, Ortiz y Pino, Padilla, Rodriguez, Shendo (33); Met with UNM economic development staff regarding MFA housing programs (1); Met with federal delegation staff from Heinrich, Lujan, Stansbury, Leger-Fernandez offices regarding HAF (4); Met with federal delegation staff from Heinrich, Lujan, Stansbury, Leger-Fernandez, Vasquez regarding MFA and NCSHA federal priorities (5); Met with NM Legal Aid, The Housing Trust, Santa Fe Homebuilders as a potential new program partners (3). CDD staff met with City of Gallup to discuss the process of becoming a rehab service provider. Assisted Truth or Consequences and Valencia County with the Affordable Housing Act ordinances. Year to date: 61


Met |

- Q3 CDD staff met with/presented to Casa Q, Serenity Mesa, Veterans Off Grid, Santo Domingo Housing Authority, TANF, Municipal League City Managers, Association of Counties, NM Gas, BlueLine Development, Inc., the City of Albuquerque, (9) and held biweekly Technical Committee calls for WAP service providers and the Energy Smart Academy (11 total). Affordable Housing Act assistance and review was provided to the following: • Santa Fe County (AH plan & ordinance approval) • Albuquerque (technical assistance & AH plan approval) • Truth or Consequences (AH ordinance approval) (3); P+P Miles Conway, Santa Fe Homebuilders Association; Rep. Tara Lujan; Gallup Housing Summit; Martin Suazo and Taos Development Team; Winter Torres, NM Eviction Prevention Program; Eric Griego, City of Albuquerque Housing Policy; ICAST, BIL/IRA Funding; Rep. Pamela Herndon, Cathryn L. McGill, NM Black Leadership Council; Garrett Price, Single Family Land Development; NM Association of Counties Annual Conference; Taos Board Meeting; Sen. Martin Heinrich staff, Housing Programs in NM; (12) MFA Newsletter distributed to 5,400 contacts. Met with Taos Pueblo Housing Authority on Primero application for a new construction project in Angel Fire that will provide single family homes. Attended Wells Fargo Invest Native Initiative for grant award announcements which Tribal Homeownership of the Southwest (FKA New Mexico Tribal Homeownership Coalition) was awarded. Sent all tribes and pueblos the New Mexico the Historic Preservation Programmatic Agreement for comments, concerns, and signature. This agreement will remove the historic preservation consultation process for certain HUD funded activities throughout New Mexico. YTD 99

Met |

- Q4 CDD staff met with/presented to Rebuilding Together Sandoval, City of Santa Fe, Raton Natural Gas, City of Las Cruces, and initiated contact with 45 HOPWA providers in 25 states to start a HOPWA Networking Team Meeting; PP Mora County Placemaking & Disaster Recovery Housing Committee, Las Vegas Housing Summit. 31 total. YTD 130

Benchmark: 11

-  Benchmark: Provide at least 50 formal group training opportunities for property owners, developers, service providers and/or lenders.

On Target |

- Q1 Homeownership programs: 20 trainings conducted. Community Development conducted a HOPWA Peer Exchange on 11/15 and a RAP Peer Exchange on 12/7. Housing Development provided a LIHTC Fundamentals Training (10/20) and the annual QAP Training (10/26). Met with Thornburg Foundation. CDD - HOPWA Peer Exchange 2/28/23 and 3/15/23; Homeless Prevention Peer Exchange 3/8/23; WAP Peer Exchange 3/30/23; EHAP Peer Exchange 2/28/23 (5 total for CDD in Q2) Year to date: 30

- Q2 On Target | Section 811 Training, Mortgage Ops conducted 19 trainings. Five training for CDD. Year to date: 55

- Q3 Met | CDD did 6 trainings/peer exchanges. HO did 15 lender trainings. YTD 76

- Q4 Met |

CDD conducted 13 Peer Exchanges/Networking Meetings. HO did 17 trainings,; HD Ownership Change Policy Training, NMFA training seminar, Carryover Final Allocation Training, Farmington Municipal League Annual Conference Development Process; AMD RTC training YTD 110



Benchmark: 12

Benchmark: Implement MFA housing summit or networking event.

Q1 On Target | Weatherization Day in Barelás Neighborhood

Q3 On Target | Taos Networking Event - Taos Board meeting

Met |

Q4 Santa Fe Board Retreat networking reception; CDD nationwide HOPWA networking meeting for HOPWA grantees and sub-grantees in September

### Goal 3 - Maintain judicious financial stewardship and principled, efficient business practices

Benchmark: 13



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

Met |

Q1 Audit issued with an unmodified opinion and no material weaknesses. Audit was approved by State Auditors Office 12/2022 and by Board 1/2023.



Benchmark: 14

Benchmark: Maintain or improve credit rating.

Q1 On Target | There was no ratings activity during the quarter. MFA maintains a Aa3 Stable rating on its issuer credit rating

Q2 On Target | There was no ratings activity during the quarter. MFA maintains a Aa3 Stable rating on its issuer credit rating.

Q3 On Target | There was no ratings activity during the quarter. MFA maintains a Aa3 Stable rating on its issuer credit rating.

Met |

Q4 There was no ratings activity during the quarter. MFA maintains a Aa3 Stable rating on its issuer credit rating. Management met with Moody's to review MFA.

Benchmark: 15



Benchmark: Achieve operating performance and profitability equal to net revenues over total revenues of at least 9.5%,

Q1 Caution | Operating performance and profitability as of 12/31/22 is 6.9%

Q2 On Target | Operating performance and profitability as of 3/31/23 is 10.4%

Q3 On Target | Operating performance and profitability as of 6/30/23 is 9.6%

Q4 Met | Operating performance and profitability as of 9/30/23 is 10.8%

Benchmark: 16



Benchmark: Obtain balance sheet strength equal to net asset position over total bonds outstanding of at least 25.4%, based on five-year average.

Q1 On Target | Balance sheet strength as of 12/31/22 is 25.3%.

Q2 New | Balance sheet strength as of 3/31/23 is 25.3%

Q3 Caution | Balance sheet strength as of 6/30/23 is 24.7%.

Q4 Not Met | Balance sheet strength as of 9/30/2023 is 24.5%



Benchmark: 17

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

Q1 On Target | 2022 Series E was closed in Q1 with an 0.18% administrative fee.

Q2 On Target | 2023 Series A was closed in Q2 with an 0.18% administrative fee.

Q3 On Target | 2023 Series B was closed in Q3 with an 0.18% administrative fee.

Q4 Met | 2023 Series C was closed in Q4 with an 0.18% administrative fee.



Benchmark: 18

**Benchmark: Realize profitability of .5% on TBA executions.**

On Target |

Q1 While we did not settle any loans via TBA in Q1; the next home program is expected to return to Q2 at a profit level in excess of 0.5%

On Target |

Q2 We did not settle any loans via TBA in Q2; however, the HomeForward program was rolled out in the end of Q2. Loans settling in Q3 are expected at a profit level above 0.5%

Q3 On Target | MFA settled the first TBA loans in June with TBA profitability of 0.91%

Q4 Met | MFA achieved a YTD TBA profitability of .6%.



Benchmark: 19

**Benchmark: Maintain servicing fee yield at an average of .41% of the purchased servicing portfolio.**

Q1 On Target | The servicing fee yield at 12/31/2022 is .42%

Q2 On Target | The servicing fee yield at 03/31/2023 is .41%

Q3 Caution | The servicing fee yield at 06/30/2023 is .40%

Q4 Not Met | The servicing fee yield at 9/30/2023 is .39%



Benchmark: 20

**Benchmark: Earn 100% base fees for PBCA contract.**

Q1 On Target | All PBCA tasks were completed as required by the contract, and 100% of the base fees were earned for this quarter.

Q2 On Target | As of 3/31/2023, all PBCA tasks were completed as required by the contract, and 100% of the base fees were earned.

Q3 On Target | As of 6/30/2023, all PBCA tasks were completed as required by the contract, and 100% of the base fees were earned.

Q4 Met | As of 9/30/2023, all PBCA tasks were completed as required by the contract, and 100% of the base fees were earned.



Benchmark: 21

**Benchmark: Yield a collection rate of 98% or greater for compliance monitoring fees.**

Q1 On Target | Invoices for compliance fees were processed and sent out to owner/agents this quarter.

Q2 On Target | As of 3/31/2023, 97.7% of the fees have been collected.

Q3 Met | As of 6/30/2023, 100% of the fees have been collected.

Q4 Met | As of 9/30/2023 100% of the fees were collected.



Benchmark: 22

**Benchmark: Meet commitment and expenditure requirement of 95% of recurring grant funding.**


Q1 New | Commitment and expenditure rate as of 12/31/22 is 100%.

Q2 On Target | Commitment and expenditure rate as of 3/31/23 is 100%.

Q3 On Target | Commitment and expenditure rate as of 6/30/2023 is 100%.


Q4 Met | Commitment and expenditure rate as of 9/30/2023 is 98%.

Benchmark: 23

-  Benchmark: Provide at least \$9.7 million in resources for affordable housing through expenditure of New Mexico Housing Trust Funds, contributions through the state affordable tax credit program, and allocations of 4% LIHTCs.

- Q1 Caution | Resources provided in Q1 \$405,435 (HD) and \$247,892 and \$83,135 (CDD) Total \$736,642 YTD
- Q2 On Target | Resources provided in Q2 \$2,186,341 (HD), \$183,641(CDD) and \$2,550,000 Total \$5,656,444 YTD
- Q3 Met | Resources provided in Q3 \$2,704,531 (HD), \$38,302 (CDD) and \$3,875,000 (HO). \$12,274,277 YTD
- Q4 Met | Resources provided in Q4 \$1,000,000(HD); HomeForward \$678,245 (HO). YTD \$14,421,022

Benchmark: 24

-  Benchmark: Evaluate at least one new business model or financial tool.

