

#### MFA Housing New Mexico MFA June Board of Directors Meeting June 20, 2024 9:00 am-12:30 pm Mountain Time

#### **Chair Convenes Meeting**

- > Roll Call (Izzy Hernandez)
- Approval of Agenda Board Action
- ➤ Approval of 5/15/24 Board Meeting Minutes Board Action
- ➤ Executive Director Updates

#### **Presentation**

Housing Initiatives Update- Governor Lujan Grisham's Senior Housing Policy Advisor (Daniel Werwath)

**Board Action Items** 

(Action Required)

#### **Consent Agenda**

1 New Mexico Housing Trust Fund 2024 Legislative Session \$50 Million Allocation Recommendation (Stephanie Gonzales & Sonja Unrau) YES

#### Other

2 Election of Officers (Angel Reyes) YES

#### **Finance Committee**

- 3 Information Technology Internal Audit Executive Summary Report (Antoine Matthews, CISM, CEH, PCI ASV, Cybersecurity Consultant, & Devin Osterhout, CISSP, CCSK, Cybersecurity Consultant Sr. Manager with Moss Adams) YES
- 4 Home Ownership Mortgage Operations Internal Audit Executive Summary Report (Claire Hilleary, CPA, Director & David Lara Jimenez, Senior, with Moss Adams) YES

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

- 5 Las Brisas Apartments \$1,000,000 New Mexico Preservation Loan Fund Award Request (Hannah Kunzle & George Maestas) YES
- 6 Country Club Apartments HOME, National Housing Trust Fund, and New Mexico Housing Trust Fund Loan Requests – (Justin Carmona & George Maestas) YES
- 7 El Toro Community Single-Family Housing Development New Mexico Housing Trust Fund Revolving Construction Line of Credit Request (Josh Howe & George Maestas) YES

- 8 Salazar South Single-Family Housing Development New Mexico Housing Trust Fund Revolving Construction Line of Credit Request (Josh Howe & George Maestas) YES
- 9 Community Project Funding Affordable Housing in Fire Affected Counties Award Recommendation – Elk Meadows (Stephanie Gonzales & Sonja Unrau) YES
- 10 Single Family Development Grant Pilot Program Award Homewise for Miraflores (Sharlynn Rosales & Sonja Unrau) YES
- 11 Recommendation to Award \$500,000 to Ohkay Owingeh Housing Authority Under the Housing Innovation Notice of Funding Availability (Daniela Freamon & Sonja Unrau) YES
- 12 Recommendation to Award \$500,000 to North Central New Mexico Economic Development District Application Under the Housing Innovation Notice of Funding Availability (Daniela Freamon & Sonja Unrau) YES

  Other
- 13 Post Sale Analysis NMMFA Bond Issue 2024CD (Arundhati Bose) NO

**Information Only** 

14 (Staff is available for questions)

Other Board Items

Staff Action Requiring Notice to Board

Monthly Reports No Action Required

- 15 (Staff is available for questions)
  - 4/30/24 Financial Statement
  - Marketing & Communications Monthly Update
  - New Mexico Housing Trust Fund Update

Announcements and Adjournment Discussion Only

Confirmation of Upcoming Board Meetings

- ➤ June 27, 2024 Thursday- 3:00 p.m. Investment Committee
   Meeting (Board Members please RSVP if interested in attending)
   ➤ July 9, 2024 Tuesday, Contracted Services 10:00 a.m. Finance
- Committee 1:30 p.m.
- > July 17, 2024 Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
- ➤ July 25, 2024- Thursday- 3:00 p.m. Investment Committee Meeting (Board Members please RSVP if interested in attending)
- ➤ August 13, 2024 Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- ➤ August 21, 2024 Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
- ➤ September 10, 2024 Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- ➤ September 18, 2024 Wednesday 9:30 a.m. (MFA Board of Directors Meeting)



#### NEW MEXICO MORTGAGE FINANCE AUTHORITY

## Board Meeting 344 4th St. SW, Albuquerque, NM

Thursday, June 20, 2024- 9:30 a.m.

#### **Proposed Agenda**

#### **Chair Convenes Meeting**

- ➤ Roll Call (Izzy Hernandez)
- ➤ Approval of Agenda Board Action
- ➤ Approval of 5/15/24 Board Meeting Minutes Board Action
- Executive Director Updates

#### Presentation

Housing Initiatives Update- Governor Lujan Grisham's Senior Housing Policy Advisor (Daniel Werwath)

Board Action Items Action Required

#### Consent

1 New Mexico Housing Trust Fund 2024 Legislative Session \$50 Million Allocation Recommendation (Stephanie Gonzales & Sonja Unrau)
YES

#### Other

2 Election of Officers (Angel Reyes)

YES

#### **Finance Committee**

- 3 Information Technology Internal Audit Executive Summary Report (Antoine Matthews, CISM, CEH, PCI ASV, Cybersecurity Consultant, & Devin Osterhout, CISSP, CCSK, Cybersecurity Consultant Sr. Manager with Moss Adams)