Met |


- Q2 Created a financial analysis model for the financing of the new building. CDD - Direct Services Model was evaluated and approved at April Board Meeting

Benchmark: 25

-  Benchmark: Increase funding by at least one new source.

- Q1 New | MFA was allocated \$3 million in federal congressionally directed spending in Q1, funding to be used for fire affected regions.
- Q2 Met | MFA signed a Contract with El Paso Electric for use in the NM EnergySmart Program. YTD 2
- Q4 Met | Accelerated SB 134 (2022) to provide \$37.53 million available July 1, 2023 in STB recurring funding. YTD 3

Benchmark: 26

-  Benchmark: Improve at least 15 MFA process or resource

On Target |

- Q1 Servicing: Worked with Idaho Housing to recover and have IHFA remit going forward servicing fees for the whole loan portfolio (repurchased loans for modification that cannot be repooled). MFA recovered over \$57k and will be receiving servicing fees each month on this group of loans; Acceleration process: new process using Export Text file and less data entry - this will save staff time to run acceleration letters; The Yearly production report has been automated to be provided through information gathered by Datawarehouse. Year to date: 3

On Target |

- Q2 Accounting: implement Teams in VirPack to expedite the processing of funds transfers. Secondary: moved the 275 Fannie Mae files from BNY Mellon to Deutsche Bank thus no longer having to pay BNY Mellon their flat fee of \$1000 per month; automated and streamlined the settlement process Servicing has implemented 10 process improvement in Q2: • Moved the process to manage returned payment coupon books and 1098 statements to Customer Service from the Front desk in an attempt to reach borrowers and obtain contact with the borrowers; Automated the Wells Fargo Stop file, elimination the manual process. The automation will capture daily Changes to servicing condition codes and notify Wells Fargo.; • Tracking Accounting Draws, instead of manually tracking disbursements on a spreadsheet all disbursements will be tracked using the Home Data Base Report; Early payment default process change was approved by PC allowing MFA to follow GSE and FHA... guidelines to issue repurchase when a loan goes into default within the first 6 to 12 months of the first payment due date, this will provide consistency; New loan approval when a borrower has caused a loss to MFA previously, a process has been put in place to address these requests consistently avoiding the risk of subjective review.; • Automated SF disbursement Escrow Refund letters, eliminating the manual process to issue . The update to the ML Export now generates these letters based on borrowers who have a refund due eliminating manual update to start and another manual update to complete the process.; • Combine single Family and Multifamily Autodraft files and reconciliations, this will make reconciliation, the tracking and submission to Wells Fargo more efficient.; • Automated the submission of the stop file to Wells Fargo CEO with IT's assistance ensuring Wells Fargo lock box has the most recent loan information.; • ACH One Time, Transaction Draft Date Change Before Report population. Provides a procedure how to fix and find transaction changed (draft date) before the report is pulled.; • First Mortgage Accruals review and process to validate service fee of .315 is included in the settlement of new loans. When this service fee is missing it causes expenses to exceed revenue. This fix and improvement included Accounting, Servicing, Homeownership, and Mitas fixing loans back to April 2018 to March 2023. CDD is now asking for Core Documents from each service provider agency only once per year rather than for every program they apply for. Year to date: 15

- Q3 Met |

Secondary Market and Servicing improved the loan modification repurchase repooling process to include securitizing loan modifications that cannot be pooled due to the interest rate requirements to pool with GNMA. In Qtr. 3 94 loan modifications were securitized at and principal balance totaling \$13,227,052. This provides an investment rather than holding the debt and the payment will be guaranteed by GNMA. Implemented Benefit Self Service for Staff across all product lines Implemented electronic Goal processing through ADP. YTD 17

New |

- Q4 NMHTF Dashboard Report, NMHTF Award Validation process/form, aligned HomeForward to be HFA 1 product from NSCHA standardized product, pilot financial analysis process for existing housing development projects (HD and AMD), bond checklist section in QAP for 4% projects, separate applications for 9% and 4% loans, Benefits Self Service, E-verify for I9 electronic processing, ADP Goals and Annual Performance Evaluation electronic processing. YTD 26

#### Goal 4 - Provide robust technology solutions



Benchmark: 27

Benchmark: Maintain a RS3 score greater than or equal to 780, averaged over four quarters.

On Target |

- Q1 MFA's internal and external penetration testing was completed on 11/30/2022. MFA received a RiskSense Security Score (RS3) of 817 (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).

On Target |

- Q2 MFA received a RiskSense Security Score (RS3) of 818 (very 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).

On Target |

- Q3 MFA received a RiskSense Security Score (RS3) of 819 (very 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).

Met |

- Q4 MFA's vulnerability scans continue on a weekly basis, and our vulnerability risk rating is 820. 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 Q4. The average for the four quarters is 819.

Benchmark: 28



Benchmark: Achieve a Recovery Point Objective (RPO) for infrastructure servers at or below ten minutes and a Recovery Time Objective (RTO) at or below six hours.

On Target |

- Q1 The current RPO for all critical infrastructure equipment is currently meeting the Service Level Agreement of less than 5 minutes and the tested failover Recovery Time Objective was just over two hours, which is below the goal of six.

On Target |

- Q2 The current RPO for all critical infrastructure equipment is currently meeting the Service Level Agreement of less than 5 minutes and the tested failover Recovery Time Objective remains at just over two hours, which is below the goal of six.

On Target |

- Q3 The current RPO for all critical infrastructure equipment is currently meeting the Service Level Agreement of less than 5 minutes and the tested failover Recovery Time Objective remains at just over two hours, which is below the goal of six hours.

Met |

- Q4 The current RPO for all critical infrastructure equipment is currently meeting the Service Level Agreement of less than 5 minutes and the tested failover Recovery Time Objective remains at just over two hours, which is below the goal of six hours.



Benchmark: 29

Benchmark: Implement three new high-priority software solutions that improve organizational efficiency.

On Target |

- Q1 Completed the implementation of five new programs to New Mexico Energy Smart (BIL, CSLFRF, NMHTF 22.G2445, Multifamily PNM projects, and Multifamily measures).

- Q2 On Target |

Email security from Mimecast implemented to DMARK authentication, this verifies who the senders are and stops phishing and spoofing attacks. Worked with MITAS to correct the missing MSR values in loans so they could be amortized correctly.

Met |

- Q3 Completed the implementation of new program funding sources for online invoicing and Engery \$mart. Added new server infrastructure to support MITAS migration to web. Completed build out of data warehouse to support year end and monthly production reports.

## Goal 5 - Foster a healthy, dynamic and team-oriented work environment

Benchmark: 30



Benchmark: Participate in Annual Employee Engagement Survey and determine and implement actionable steps to address opportunities for improvement.

- Q1 On Target | Survey will be conducted in the May timeframe
- Q2 On Target | Survey will be conducted in the May timeframe.
- Q3 On Target | Survey completed at 87% participation. In the process of analyzing data and outlining actionable steps
- Q4 Met | Complete

Benchmark: 31



Benchmark: Conduct internal benefits survey and address opportunities for enhancements.

- Q1 On Target | Will conduct survey in the second quarter
- Q2 On Target | In Progress
- Q3 Met | Survey completed in April. Action items identified and communicated.



# New Mexico Mortgage Finance Authority

Marketing & Communications Department  
*Strategic Marketing Overview*

**Kristie Garcia**

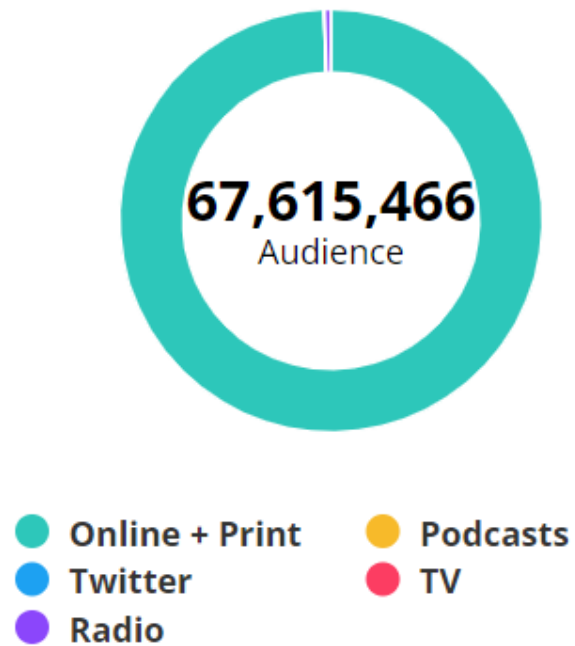
*Director of Communications & Marketing*



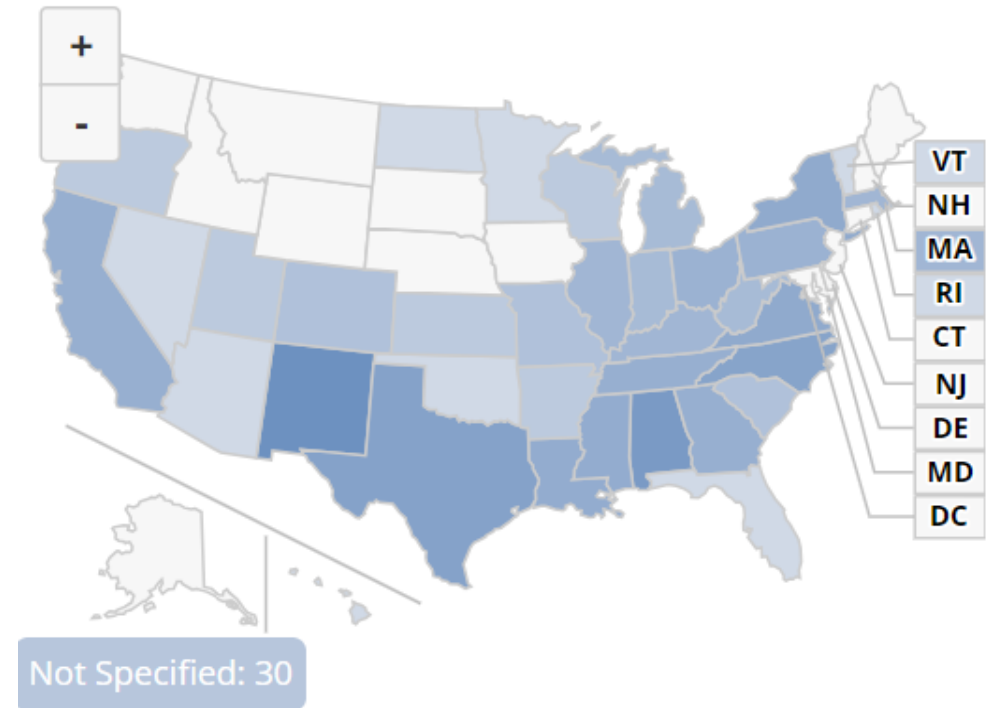
# Media Mention Analytics

September 1 – October 20

Audience by Media Type



Mentions by State

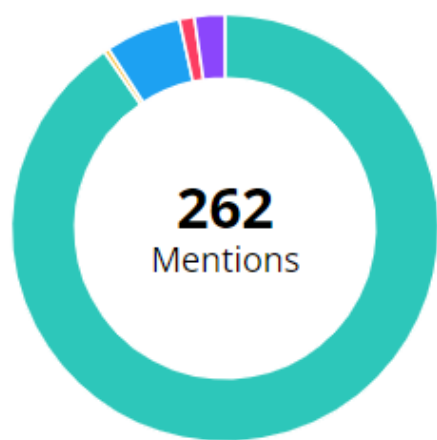




# Media Mention Analytics

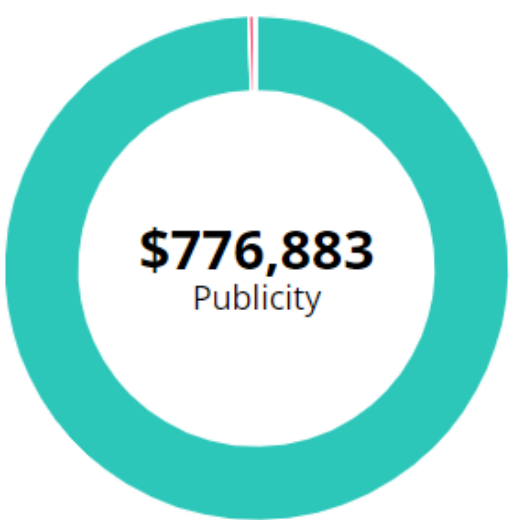
September 1 – October 20

Mentions by Media Type



- Online + Print
- Twitter
- Podcasts
- TV
- Radio

Publicity by Media Type



- Online + Print
- Podcasts
- TV
- Radio



# MFA in the News

## A SIGN of success

*New affordable housing apartments are specifically designed for deaf community*

**BY OLLIEREED JR.**  
JOURNAL STAFF WRITER

**B**raxton Thomsen, deaf from birth, communicates primarily with American Sign Language (ASL), but his personality — outgoing and full of humor — comes through loud and clear. “Maybe we should order a pizza while we are waiting,” Thomsen, 56, signs as a Journal reporter scribbles diligently in a notebook. “What are you writing — a novel?”

Not a novel, but an article about PAH! Hiland Plaza, a 92-unit apartment community that provides affordable housing and is, according to the Greater Albuquerque Housing Partnership, one of only five living complexes in the country specifically designed for deaf, deaf/blind and hard-of-hearing residents.

On Wednesday, a ribbon-cutting ceremony marked the official grand opening of the four-story apartment building at 5000 Central SE. But residents, including Thomsen, started moving in at the end of August. More than half the units are occupied.

The Journal visited with Thomsen on Tuesday at PAH! Hiland Plaza. ASL interpreter Tristan Lenzo assisted with the interview.

## Tens of millions more in funding available for state agency

Giuli Frendak | KOB  
October 2, 2023 - 6:15 PM



**Housing Authority announces \$5 million in housing loans, grants**

By Ryan Boetel / Journal Business Editor Oct 9, 2023

Artesia Daily Press  
Publication Date: 09/03/2023 Page Number: 001

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Title: MFA s state tax credit program offers  
Author:  
Size : 74 Inches Sq Artesia,NM Circulation: 3800  
Keywords: Mortgage Finance Authority ~ New Mexico Mortgage Finance Authority

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## MFA's state tax credit program offers hope, incentives

ALBUQUERQUE – A study commissioned in 2022 by the **New Mexico Mortgage Finance Authority (MFA)** has highlighted critical issues affecting New Mexico’s housing marketing.

The study revealed a concerning shortage of 32,000 affordable units for low-income households in New Mexico. The lack of affordable housing not only hinders household self-sufficiency and economic growth but also impedes state and local economic development.



# MFA in the News

Silver City Daily Press  
Publication Date: 10/06/2023 Page Number: 015  
Title: Funding from New Mexico fall prescribed fires Housing Trust Fund available for program  
Author:  
Size : 30 Inches Sq Silver City,NM Circulation: 8972  
Keywords: Housing Trust Fund ~ Mortgage Finance Authority ~ New Mexico Housing Trust Fund

## Funding from New Mexico Housing Trust Fund available for program

The New Mexico Mortgage Finance Authority has allocated \$5 million from the New Mexico Housing Trust Fund for its Housing Innovation Program. The program is a resource to address housing needs that are currently unmet by other MFA programs, and it provides an opportunity for eligible applicants to fund community tailored housing solutions, according to a news release. Through the Housing Innovation Program, the MFA aims to assist underserved residents tailored to specific communities.” Only capital projects will be considered for a funding award, and all activities must directly benefit low- or moderate-income households, the release stated. Past Housing Innovation Program projects include — but are not limited to — roof repair and replacement, homeless shelter expansion, accessibility improvements for senior homeowners and scattered-site transitional housing for participants in a workforce development program. Meeting details are listed on the MFA website at <https://housingnm.org/meetings-events-notice>. Required application forms are also available on the MFA website at <https://housingnm.org/rfps/rfps-rfq>. Applicants will be evaluated on the following criteria:

- Innovative, sustainable and scalable housing solutions.
- Readiness to proceed.
- Financial feasibility.
- Desired location.



News Radio KKOB @KKOBradio  
Time Sep 12, 2023 11:00 AM MDT  
User Location Albuquerque, New Mexico  
Language English

The New Mexico Mortgage Finance Authority allocated to its 'HOME Rehabilitation Program'. [h](#)

NEWS

New Mexico putting over \$2 million towards bringing low-income homes up to code and other improvements

by: [Curtis Segarra](#)  
Posted: Sep 11, 2023 / 03:12 PM MDT  
Updated: Sep 11, 2023 / 03:12 PM MDT



## NM MFA allocates over \$489k for HOME Rehabilitation Program

Las Vegas Optic  
Publication Date: 10/06/2023 Page Number: 006  
Title: \$5 million in funding from New Mexico Housing Trust Fund available  
Author: Las Vegas Optic reports  
Size : 27 Inches Sq Las Vegas,NM Circulation: 44277  
Keywords: Housing Trust Fund ~ Mortgage Finance Authority ~ New Mexico Housing Trust Fund ~ New Mexico



## \$5 million in funding from New Mexico Housing Trust Fund available

Las Vegas Optic reports

The New Mexico Mortgage Finance Authority (MFA) has allocated \$5 million from the New Mexico Housing Trust Fund for its Housing Innovation Program. The program is a resource to address housing needs that are currently unmet by other MFA programs, and

listed on the MFA website at <https://housingnm.org/meetings-events-notice>. Required application forms are also available on the MFA website at <https://housingnm.org/rfps/rfps-rfq>.



# Advertising

## Print Ads

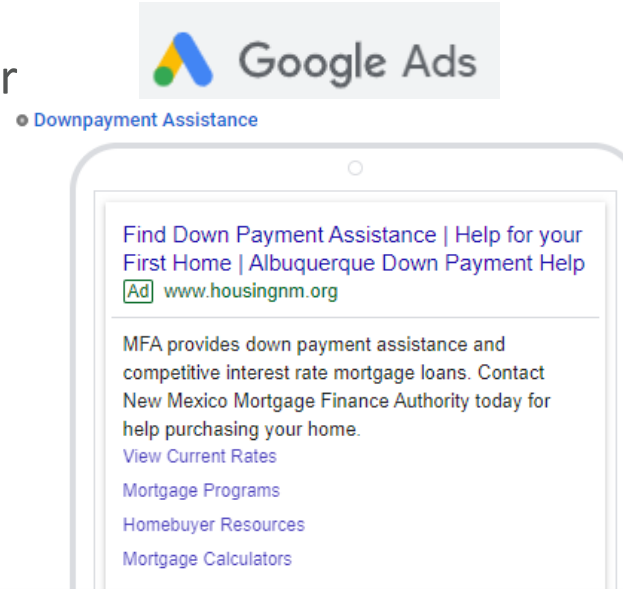
- “Housing for All” conference program
- New Mexico Association of Counties Newsletter
- New Mexico Municipal League
- New Mexico Bankers Digest
- The Real Estate Book