  YES
- Home Ownership Mortgage Operations Internal Audit Executive Summary Report (Claire Hilleary, CPA, Director & David Lara Jimenez, Senior, with Moss Adams)

YES

YES

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

- 5 Las Brisas Apartments \$1,000,000 New Mexico Preservation Loan Fund Award Request (Hannah Kunzle & George Maestas)
  YES
- 6 Country Club Apartments HOME, National Housing Trust Fund, and New Mexico Housing Trust Fund Loan Requests – (Justin Carmona & George Maestas) YES
- 7 El Toro Community Single-Family Housing Development New Mexico Housing Trust Fund Revolving Construction Line of Credit Request (Josh Howe & George Maestas)
- 8 Salazar South Single-Family Housing Development New Mexico Housing Trust Fund Revolving Construction Line of Credit Request – (Josh Howe & George Maestas) YES
- 9 Community Project Funding Affordable Housing in Fire Affected Counties Award Recommendation Elk Meadows (Stephanie Gonzales & Sonja Unrau) YES
- 10 Single Family Development Grant Pilot Program Award Homewise for Miraflores (Sharlynn Rosales & Sonja Unrau)
  YES
- 11 Recommendation to Award \$500,000 to Ohkay Owingeh Housing Authority Under the Housing Innovation Notice of Funding Availability (Daniela Freamon & Sonja Unrau)

  YES
- 12 Recommendation to Award \$500,000 to North Central New Mexico Economic Development District Application Under the Housing Innovation Notice of Funding Availability (Daniela Freamon & Sonja Unrau) YES

#### **Other**

Other Board Items 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)

- 4/30/24 Financial Statement
- Marketing & Communications Monthly Update
- New Mexico Housing Trust Fund Update

#### **Announcements and Adjournment**

**Discussion Only** 

Confirmation of Upcoming Board Meetings

- ➤ June 27, 2024 Thursday- 3:00 p.m. Investment Committee Meeting (Board Members please RSVP if interested in attending)
- ➤ July 9, 2024 Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- ➤ July 17, 2024 Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
- ➤ July 25, 2024- Thursday- 3:00 p.m. Investment Committee Meeting (Board Members please RSVP if interested in attending)
- > August 13, 2024 Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- August 21, 2024 Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
- > September 10, 2024 Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- ➤ September 18, 2024 Wednesday 9:30 a.m. (MFA Board of Directors Meeting)



#### NEW MEXICO MORTGAGE FINANCE AUTHORITY

## Board Meeting 344 4th St. SW, Albuquerque, NM Thursday, June 20, 2024- 9:30 a.m.

#### **Proposed Agenda**

#### **Chair Convenes Meeting**

- ➤ Roll Call (Izzy Hernandez)
- ➤ Approval of Agenda Board Action
- ➤ Approval of 5/15/24 Board Meeting Minutes Board Action
- ➤ Executive Director Updates

#### **Presentation**

Housing Initiatives Update-Governor Lujan Grisham's Senior Housing Policy Advisor (Daniel Werwath)

Board Action Items Action Required

#### Consent

New Mexico Housing Trust Fund 2024 Legislative Session \$50 Million Allocation Recommendation (Stephanie Gonzales & Sonja Unrau) - MFA staff recommend the allocation of \$50 million approved during the 2024 Regular Legislative Session
YES

#### Other

2 Election of Officers (Angel Reyes)

YES

#### **Finance Committee**

- Information Technology Internal Audit Executive Summary Report (Antoine Matthews, CISM, CEH, PCI ASV, Cybersecurity Consultant, & Devin Osterhout, CISSP, CCSK, Cybersecurity Consultant Sr. Manager with Moss Adams) Staff requests acceptance of the Information Technology Internal Audit Executive Summary report in which there was one medium level finding and one low risk finding. Management agrees with Moss Adams' recommendations to address both findings. Overall MFA received a implementation Tier 3 Repeatable rating. YES
- 4 Home Ownership Mortgage Operations Internal Audit Executive Summary Report (Claire Hilleary, CPA, Director & David Lara Jimenez, Senior, with Moss Adams) Staff requests acceptance of the Mortgage Operations Internal Audit Executive Summary Report in which there were two low risk findings recommending additional trainings to ensure consistency between MFA and Metasource in the underwriting process. Management agrees with Moss Adams recommendations.