## Google Ads (two campaigns)

- Down Payment Assistance
- Affordable Housing

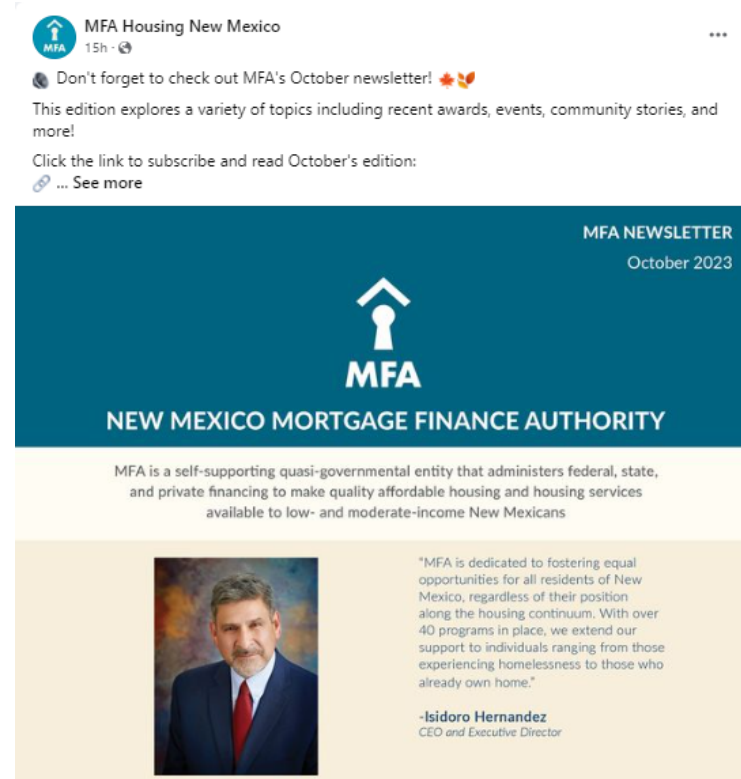
## Radio/Streaming Ads: Down Payment Assistance

- iHeart Radio: October 23-November 19
- KDCE/KYBR Radio: November 9,10, 13-17 (included a live on-air 15-minute interview November 8)



# Recent Outreach Efforts – Quarterly Newsletter

- Emailed to 3,555 people
- Available on MFA website
- Shared on social media



## MFA Newsletter

### Stay Informed with Our Quarterly Newsletter!

Don't miss out on the latest updates, exclusive content, and valuable insights delivered right to your inbox. Join our growing community of subscribers and be the first to know about industry trends, new programs, and other exciting MFA news. Sign up today to stay informed!

#### July 2023



#### October 2023



# Recent Outreach Efforts - *Events*



- US Conference on HIV/AIDS (September 5-9)
- Las Vegas Housing Summit (September 13)
- New Mexico Housing Trust Fund Advisory Committee Meeting (October 12)
- Housing Investment Council Meetings (October 12 and 20)
- National Council of State Housing Agencies Annual Conference (October 14-17)
- PAH! Hiland Plaza Ribbon-Cutting Ceremony (October 18)
- New Mexico Infrastructure Finance Conference (October 18-19)
- Regional Economic Development Summit (October 18)
- Affordable Housing Investors Council State HFA Panel (October 18)



# Recent Outreach Efforts - *Events*



- PNM Albuquerque Community Assistance Fair (October 21)
- Eastern Plains Council of Governments Region Housing Workshops (October 24-25)
- National Weatherization Day (October 25)
- NM Coalition to End Homelessness “Housing for All Conference” (October 26-27)
- New Mexico Weatherization Day (October 30)
- New Mexico Aging and Long-Term Services Department Conference on Aging (November 13-14)
- The Bluffs Senior Apartments Ribbon Cutting (November 17)



# Recent Outreach Efforts - *Events*



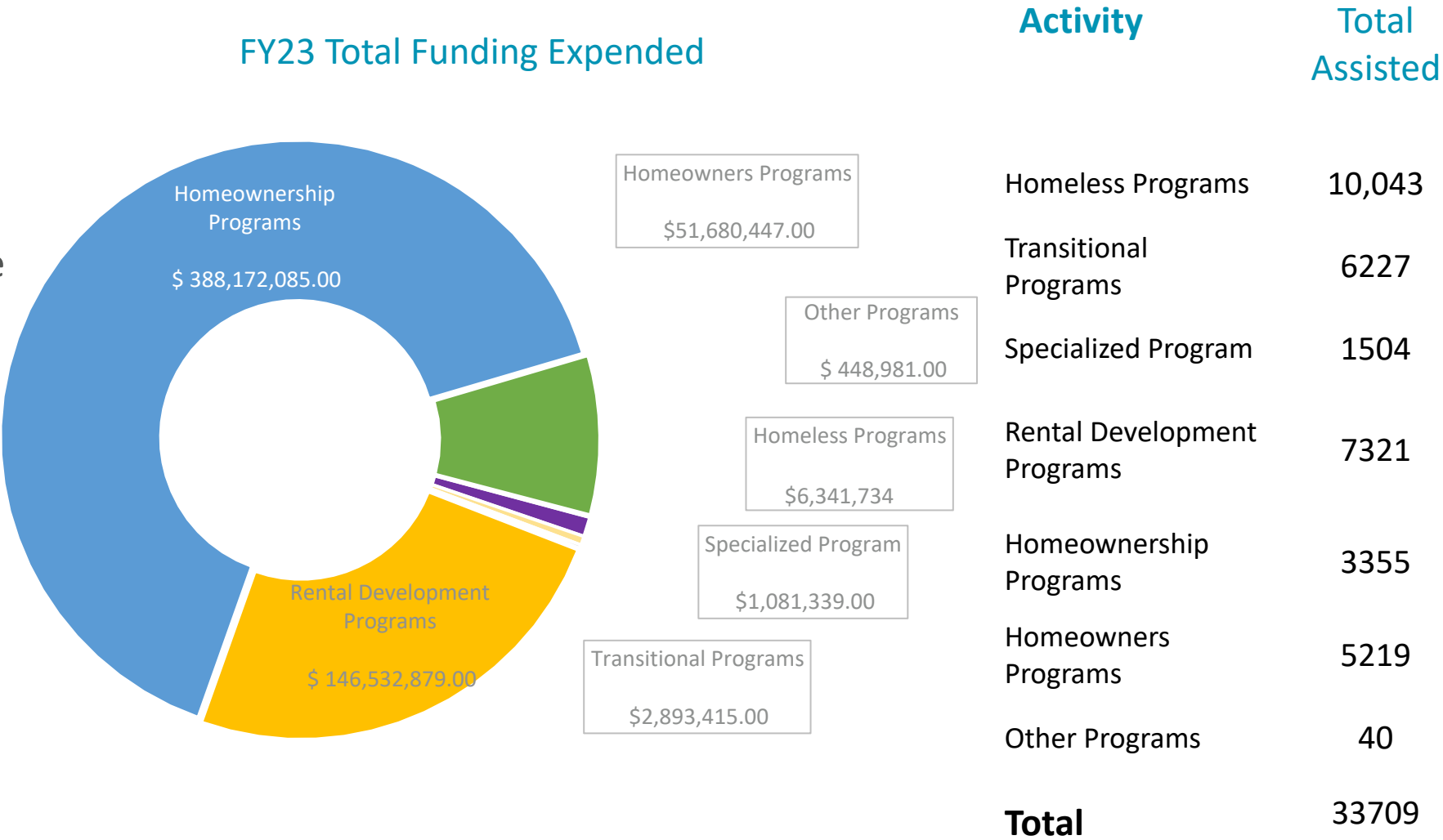


# Looking Ahead - MFA Programs

MFA will promote various **programs**, including:

- Down Payment Assistance
- Home Rehabilitation
- Weatherization

MFA will also highlight **accomplishments** and **production units**.



# Looking Ahead – State Tax Credit Program

## Marketing the State Tax Credit Program to Potential Donors *January – March 2024*

### Audiences

- Corporations, such as New Mexico Oil & Gas Association
- Publications, such as New Mexico Society of CPAs and New Mexico Bankers Digest
- News outlets such as Santa Fe New Mexican
- General public via press releases, radio ads, social media and MFA website, including video explaining how to donate
- Organizations such as New Mexico Association of Counties and New Mexico Municipal League

### Donate to the Charitable Trust and Receive State Tax Credits

#### Charitable Trust Donations

State tax credits are available to individuals and businesses that provide donations to help build affordable housing in New Mexico. The credit is equal to up to 50 percent of the value of the donation. Donations may include land, buildings, money or services.

Donations may be made directly to an affordable housing development that has been approved by MFA or to the New Mexico Affordable Housing Charitable Trust (Charitable Trust), which is a 501(c)3 administered by MFA. The minimum accepted donation is \$200 and the maximum accepted donation is \$2 million.

Tax credits may be applied to state income tax, gross receipts tax and compensating tax burdens. Tax credits may not be applied to local option gross receipts taxes imposed by a municipality or county or to the government gross receipts tax.

# Thank you!

Please contact me with any questions about  
MFA Marketing & Communications  
or visit our website at: [www.housingnm.org](http://www.housingnm.org)

**Kristie Garcia**

*Director of Communications & Marketing*

kgarcia@housingnm.org

505-767-2268



# MEMO

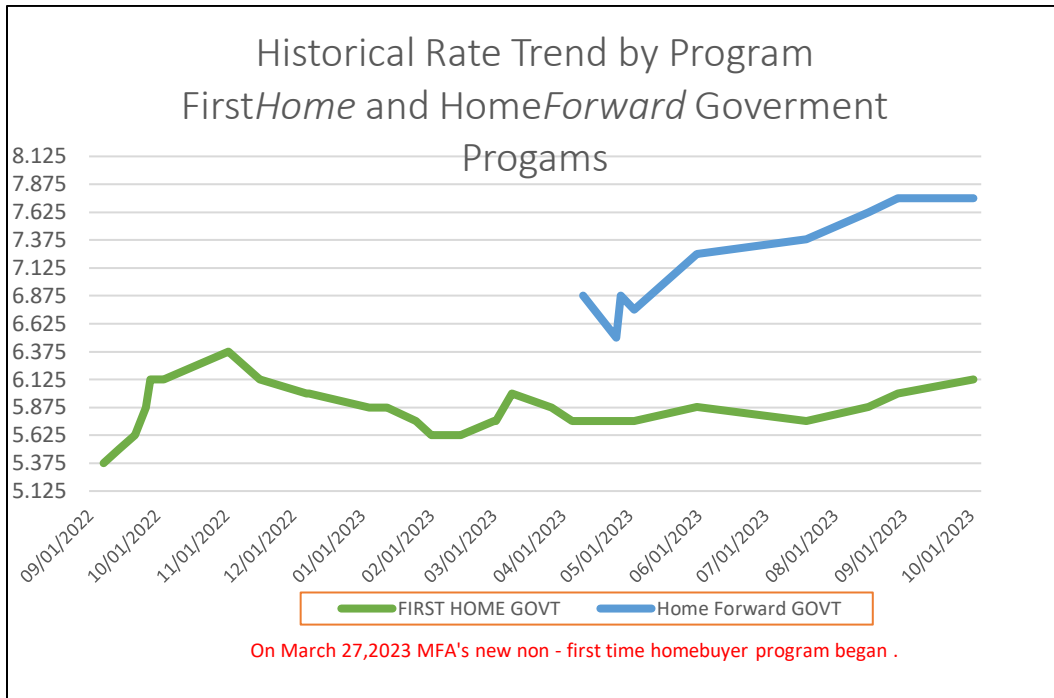
**TO:** MFA Board of Directors

**FROM:** Rene Acuña  
Director of Homeownership

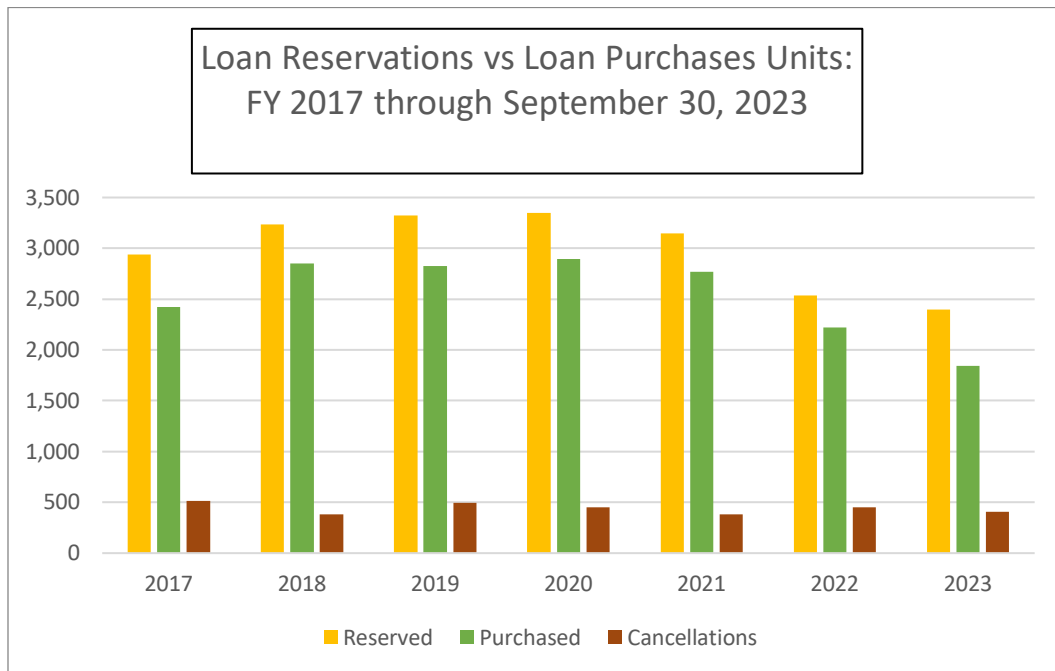
**DATE:** November 15, 2023

**SUBJECT:** Semiannual Single Family Production Report

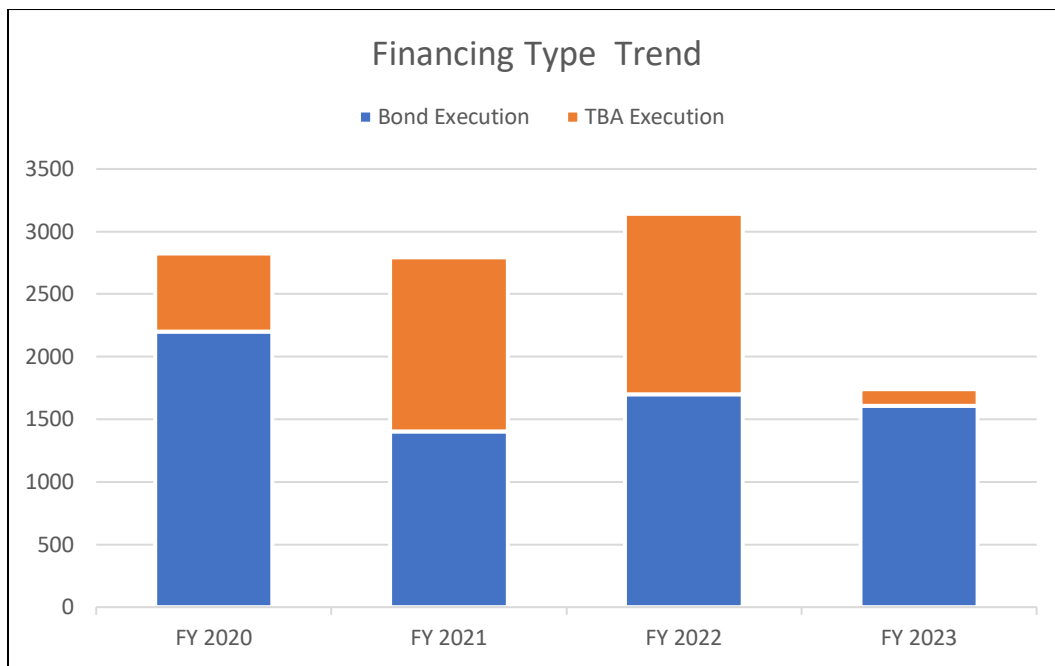
- Interest Rate History by Program



- Historical Reservation and Purchased Loan Trend



- Financing Executions





- Reservations by Program

| <b>Reservations by Program</b> | <b>Fiscal Year 2023</b><br>(10/01/2022 - 9/30/2023) | <b>Fiscal Year 2022</b><br>(10/01/2021 - 9/30/2022) |
|--------------------------------|---|---|
| FIRST HOME GOV'T               | 71.30%  | 70.03%  |
| FIRST HOME FNMA 80% AMI        | 15.02%  | 9.66%   |
| FIRST HOME FNMA ABOVE 80% AMI  | 6.01%   | 7.38%   |
| HOME FORWARD GOV'T             | 6.23%   | N/A   |
| HOME FORWARD 80% AMI           | 0.17%   | N/A   |
| HOME FORWARD ABOVE 80% AMI     | 1.06%   | N/A   |
| PARTNERS                       | 0.22%   | N/A   |

- Comparison of Down Payment Assistance (DPA) Sources

| <b>Down Payment Comparison</b> | <b>Fiscal Year 2023</b><br>(10/01/2022 - 9/30/2023) | <b>Fiscal Year 2022</b><br>(10/01/21 - 9/30/2022) |
|--------------------------------|---|---|
| FIRST DOWN (30YR)              | 79.22%  | 75.61%  |
| FIRST DOWN (15YR)              | 0.66%   | 0.38%   |
| FIRST DOWN (10YR)              | 0.07%   | 0.14%   |
| HOME NOW                       | 12.93%  | 7.39%   |
| HOME FORWARD USDA/VA           | 0.20%   | N/A   |
| HOME FORWARD (15YR)            | 6.60%   | N/A   |
| HOME FORWARD (10YR)            | 0.33%   | N/A   |

- Comparison of Loan Types

| <b>Loan Type Comparison</b> | <b>Fiscal Year 2023</b><br>(10/01/2022- 9/30/2023) | <b>Fiscal Year 2022</b><br>(10/01/21 - 9/30/2022) |
|-----------------------------|--|---|
| FHA                         | 72.55%   | 77.22%  |
| Conventional                | 22.46%   | 19.86%  |
| HUD Section 184             | 0.59%  | 0.45%   |
| VA                          | 3.45%  | 1.78%   |
| USDA / RHS                  | 0.95%  | 0.69%   |
| FHA 203K                    | 0.00%  | 0.00%   |

- Borrower Demographic

|  | <b>Fiscal Year 2023<br/>(10/01/2022 -<br/>9/30/2023)</b> | <b>Fiscal Year 2022<br/>(10/01/2021 -<br/>9/30/2022)</b> |
|--|--|--|
| Average Sales Price                    | \$214,837  | \$199,557  |
| Average Loan Amount                    | \$203,906  | \$194,064  |
| Average Down Payment Assistance Amount | \$7,669  | \$7,413  |
| Average Household Income               | \$59,022   | \$53,244   |
| Average Family Size                    | 2.54   | 2.55   |
| Ethnicity                              | 60.36 percent Minority                                   | 59.20 percent Minority                                   |
| Average Borrower Age                   | 34   | 35   |
| Average Number of Dependents           | 1 dependent  | 1 dependent  |
| Primary Borrower Gender                | 45.61% female/<br>53.20% male                            | 45.96% female/<br>53.38% male                            |
| Average FICO score                     | 695  | 689  |

- MFA Program Utilization

The irregular market utilization trend this past fiscal year is the result of a volatile market. The combination of rising interest rates and home prices resulted in a decrease in mortgage production across the state.