  YES

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

- 5 Las Brisas Apartments \$1,000,000 New Mexico Preservation Loan Fund Award Request (Hannah Kunzle & George Maestas) A \$1,000,000 loan request for Las Brisas Apartments, located in Albuquerque, New Mexico. Las Brisas Apartments is a proposed Owner-Rehabilitation multifamily project that will preserve 120 one- and two-bedroom units. As per the existing structure, 46 units (40%) will be income restricted to households earning 60% or less of Area Median Income (AMI). 76 units will be rented at market rate rents.
- 6 Country Club Apartments HOME, National Housing Trust Fund, and New Mexico Housing Trust Fund Loan Requests (Justin Carmona & George Maestas) A \$400,000 HOME loan, \$400,000 NHTF loan, and \$3,000,000 NMHTF loan request for Country Club Apartments, located in Santa Fe, New Mexico. Country Club Apartments is a proposed Acquisition/Rehabilitation and New Construction multifamily project that will create 62 one-, two-, and three-bedroom units for households with children. 35 units will be income restricted to households earning 60% or less of Area Median Income (AMI). 23 units will be income restricted to households earning 50% or less of AMI. Four of the units will be income restricted to households earning 30% or less of AMI.
- 7 El Toro Community Single-Family Housing Development New Mexico Housing Trust Fund Revolving Construction Line of Credit Request (Josh Howe & George Maestas) A \$3,000,000 NMHTF loan request for

El Toro Community, located in Roswell, New Mexico. El Toro Community is a proposed Single-Family Housing Development project that will include the construction of 29 single-family units for households consisting of fourteen (14) homes sized at 1526 SQFT and fifteen (15) homes sized at 1399 SQFT. Eighty-Five (85) percent of the units will be reserved for households at or below 150% of Area Median Income (AMI) and fifteen (15) percent of the units will be reserved for households at or below 120% AMI.

YES

- 8 Salazar South Single-Family Housing Development New Mexico Housing Trust Fund Revolving Construction Line of Credit Request (Josh Howe & George Maestas) A \$2,500,000 NMHTF loan request for Salazar South, located in Taos, New Mexico. Salazar South is a proposed Single-Family Housing Development project that will include the construction of 81 single-family units for households consisting of fifty-one (51) homes sized at 1065 SQFT and thirty (30) homes sized at 1250 SQFT. One hundred (100) percent of the units will be reserved for households at or below 150% of Area Median Income (AMI).
- 9 Community Project Funding Affordable Housing in Fire Affected Counties Award Recommendation Elk Meadows (Stephanie Gonzales & Sonja Unrau) Staff recommend MFA Board of Directors approval of a \$489,300 award for the Elk Meadows rental housing development project under the Affordable Housing in Fire Affected Counties Notice of Funding Availability.

  YES
- 10 Single Family Development Grant Pilot Program Award Homewise for Miraflores (Sharlynn Rosales & Sonja Unrau) Staff recommends Board approval of a \$500,000 award from the Single-Family Development Grant Pilot Program to Homewise for the construction and financing of the Miraflores Subdivision to assist a minimum of 20 homes.
- 11 Recommendation to Award \$500,000 to Ohkay Owingeh Housing Authority Under the Housing Innovation Notice of Funding Availability (Daniela Freamon & Sonja Unrau) Staff recommends the approval of a \$500,000 award to Ohkay Owingeh Housing Authority under the Housing Innovation Program Notice of Funding Availability for Homeowner Rehabilitation. The funding source of the Housing Innovation Program is New Mexico Housing Trust Funds, therefore staff recommends approval by MFA, as Trustee of the New Mexico Housing Trust Fund. YES
- 12 Recommendation to Award \$500,000 to North Central New Mexico Economic Development District Application Under the Housing Innovation Notice of Funding Availability (Daniela Freamon & Sonja Unrau) The Housing Innovation Scoring Committee recommends awarding \$500,000 to North Central New Mexico Economic Development District under the Housing Innovation Notice of Funding Availability, and as Trustee of the New Mexico Housing Trust Fund.

#### **Other**

13 Post Sale Analysis NMMFA Bond Issue 2024CD (Arundhati Bose) - The 2024 Series C/D bond issue priced on April 16th and closed on May 23rd. This was MFA's 3rd bond issue of the fiscal year. At \$125 million, the size similarly followed that of other bond issues this fiscal year, which have required higher principal to meet record single family production. On the day of pricing, MFA saw strong investor appetite from both institutional and retail investors, including ~9.5 million in orders from New Mexico retail. The positive outcome of the issue means that MFA will continue to provide lower-than-market mortgage rates for first-time homebuyers.

Other Board Items 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)

- 4/30/24 Financial Statement
- Marketing & Communications Monthly Update
- New Mexico Housing Trust Fund Update

#### **Announcements and Adjournment**

**Discussion Only** 

Confirmation of Upcoming Board Meetings

- > June 27, 2024 Thursday- 3:00 p.m. Investment Committee Meeting (Board Members please RSVP if interested in attending)
- ➤ July 9, 2024 Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- ➤ July 17, 2024 Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
- ➤ July 25, 2024- Thursday- 3:00 p.m. Investment Committee Meeting (Board Members please RSVP if interested in attending)
- August 13, 2024 Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.

- August 21, 2024 Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
   September 10, 2024 Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
   September 18, 2024 Wednesday 9:30 a.m. (MFA Board of Directors Meeting)

## NEW MEXICO MORTGAGE FINANCE AUTHORITY Board Meeting Minutes 344 4th St. SW, Albuquerque, NM

Wednesday, May 15, 2024, at 9:30 a.m.