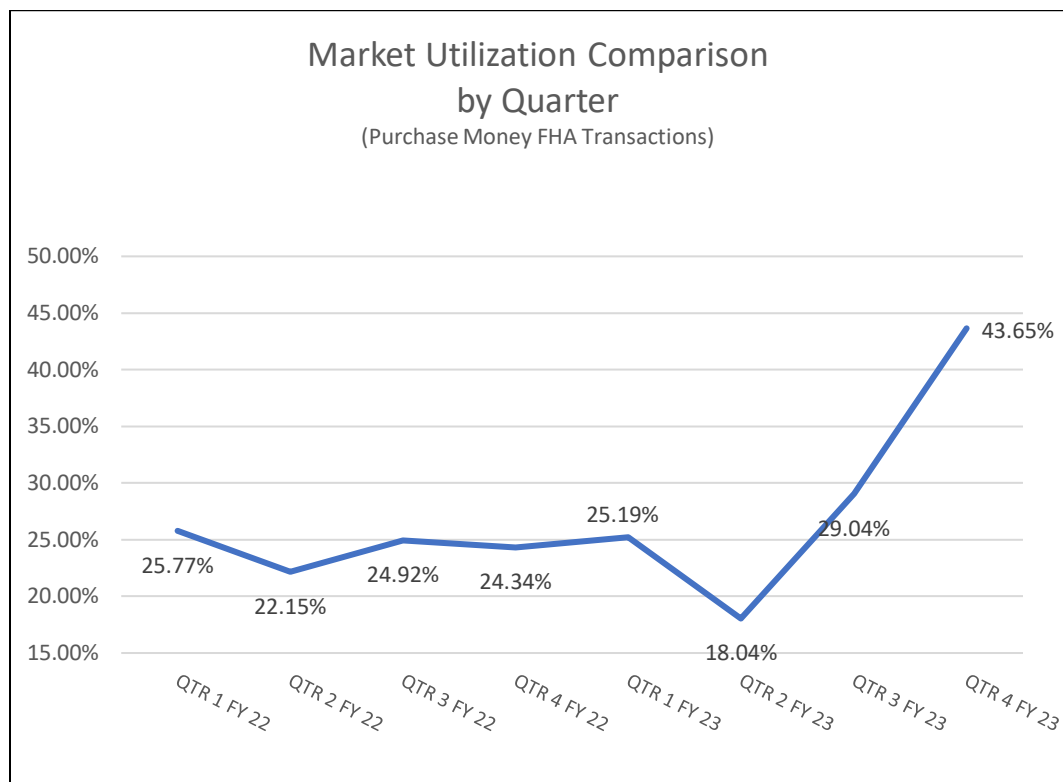
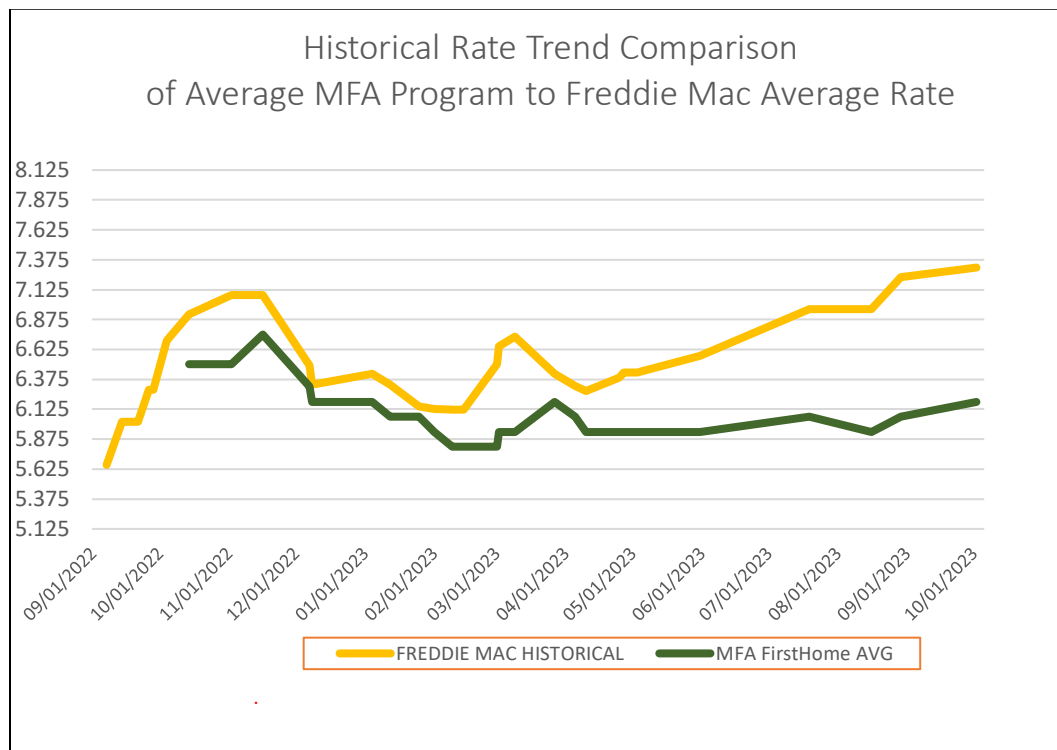
The chart below in combination with the Statewide Median Sales Price and Statewide Home Sales, may assist by providing a visual representation.

The yellow, or light color trend line is the average U.S. mortgage rate as reported by Freddie Mac. The green or dark colored line represents MFA's average FirstHome loan rate.

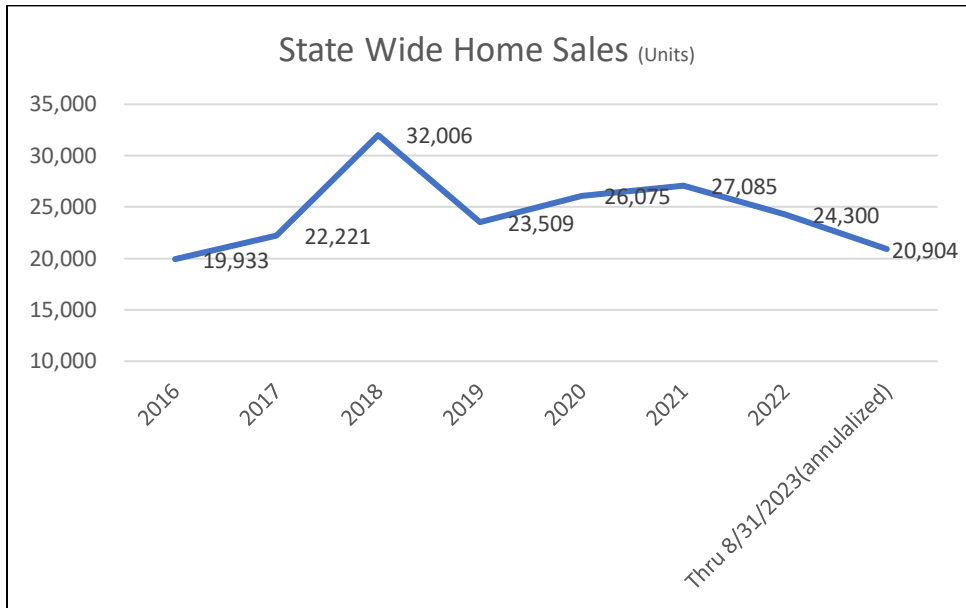
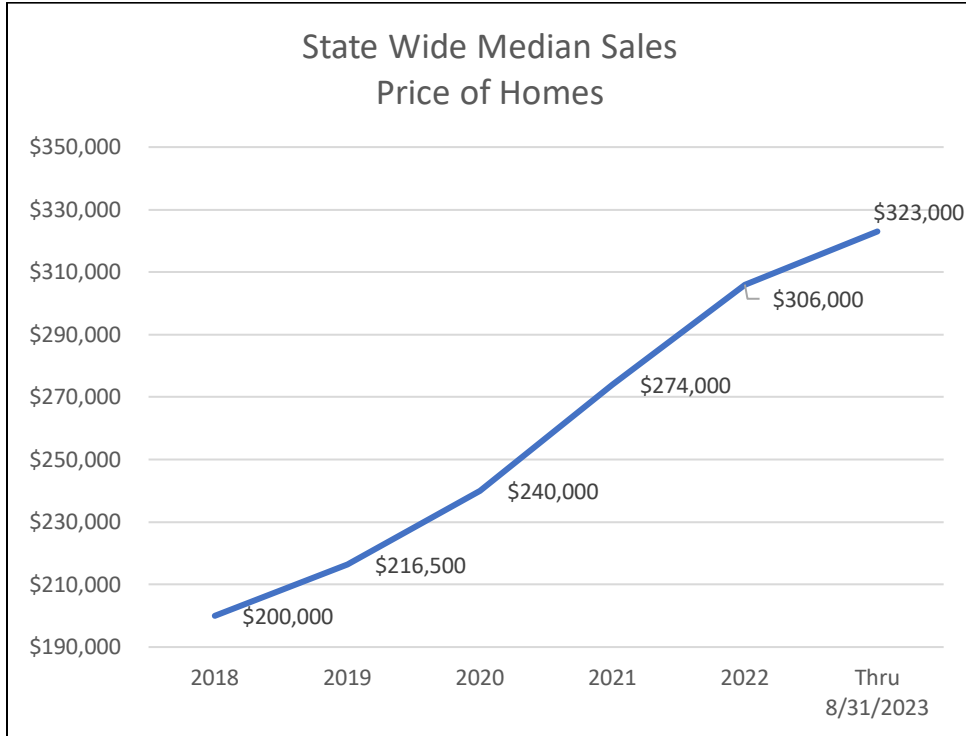
From October 2022 to April 2023 MFA's loan rates ran close to the market rate. We assume when MFA's rates are close to market rates, lenders will choose the market rate to maximize their profits. Historically, lenders only sent loans to MFA when a borrower needed down payment assistance.

MFA's ability to issue Tax Exempt Bonds allowed us to mitigate a rapid increase in loan rates. This becomes obvious in May. As market rates began to climb rapidly MFA was able to maintain a stable rate. Home sales dropped as home prices and interest rates continued to climb. Those looking to purchase homes in the current market are attracted to MFA for the loan rate. MFA's below market rate could very well make the difference for a borrower purchasing their own home.