Chair Angel Reyes convened the meeting on May 15, 2024, at 9:40 a.m. Secretary Hernandez called the roll. Members attending in person: Chair Angel Reyes, Derek Valdo, State Treasurer Laura M. Montoya, Martina C'de Baca (designee for Lieutenant Governor Howie Morales). Virtual attendance: Gideon Elliot (designee for Attorney General Raúl Torrez). Absent: Patricia Sullivan and Rebecca Wurzburger. Hernandez informed the Board Member Sullivan and Member Wurzburger were excused for the meeting and 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 May 15, 2024, Board agenda as presented: State Treasurer Laura M. Montoya. Seconded by Valdo. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- absent, Patricia Sullivan- absent. Vote: 5-0.

Approval of 4/17/24 Board Meeting Minutes – Board Action. Motion to approve the April 17, 2024, Board Meeting Minutes as presented: State Treasurer Laura M. Montoya. Seconded by C'de Baca. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- absent, Patricia Sullivan- absent. Vote: 5-0.

Hernandez provided his Executive Director updates: **Program Updates**: Subservicing portfolio: \$2.4 Bil. /14,840 loans. Delinquency 9.82 (4/24) vs 12.01 (1/23) & 15.67% (3/20). History: '21- \$11.0M/'22- \$9.33M/'23- \$9.58M. '24-\$13.03M (5/3/24). Last 17 weeks: \$14.9M/65 loans/week, FYTD: \$403M/1761 loans. **Significant meetings/presentations**: 4/6: NMEMNR- CEED Conditional Award Notification: \$1.67M. 4/24: Ceja Vista Grand Opening. **Upcoming Meetings**: 5/20: La Serena Senior Apartments Groundbreaking. 5/28: Legislative Oversight Committee Mtg.#1- Overview & Homeless Programs. He then discussed the Production data provided. Hernandez made reference to the news article: Judge Rules Village of Los Ranchos violated state law. Discussion ensued regarding the rule and how MFA could be affected. MFA's Legal Counsel Werenko stated MFA is not the bond issuer, had no loan with the projects, therefore, MFA does not have any financial risk with the project.

#### **Consent Agenda**

1 MFA Policy & Procedures Manual and Delegations of Authority – Correction – (Julie Halbig) – Motion to approve MFA Policy & Procedures Manual and Delegations of Authority – Correction: C'de Baca. Seconded by Valdo. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Gideon Elliotyes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- absent, Patricia Sullivan- absent. Vote: 5-0.

#### **Finance Committee**

2 Authorized Signature Resolution (Joseph McIntyre) – McIntyre began his presentation recommending the update of the Authorized Signature Resolution to add Theresa Laredo-Garcia as Director of Servicing and drop former Controller Yvonne Segovia from the Authorized Signature Resolution. Theresa Laredo Garcia became Director of Servicing earlier this month. To transact routine business consistent with her delegations of authority, Theresa Laredo-Garcia should be added to the Authorized Signature Resolution. Staff would also like to take this opportunity to drop former Controller Yvonne Segovia from the resolution since she retired on February 1, 2024, and she has not been removed from the signature resolution. Motion to approve the Authorized Signature Resolution as presented: State Treasurer Laura M. Montoya. Seconded by Valdo. Roll Call Vote: Angel Reyes- yes, Derek Valdoyes, State Treasurer Laura M. Montoya- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- absent, Patricia Sullivan- absent. Vote: 5-0.

- Housing Opportunity Fund Reallocation from Primero to Preservation Revolving Loan Fund (Joseph McIntyre)- McIntyre began his presentation recommending the reallocation of Housing Opportunity Funds in the amount of \$925,000 from the Primero Investment Fund Program to the Preservation Revolving Loan Fund (PRLF). He provided a schedule summarizing the status of Housing Opportunity Funds as of 3/31/2024. PRLF shows an available balance of \$4,655,371 and PRLF shows an overall need of \$504,311. The MFA matching funds must be reallocated for the USDA funds to be available. Staff believes that the PRLF projects that have been in progress for quite some time will finally close in FY 2024. MFA has committed \$925,000 to these projects. USDA funding cannot be utilized without MFA meeting its match commitment. Motion to approve the Housing Opportunity Fund Reallocation from Primero to Preservation Revolving Loan Fund as presented: State Treasurer Laura M. Montoya. Seconded by C'de Baca. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya-yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- absent, Patricia Sullivan- absent. Vote: 5-0.
- 4 External Audit Contract Extension for FY 2024 (Joseph McIntyre)- McIntyre began his presentation recommending a one-year extension for the External Audit Services with CliftonLarsonAllen LLP (CLA) for the fiscal year ending 9/30/2024 at the proposed rate. MFA is a complex organization to learn, and CLA is familiar with the financial audit requirements and has the ability to complete them within a short timeframe. MFA is satisfied with CLA's quality of service. CLA is amenable to extending the contract for another year. The amount proposed for the FY2024 audit is \$228,900 plus gross receipts tax. In addition, CLA needs to allocate staff time to MFA and plan for interim audit if the contract is extended. The interim audit would begin in August of 2024. Motion to approve the External Audit Contract Extension for FY 2024 as presented: State Treasurer Laura M. Montoya. Seconded by Valdo. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Gideon Elliotyes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- absent, Patricia Sullivan- absent. Vote: 5-0.
- 5 Financial Review Quarter 2 (Joseph McIntyre) McIntyre began his presentation presenting a high-level overview of MFA's finances. He stated there has not been any notable significant trend changes since the last update. He reviewed the comparative fiscal year-to-date figures that are found in the board packet under Tab 5. He then reviewed the Loan and Credit Line Activity and YTD Excess Revenue over Expenses Annualized graph. Motion to approve the Financial Review Quarter 2 as presented: State Treasurer Laura M. Montoya. Seconded by Valdo. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- absent, Patricia Sullivan- absent. Vote: 5-0.

Chair Reyes informed the Board that the next two items on the Agenda, Item #6 and #7, related to multi-family housing projects that are being recommended by the Allocation Review Committee for an award of Low-Income Housing Tax Credits (LIHTC) under the 2024 Qualified Allocation Plan. An important part of the LIHTC process that MFA staff goes through each year is to underwrite LIHTC applications to ensure that the proposed projects are financially feasible. In order to be financially feasible, the project application must demonstrate that the projects can be built and will have sufficient resources to sustain operations for the entirety of the required affordability period. In many instances a project's financial feasibility will be dependent on the project being awarded Gap Financing through MFA. MFA's Gap Financing resources include, among others, the New Mexico Housing Trust Fund, HOME, and National Housing Trust Fund. He stated the Board will be looking at both proposed LIHTC Award under Agenda Item #6 and proposed Gap Financing Awards under Agenda Item #7. Under Agenda Item #6, staff will present the proposed 2024 LIHTC Awards. Staff's presentations will include brief videos related to each project. The Board will have the opportunity to ask questions of both staff and the project's development team who are here today. At the conclusion of the presentations the Board will vote on the proposed 2024 LIHTC awards. MFA's Housing Development staff will then proceed with a presentation of Gap Financing request for three of the 2024 LIHTC awardees under Agenda Item #7. As we have done historically, the Gap Financing for all projects will be voted upon as a single item, unless any Board Member requests the projects to be considered separately. He welcomed Jeanne Redondo, MFA's Tax Credit Program Manger to present the Allocation Review Committee's recommendations for 2024 LIHTC awards.

#### **Allocation Review Committee**

Proposed 2024 Low Income Housing Tax Credit (LIHTC) Project Presentations and Awards (Jeanne Redondo)- Redondo began her presentation recommending through MFA's Allocation Review Committee (ARC), approval of one award of \$102,867 supplemental Low Income Housing Tax Credits (LIHTC), approval of five LIHTC awards, and approval to forward allocate 2025 tax credits in an amount not to exceed \$2,476,744. MFA received eight applications this year requesting a total of \$11,525,382. Redondo informed the Board that MFA received one request for supplemental LIHTC in the amount of \$102,867. She also stated that six projects were initially determined to be "Eligible" for tax credit awards: two applications were rejected: one due to financial infeasibility and the other for not meeting the minimum score to be eligible for an award. One application was withdrawn. At the conclusion of its meeting held on March 21, 2024, ARC passed a motion recommending approval of the five proposed awards presented in Table 7A attached to the ARC resolution. ARC recommended approval of a forward allocation up to \$2,916,668 in 2025 tax credits to fully fund five proposed awards. However, the number of 2025 tax credits required to fully fund the five proposed projects has been reduced to \$2,476,744 after receiving a \$79,722 supplemental national pool allocation and the replacement of the withdrawn application with an application from the waitlist. These items are located behind tab six and will be part of the official board packet. She provided details on each project and stated a brief video presentation on each of their projects will be presented and staff are available for questions by the Board. Laguna #4 (acquisition/rehabilitation), households with children, forty units, Laguna - Dominic Torrez, Pueblo of Laguna. Somos Apartments (new construction), seniors 55+, 70 units, Albuquerque - Felipe Rael, Sol Housing. Elk Meadows (new construction) households with children, seventy-two units, Ruidoso - Colin Kruger, Enriched Communities LLC. Country Club Apartments (acquisition/rehabilitation), households with children, sixty-two units, Santa Fe and Ocate Apartments (new construction), households with children, sixty units, Santa Fe - Ed Romero, Santa Fe Civic Housing Authority. The Bluffs Senior Apartments (new construction), (Supplemental Credits), Los Alamos - via Webex, Dan Terlecki, Roger Simmons, and Scott Laufenberg. Redondo asked if there are any questions before Acting Chair, Rosalyn Nguyen-Chafey shares the recommendation from the Allocation Review Committee. Discussion ensued regarding the application process, which was explained in detail. She informed the Board that Staff will go over the parameter of each of the three loans being recommended by staff for GAP financing under the next item of the agenda. Nguyen-Chafey stated she would like to present the Board with the Allocation Review Committee recommendations: 1-Approval of one (1) proposed supplemental LIHTC ward in the amount of \$102,867 to the Bluffs Senior Apartments project; and 2-Approval of five (5) proposed initial awards to those 2024 9% LIHTC Projects presented in Table 7A; and 3-Approval of the 2024 9% LIHTC Wait List, Ineligible Projects, and Rejected Projects as presented in Table 7B; and 4- Approval of the forward allocation in an amount not to exceed \$2,916,668 in 2025 Tax Credits minus the amount of National Pool Tax Credits received by New Mexico pursuant to Internal Revenue Code §42(h)(3)(D) when they are allocated in the fourth quarter of 2024. Motion to accept and approved the Proposed 2024 Low Income Housing Tax Credit (LIHTC) Project Presentations and Awards as presented: C'de Baca. Second by Elliot. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- absent, Patricia Sullivan- absent. Vote: 5-0.