- Median Sales Price and Home Sales Trend for New Mexico



**Staff Actions Requiring Notice to Board  
During the Period of October 2023**

| <b>Department and Program</b> | <b>Project</b>  | <b>Action Taken</b>   | <b>Comments / Date Approved</b>   |
|-------------------------------|---|---|---|
| Servicing Department          | Quarterly Quality Control Loan Servicing July 2023 Report | Moss Adams evaluates, and tests internal controls related to mortgage loan servicing each month. This testing is designed to assist MFA in evaluating its Quality Control Oversight and Compliance Plan in accordance with the US Department of Housing and Urban Development (HUD) and the Consumer Financial Protection Bureau (CFPB). Moss Adams did not identify any finding during the July 2023 monthly testing procedures.   | Approved by PC on October 3, 2023   |
| Servicing Department          | Monthly Quality Control Loan Servicing August 2023 Report | Moss Adams evaluates, and tests internal controls related to mortgage loan servicing each month. This testing is designed to assist MFA in evaluating its Quality Control Oversight and Compliance Plan in accordance with the US Department of Housing and Urban Development (HUD) and the Consumer Financial Protection Bureau (CFPB). Moss Adams did not identify any finding during the August 2023 monthly testing procedures. | Approved by PC on October 3, 2023   |
| Servicing Department          | October 2023 Loan Write Off                               | One First Down DPA loan written off due to First Mortgage Foreclosure, Amount of \$6,286.00.<br>One Next Down DPA Loan written off due to no enforceable lien, no original documents, amount \$4,654.00.<br>Total October 2023 write off of \$ 10,940.00.   | Approved by Teresa Lloyd, Director of Servicing and Joseph McIntyre, Controller on October 31, 2023 |
| Servicing Department          | October 2023 NPL Write Off                                | Three First Down 30 DPA Nonperforming Loans in the total amount of \$22,831.59.   | Approved by Teresa Lloyd, Director of Servicing and   |

| Department and Program   | Project   | Action Taken  | Comments / Date Approved                        |
|--|---|---|---|
|  |   | One Mortgage Booster DPA Loan write off in the amount of \$5,348.32.<br>One Land Title Trust DPA Nonperforming loan in the amount of \$1,496.22.<br>Total NPL write off of \$29,676.13.   | Joseph McIntyre, Controller on October 31, 2023 |
| Policy and Planning Department   | Homeownership Home Forward DPA                                      | Switch the funding source for the Home Forward Down Payment Assistance (DPA) program from New Mexico Housing Trust Fund (NMHTF) program income to NMHTF Severance Tax Bond (STB) funds previously approved for use in single family down payment assistance second mortgage loans, \$3 million.   | Approved by PC on September 19, 2023            |
| Community Development Department - New Mexico Affordable Housing Charitable Trust Fund | Funding for kitchen remodel to Families and Youth Innovations Plus. | Approval to grant Families and Youth Innovations Plus \$24,800 of NM Affordable Housing Charitable Trust funds to be used towards remodeling their kitchen located at 2215 N Valley is Las Cruces, New Mexico.  | Approved by PC on October 3, 2023               |
| Community Development Department - Veterans Home Rehabilitation                        | Reallocation of funds   | Approval to reallocate \$250,000 in Veterans Rehab funding and \$87,500 in leverage funding for Southwest Regional Housing from the NM EnergySmart program and reallocate it directly to Southwest Regional Housing under their existing Veterans Rehab contract. This will allow the Rehab Program Manager to oversee the projects as rehab and not as weatherization. | Approved by PC on October 10, 2023              |
| Community Development Department - HOME ARP Supportive Services                        | Drawdown Request  | Approval of additional funding for \$1 million for three subrecipients- San Juan County Partnership, Mesilla Valley Community of Hope & Catholic Charities.   | Approved by PC on October 24, 2023              |

New Mexico Housing Trust Fund Board of Directors Update

Data is as of Policy Committee meeting on November 6, 2023

| Approved Certified Uses   | Approved Certified Use Allocation | Activity                                      | Activity Allocation | Procurement   |                                    |   | Awards                     |  |                               |                          |                                  | Expenditures as of 11/6/23 | Leverage |
|---|-----------------------------------|---|---------------------|---|------------------------------------|---|----------------------------|--|-------------------------------|--------------------------|----------------------------------|----------------------------|----------|
|   |                                   |   |                     | Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved | Procurement Recommended 11/15/2023 | Balance Not Yet Procured as of 11/15/23 | Awards Previously Approved | Recommended Grantee                                  | Awards Recommended 11/15/2023 | Anticipated Award Impact | Awards Approved as of 11/15/2023 |                            |          |
| Down payment assistance   | \$ 8,500,000.00                   | DPA   | \$ 8,500,000.00     | \$ 3,000,000.00   | \$5,500,000.00                     | \$ -                                    | \$ 3,000,000.00            | FirstDownPlus  | \$ 5,500,000.00               | 496                      | \$ 8,500,000.00                  | \$ -                       | \$ -     |
| First mortgage; Affordable homeownership loan purchase  | \$ 3,400,000.00                   | 40 YLM  | \$ 3,400,000.00     | \$ -  | \$ -                               | \$ 3,400,000.0                          | \$ -                       |  | \$ -                          |                          | \$ -                             | \$ -                       | \$ -     |
| Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation | \$ 1,500,000.00                   | Single-family Rehab                           | \$ 1,000,000.00     | \$ 1,000,000.00   | \$ -                               | \$ -                                    | \$ 281,167.56              |  | \$ -                          |                          | \$ 281,167.56                    | \$ 81,509.36               | \$ -     |
|   |                                   | Weatherization                                | \$ 500,000.00       | \$ 500,000.00   | \$ -                               | \$ -                                    | \$ -                       | Central New Mexico Housing Corporation               | \$ 350,000.00                 | 50                       | \$ 500,000.00                    | \$ -                       | \$ -     |
|   |                                   |   |                     |   |                                    |   |                            | Southwest Regional Housing and Community Development | \$ 150,000.00                 | 21                       |                                  |                            |          |
| Single family acquisition and rehabilitation  | \$ 2,000,000.00                   | ROC   | \$ 2,000,000.00     | \$ 2,000,000.00   | \$ -                               | \$ -                                    | \$ -                       |  | \$ -                          |                          | \$ -                             | \$ -                       | \$ -     |
| Rental and single-family development  | \$ 22,130,000.00                  | Gap Financing Loan                            | \$ 8,630,000.00     | \$ 8,630,000.00   | \$ -                               | \$ -                                    | \$ 5,500,000.00            | Encino Senior Gardens                                | \$ 2,000,000.00               | 165                      | \$ 7,500,000.00                  | \$ -                       | \$ -     |
|   |                                   | Preservation loan                             | \$ 2,500,000.00     | \$ 2,500,000.00   | \$ -                               | \$ -                                    | \$ -                       |  | \$ -                          |                          | \$ -                             | \$ -                       | \$ -     |
|   |                                   | Primero Loan (SF)                             | \$ 3,000,000.00     | \$ 3,000,000.00   | \$ -                               | \$ -                                    | \$ -                       |  | \$ -                          |                          | \$ -                             | \$ -                       | \$ -     |
|   |                                   | Single-Family Development Grant Pilot Program | \$ 3,000,000.00     | \$ 3,000,000.00   | \$ -                               | \$ -                                    | \$ -                       |  | \$ -                          |                          | \$ -                             | \$ -                       | \$ -     |
|   |                                   | Housing Innovation                            | \$ 5,000,000.00     | \$ 5,000,000.00   | \$ -                               | \$ -                                    | \$ -                       |  | \$ -                          |                          | \$ -                             | \$ -                       | \$ -     |
| \$ 37,530,000.00  |                                   |   | \$ 37,530,000.00    | \$ 28,630,000.00  |                                    | \$ 3,400,000.00                         | \$ 8,781,167.56            |  | \$ 8,000,000.00               |                          | \$ 16,781,167.56                 | \$ 81,509.36               | \$ -     |

Down payment assistance

| Approved<br>Certified Uses | Approved Certified<br>Use Allocation | Activity                   | Activity Allocation | Procurement<br>(NOFAS, RFPS,<br>Program<br>Guidelines)<br>Previously<br>Approved | Procurement<br>Amount | Procurement<br>Approval Date | Procurements<br>Previously<br>Approved by Boad | Balance Not Yet<br>Procured as of<br>11/15/23 | Grantee            | Date of Approval | Awards<br>Previously<br>Approved | Anticipated Award<br>Impact | Awards Previously<br>Approved by<br>Board | Awards Approved<br>as of 11/15/2023 | Expenditures as of<br>11/6/23 | Total Expenditures | Leverage |
|----------------------------|--------------------------------------|----------------------------|---------------------|--|-----------------------|------------------------------|--|---|--------------------|------------------|----------------------------------|-----------------------------|---|-------------------------------------|-------------------------------|--------------------|----------|
| Down payment<br>assistance | \$ 8,500,000.00                      | Down payment<br>assistance | \$ 8,500,000.00     | HomeForward<br>DPA Program<br>Guidelines   | \$ 3,000,000.00       | 1/18/23                      | \$ 3,000,000.00                                | \$ -  | HomeForward<br>DPA | 9/14/23          | \$ 3,000,000.00                  | 270                         | \$ 3,000,000.00                           | \$ 8,500,000.00                     | \$ -                          | \$ -               | \$ -     |
|                            |                                      |                            |                     | FirstDown Plus<br>Program Policy   | \$ 5,500,000.00       | 11/15/23                     | \$ 5,500,000.00                                |   | FirstDown Plus     | 11/15/23         | \$ 5,500,000.00                  | 496                         |   |                                     | \$ -                          |                    |          |