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

Chair Reyes stated next on our Agenda is Item #7 Low Income Housing Tax Credit (LIHTC) Gap Financing Loan Request and we have here with us to present from MFA's Housing Development Department; Tim Martinez, Justin Carmona, and George Maestas. He then asked if there are any Board Members who wished to consider the three projects separately. Hearing none, MFA staff will proceed with their presentation of the Gap Financing requests which will be voted on as a single item. Motion by C'de Baca. Seconded by Elliot. Roll Call Vote: Angel Reyes- yes, Derek Valdoyes, State Treasurer Laura M. Montoya- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburgerabsent, Patricia Sullivan- absent. Vote: 5-0

## 7 Low Income Housing Tax Credit (LIHTC) Gap Financing Loan Request (Tim Martinez, Justin Carmona, and George Maestas)

(Note: at the request of any Board Member, any of the three projects listed below may be removed from this combined agenda item and discussed and voted upon separately)

- a. Elk Meadows Apartments HOME, National Housing Trust Fund, and New Mexico Housing Trust Fund Loan Requests (Tim Martinez & George Maestas)- Martinez began recommending a \$400,000 HOME loan, \$400,000 NHTF loan, and \$2,000,000 NMHTF loan request for Elk Meadows Apartments, located in Ruidoso, New Mexico. Elk Meadows is a proposed New Construction multifamily project that will consist of twenty-seven one-bedroom units, thirty-seven two-bedroom units, and eight three-bedroom units. The project (100% of units) will target households with children. Four units will be income restricted to households earning 30% or less of Area Median Income (AMI), eighteen units will be income restricted to households earning 50% or less of AMI, thirty-nine units will be income restricted to households earning 60% or less of AMI, and eleven units will be rented at market rate. Fifteen units will receive HUD Section 8 Project Based Vouchers.
- b. Somos Apartments New Mexico Housing Trust Fund Loan Request (Tim Martinez & George Maestas) Martinez began recommending a \$4,000,000 NMHTF loan request for Somos Apartments, located in Albuquerque, New Mexico. Somos Apartments is a proposed New Construction multifamily project that will consist of seventy-one-bedroom units. The project (100% of units) will serve seniors aged 55 years and older. Twenty-one units will be income restricted to households earning 30% or less of Area Median Income (AMI), fourteen units will be income restricted to households earning 50% or less of AMI, twenty-four units will be income restricted to households earning 60% or less of AMI, and eleven units will be rented at market rate. Twenty-five units will receive HUD Section 8 Project Based Vouchers.
- c. Ocate Apartments HOME, National Housing Trust Fund, and New Mexico Housing Trust Fund Loan Requests (Justin Carmona & George Maestas) Carmona began recommending a \$400,000 HOME loan, \$400,000 NHTF loan, and \$3,000,000 NMHTF loan request for Ocate Apartments, located in Santa Fe, New Mexico. Ocate Apartments is a proposed New Construction multifamily project that will create sixty-one-, two-, and three-bedroom units for households with children. Thirty-three units will be income restricted to households earning 60% or less of Area Median Income (AMI). Twenty-four units will be income restricted to households earning 50% or less of AMI. Three of the units will be income restricted to households earning 30% or less of AMI.

Chair Reyes asked for a motion to approve the three projects for Gap Financing Loan Request Elk Meadows Apartments- HOME, NHTF and NMHTF; Somos Apartments- NMHTF; Ocate Apartments – HOME, NHTF, and NMHTF request as recommended: C'de Baca. Seconded by State Treasurer Laura M. Montoya. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- absent, Patricia Sullivan- absent. Vote: 5-0

FY 2025 Severance Tax Bond Funds Allocation and Certification of Need (Izzy Hernandez & Robyn Powell)—Hernandez began the presentation recommending the allocation of the state fiscal year 2025 severance tax bond allocation of \$34,620,00. This is awarding various actives that Powell will present, it is not a recommendation on programmatic changes. These recommendations are based on Board feedback, needs, capacity, other funding sources, financial considerations, and activity performance in State Fiscal Year 2024. Exhibits were provided starting page 101, Tab eight of the Board packet which showed where the funds were being allocated. Powell explained how the considerations and allocations came about. Discussion ensued regarding allocation and certified uses of funds. Staff will come back to the Board at a future meeting to seek approval to make a one-time allocation of \$50 million New Mexico Housing Trust Fund (NMHTF) funds for a total allocation NMHTF funds in the amount of \$84,620,00. Motion to approve the FY 2025 Severance Tax Bond Funds Allocation and Certification of Need as presented: State Treasurer Laura M. Montoya. Seconded by Valdo. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State

Treasurer Laura M. Montoya- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- absent, Patricia Sullivan- absent. Vote: 5-0.

9 \$1 Million New Mexico Housing Trust Fund for Preservation and Reinvestment Initiative for Community Enhancement Grant Leverage (Sonja Unrau & Sharlynn Rosales)— Rosales began her presentation recommending allocating \$1 million from the New Mexico Housing Trust Fund (NMHTF) for Preservation and Reinvestment Initiative for Community Enhancement (PRICE) grant leverage. She stated the Department of Housing and Urban Development issued a Notice of Funding Opportunity (NOFO) for its newly created PRICE grant program. The NOFO makes available \$235 million in competitive grant funding for the preservation and revitalization of manufactured housing and eligible manufactured housing communities. MFA, with the support of numerous partners, intends to see the maximum award of \$75 million. Eligible activities include preservation and revitalization activities such as repair, rehabilitation, or replacement of units, development or improvement of infrastructure, development activities such as acquisition, mitigation, and resilience activities, housing and supportive services including relocation assistance and eviction prevention, and planning activities. Motion to approve \$1 Million New Mexico Housing Trust Fund for Preservation and Reinvestment Initiative for Community Enhancement Grant Leverage as presented: State Treasurer Laura M. Montoya. Seconded by Valdo. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- absent, Patricia Sullivan- absent. Vote: 5-0.

#### Other

- 10 Eastern Regional Housing Authority Approval to Enter into a Loan for \$1.75M (Donna Maestas-De Vries & Chris Herbert, Executive Director, Eastern Regional Housing Authority) - Maestas-De Vries began her presentation introducing Chris Herbert, Executive Director of Eastern Regional Housing Authority (ERHA). Both presented a request from ERHA to enter into a short-term loan with Pioneer Bank to rehabilitate public housing units in Vaughn, New Mexico which include twenty residential units and an office. The loan will be paid off with grant funds from the state once costs are reimbursed. The Eastern Regional Housing Authority received a grant in the amount of \$3,000,000 from the state of New Mexico to rehabilitate public housing in Vaughn. The grant funding expires on July 1, 2024, ERHA needs to move very quickly in order to meet the deadline. ERHA will need to pay contractors and seek reimbursement from the state. Due to the quick expiration date of the grant funds, ERHA will not have the ability to wait for reimbursements and does not have the funds available. The short-term line of credit will enable ERHA to complete the work before the deadline and pay off the loan upon receipt of reimbursement funds. The loan amount is \$1,750,000 with a 6-month term and interest only payments due monthly. The rate will be Prime with a 6% floor. The underwriting will begin upon approval of this request, and Pioneer Bank will allow ERHA to draw up to 50% of each invoice. Motion to approve Eastern Regional Housing Authority Approval to Enter into a Loan for the \$1.75M as presented: State Treasurer Laura M. Montoya. Seconded by Valdo. Roll Call Vote: Angel Reyes- ves, Derek Valdo- ves, State Treasurer Laura M. Montoya- ves, Gideon Elliot- ves, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- absent, Patricia Sullivan- absent. Vote: 5-0.
- 11 Quarterly Marketing Summary Report (Kristie Garcia)- Garcia presented the quarterly marketing and communications presentation consisting of the strategic marketing overview of MFA's recent activities related to press releases, advertising, media coverage, social media post and outreach efforts. Non-Action Item.

#### **Closed Session**

Chair Reyes stated that next on our Agenda is an Agenda Item #12 which is a discussion of the Sale of the Real Property located at 344 Fourth Street SW, Albuquerque, NM that Board Legal Counsel has advised the Board my discussed in closed session pursuant to Section 10-15-1(H)(8) of the Open Meetings Act which allows for discussion of the purchase, acquisition or disposal of real property or water rights in closed session. He asked for a motion to close the meeting for the sole purpose of discussing the Sale of Real Property located at 344 Fourth Street SW, Albuquerque, NM: Valdo. Seconded by C'de Baca. He then asked if there is any discussion regarding the motion to close the meeting for this sole purpose. Hearing none, roll call vote called: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya-

absent, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- absent, Patricia Sullivan- absent. Vote: 4-0.

Chair Reyes stated because this is a hybrid meeting with some Board Members attending in person and others remotely, he would like everyone except the Board Members present, Board Counsel, Policy Committee and the listing broker, Tom Jenkins, to leave the room. He also would like staff to terminate the webcast at this time for all participants excluding Board Member Elliot who is participating virtually. Closed sessions at 12:39 p.m.