Single Family Rehab

| Certified Use   | Certified Use Amout | Activity            | Activity Allocation | Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board | Procurement Amount | Procurement Approval Date | Procurements Previously Approved by Boad | Balance Not Yet Procured as of 11/15/23 | Grantee           | Date of Approval | Awards Previously Approved by Board | Anticipated Award Impact | Awards Previously Approved by Board | Awards Approved as of 11/15/2023 | Expenditures as of 11/6/23 | Total Expenditures | Leverage |
|---|---------------------|---------------------|---------------------|--|--------------------|---------------------------|--|---|-------------------|------------------|-------------------------------------|--------------------------|-------------------------------------|----------------------------------|----------------------------|--------------------|----------|
| Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation | \$ 1,500,000.00     | Single-family rehab | \$ 1,000,000.00     | Single Family Repair and Rehab NOFA  | \$ 1,000,000.00    | 4/19/2023                 | \$ 1,000,000.00                          | \$ -                                    | SWRHCD            | 8/15/2023        | \$ 134,655.19                       | 19                       | \$ 281,167.56                       | \$ 281,167.56                    | \$ -                       | \$ 81,509.36       | \$ -     |
|   |                     |                     |                     |  |                    |                           |  |   | SWRHCD            | 8/29/2023        | \$ 110,000.00                       | 1                        |                                     |                                  | \$ 49,499.93               |                    |          |
|   |                     |                     |                     |  |                    |                           |  |   | San Felipe Pueblo | 9/19/2023        | \$ 36,512.37                        | 2                        |                                     |                                  | \$ 32,009.43               |                    |          |

Weatherization

| Certified Use   | Certified Use Amout | Activity       | Activity Allocation | Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board | Procurement Amount | Procurement Approval Date | Procurements Previously Approved by Boad | Balance Not Yet Procured as of 11/15/23 | Grantee  | Date of Approval | Awards Previously Approved by Board | Anticipated Award Impact | Awards Previously Approved by Board | Awards Approved as of 11/15/2023 | Expenditures as of 11/6/23 | Total Expenditures | Leverage |
|---|---------------------|----------------|---------------------|--|--------------------|---------------------------|--|---|--|------------------|-------------------------------------|--------------------------|-------------------------------------|----------------------------------|----------------------------|--------------------|----------|
| Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation | \$ 1,500,000.00     | Weatherization | \$ 500,000.00       | Weatherization NOFA  | \$ 500,000.00      | 8/20/23                   | \$ 500,000.00                            | \$ -                                    | Central New Mexico Housing Corporation               | 11/15/2023       | \$ 350,000.00                       | 50                       | \$ -                                | \$ 500,000.00                    | \$ -                       | \$ -               | \$ -     |
|   |                     |                |                     |  |                    |                           |  |   | Southwest Regional Housing and Community Development | 11/15/2023       | \$ 150,000.00                       | 21                       |                                     |                                  | \$ -                       |                    |          |

Single family acquisition and rehabilitation

| Certified Use                                      | Certified Use Amout | Activity | Activity Allocation | Procurement<br>(NOFAS, RFPS,<br>Program Guidelines)<br>Previously Approved<br>by Board | Procurement<br>Amount | Procurement<br>Approval Date | Procurements<br>Previously<br>Approved by Boad | Balance Not Yet<br>Procured as of<br>11/15/23 | Grantee | Date of Approval | Awards Previously<br>Approved by Board | Anticipated Award<br>Impact | Awards Previously<br>Approved by Board | Awards Approved as<br>of 11/15/2023 | Expenditures as of<br>11/6/23 | Total Expenditures | Leverage |
|--|---------------------|----------|---------------------|--|-----------------------|------------------------------|--|---|---------|------------------|--|-----------------------------|--|-------------------------------------|-------------------------------|--------------------|----------|
| Single family<br>acquisition and<br>rehabilitation | \$ 2,000,000.00     | ROC      | \$ 2,000,000.00     | NOFA   | \$ 2,000,000.00       | 5/17/23                      | \$ 2,000,000.00                                | \$ -  | -       | -                | \$ -                                   | -                           | \$ -                                   | \$ -                                | \$ -                          | \$ -               | \$ -     |



Gap Financing

| Certified Use                        | Certified Use Amout | Activity           | Activity Allocation | Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board | Procurement Amount | Procurement Approval Date | Procurements Previously Approved by Boad | Balance Not Yet Procured as of 11/15/23 | Grantee               | Date of Approval | Awards Previously Approved by Board | Anticipated Award Impact | Awards Previously Approved by Board | Awards Approved as of 11/15/2023 | Expenditures as of 11/6/23 | Total Expenditures | Leverage |
|--------------------------------------|---------------------|--------------------|---------------------|--|--------------------|---------------------------|--|---|-----------------------|------------------|-------------------------------------|--------------------------|-------------------------------------|----------------------------------|----------------------------|--------------------|----------|
| Rental and single-family development | \$ 22,130,000       | Gap financing loan | \$ 8,630,000.00     | Gap Finanacing NOFA  | \$ 8,630,000.00    | 6/18/21                   | \$ 8,630,000.00                          | \$ -                                    | Three Sisters         | 6/21/23          | \$ 3,500,000.00                     | 70                       | \$ 5,500,000.00                     | \$ 7,500,000.00                  | \$ -                       | \$ -               | \$ -     |
|                                      |                     |                    |                     |  |                    |                           |  |   | La Serena Apartments  | 9/20/23          | \$ 1,000,000.00                     | 100                      |                                     |                                  | \$ -                       |                    |          |
|                                      |                     |                    |                     |  |                    |                           |  |   | Pedrena Apartments    | 10/18/23         | \$ 1,000,000.00                     | 80                       |                                     |                                  | \$ -                       |                    |          |
|                                      |                     |                    |                     |  |                    |                           |  |   | Encino Senior Gardens | 11/15/23         | \$ 2,000,000.00                     | 165                      |                                     |                                  | \$ -                       |                    |          |

Preservation

| Certified Use                        | Certified Use Amout | Activity          | Activity Allocation | Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board | Procurement Amount | Procurement Approval Date | Procurements Previously Approved by Boad | Balance Not Yet Procured as of 11/15/23 | Grantee | Date of Approval | Awards Previously Approved by Board | Anticipated Award Impact | Awards Previously Approved by Board | Awards Approved as of 11/15/2023 | Expenditures as of 11/6/23 | Total Expenditures | Leverage |
|--------------------------------------|---------------------|-------------------|---------------------|--|--------------------|---------------------------|--|---|---------|------------------|-------------------------------------|--------------------------|-------------------------------------|----------------------------------|----------------------------|--------------------|----------|
| Rental and single-family development | \$ 22,130,000       | Preservation Loan | \$ 2,500,000.00     | NOFA   | \$ 2,500,000.00    | 3/15/23                   | \$ 2,500,000.00                          | \$ -                                    | -       |                  | \$ -                                | -                        | \$ -                                | \$ -                             | \$ -                       | \$ -               | \$ -     |

SF Primero

| Certified Use                        | Certified Use Amout | Activity          | Activity Allocation | Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board | Procurement Amount | Procurement Approval Date | Procurements Previously Approved by Boad | Balance Not Yet Procured as of 11/15/23 | Grantee | Date of Approval | Awards Previously Approved by Board | Anticipated Award Impact | Awards Previously Approved by Board | Awards Approved as of 11/15/2023 | Expenditures as of 11/6/23 | Total Expenditures | Leverage |
|--------------------------------------|---------------------|-------------------|---------------------|--|--------------------|---------------------------|--|---|---------|------------------|-------------------------------------|--------------------------|-------------------------------------|----------------------------------|----------------------------|--------------------|----------|
| Rental and single-family development | \$ 22,130,000       | Primero loan (SF) | \$ 3,000,000.00     | NOFA   | \$ 3,000,000.00    | 9/20/23                   | \$ 3,000,000.00                          | \$ -                                    | -       |                  | \$ -                                | -                        | \$ -                                | \$ -                             | \$ -                       | \$ -               | \$ -     |

SF New Construction

| Approved Certified Uses              | Approved Certified Use Allocation | Activity              | Activity Allocation | Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board | Procurement Amount | Procurement Approval Date | Procurements Previously Approved by Boad | Balance Not Yet Procured as of 11/15/23 | Grantee | Date of Approval | Awards Previously Approved by Board | Anticipated Award Impact | Awards Previously Approved | Awards Approved as of 11/15/2023 | Expenditures as of 11/6/23 | Total Expenditures | Leverage |
|--------------------------------------|-----------------------------------|-----------------------|---------------------|--|--------------------|---------------------------|--|---|---------|------------------|-------------------------------------|--------------------------|----------------------------|----------------------------------|----------------------------|--------------------|----------|
| Rental and single-family development | \$ 22,130,000.00                  | New Construction (SF) | \$ 3,000,000.00     | NOFA   | \$ 3,000,000.00    | 10/18/23                  | \$ 3,000,000.00                          | \$ -                                    | -       | -                | \$ -                                | -                        | \$ -                       | \$ -                             | \$ -                       | \$ -               | \$ -     |

Housing Innovation

| Approved Certified Uses              | Approved Certified Use Allocation | Activity           | Activity Allocation | Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board | Procurement Amount | Procurement Approval Date | Procurements Previously Approved by Boad | Balance Not Yet Procured as of 11/15/23 | Grantee | Date of Approval | Awards Previously Approved by Board | Anticipated Award Impact | Awards Previously Approved | Awards Approved as of 11/15/2023 | Expenditures as of 11/6/23 | Total Expenditures | Leverage |
|--------------------------------------|-----------------------------------|--------------------|---------------------|--|--------------------|---------------------------|--|---|---------|------------------|-------------------------------------|--------------------------|----------------------------|----------------------------------|----------------------------|--------------------|----------|
| Rental and single-family development | \$ 22,130,000.00                  | Housing innovation | \$ 5,000,000.00     | NOFA   | \$ 5,000,000.00    | 9/20/23                   | \$ 5,000,000.00                          | \$ -                                    | -       | -                | \$ -                                | -                        | \$ -                       | \$ -                             | \$ -                       | \$ -               | \$ -     |