12 Executive Session- Sale of Real Property, 344 Fourth Street SW, Alb. NM

Executive Session to be held pursuant to Section 10-15-1 (H)(8) of the Open Meetings Act: Discuss Purchase Agreement Related to Sale of Real Property (Izzy Hernandez & Tom Jenkins)

#### **Open Session**

At 1:52 p.m. Chair Reyes then confirmed that the Board is now in open session, that the webcast is running again, and made the statement: The Board met in closed session and discussed only the Sale of the Real Property located at 344 Fourth Street SW. Albuquerque, NM. As identified in the agenda Item #12. No other issues were discussed, and no actions were taken. Motion to open the meeting: State Treasurer Laura M. Montoya. Seconded by Valdo. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- absent, Patricia Sullivan- absent. Vote: 5-0.

13 Purchase Agreement Related to the Sale of Real Property, 344 Fourth Street SW, Alb. NM (Izzy Hernandez & Tom Jenkins) - Hernandez recommended the Approval of the Purchase Agreement with Justice Square, LLC in the amount of \$3,500,000 for the sale of 344 Fourth Street SW, Albuquerque, NM 87102, MFA's current office, and to authorize the Property Committee to negotiate any objections during the due diligence period not to exceed a certain amount set by the Board. Board General Counsel Werenko commented reminding the Board of the Conflict of Interest that was presented during the April board meeting. Member Sullivan, through her work at NMSU provides consultation services with one of the Members of Justice Square, the purchaser of the property. Member Sullivan recused herself and has not participated in any actions related to the sale of the property. Member Sullivan was also not here today and did not participate in the closed session. Werenko reminded the Board that under section 1.2 (D)(6) of the Policies and Procedures there is a process for obtaining approval when there is a Conflict of Interest related to Board Members. That process includes the General Counsel informing the Board and requesting approval of the Conflict-of-Interest transactions. Werenko asked the Board to confirm that she provided information regarding the conflict and requested the Board to approve the Conflict-of-Interest transaction with the disclosure. Werenko then requested approval that the Board would accept the recommendation of the Property Committee and the Board would move to Approve the Purchase Agreement with Justice Square, LLC in the amount of \$3,500,000 for the sale of 344 Fourth Street SW, Albuquerque, NM 87102: State Treasurer Laura M. Montoya. Seconded by Valdo. Roll Call Vote: Angel Reyes- abstain, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- absent, Patricia Sullivan- absent. Vote: 4-0-1.

#### **Other Board Items**

- 14 There were no questions asked of staff.
  - Staff Action Requiring Notice to Board
  - Strategic Plan Benchmarks Quarterly Update
  - Quarterly Multifamily Construction Pipeline Report
  - Semiannual Investment Review

#### **Monthly Reports**

- 15 There were no questions asked of staff.
  - New Mexico Housing Trust Fund Monthly Update

#### **Quarterly Reports**

16 There were no questions asked of staff.

MFA Regular Board Meeting Minutes May 15, 2024 I Page					
<ul> <li>Quarterly Board Report</li> </ul>					
nnouncements and Adjournment- Confirmation of upcoming Board Meetings. Hernandez reminded the Board at following the Board meeting the Board Working Session will begin.					
nere being no further business the meeting was adjourned at 1:57 p.m.					
pproved:					

Chair, Angel Reyes

Secretary, Isidoro Hernandez





TO: MFA Board of Directors

**Through:** Policy Committee May 28, 2024

New Mexico Housing Trust Fund Advisory Committee June 10, 2024

Contracted Services Committee June 11, 2024

**FROM:** Stephanie Gonzales, Research and Development Manager

**DATE:** June 20, 2024

**SUBJECT:** NMHTF 2024 Legislative Session \$50 Million Allocation Recommendation

ATTACHMENTS: Exhibit 1: State Fiscal Year 2025 Allocation Recommendations

#### Recommendation

MFA staff recommend the allocation of \$50 million approved during the 2024 Regular Legislative Session as presented in **Exhibit 1: State Fiscal Year 2025 Allocation Recommendations**.

#### **Background**

During the 2024 New Mexico Regular Legislative Session, HB2 General Appropriations Act of 2024 passed the House and Senate and was signed by the Governor on March 6, 2024. HB2, Section 10. Fund Transfers, includes a transfer from the state's general fund in the amount of \$50 million to the New Mexico Housing Trust Fund to carry out the provisions of the Affordable Housing Act to acquire, build, and rehabilitate affordable housing for people statewide, including those with behavioral health needs and victims of domestic violence. MFA is the Trustee of the New Mexico Housing Trust Fund.

#### **Discussion**

Staff anticipates a funds transfer in the first quarter of the state fiscal year. MFA will make available \$84.620 million (combined state fiscal year \$34.620 million 2025 severance tax bond funding) for awards and expenditures. Based on expenditure rates, staff has determined that part of the allocation can be invested to maximize program interest. Funds that are not immediately needed will be invested in compliance with the New Mexico Housing Trust Fund Act.

In May 2024, the MFA Board of Directors approved the certified uses of the 2025 severance tax bond funding and the 2024 Legislative Session \$50 million allocation, but the memorandum was labeled incorrectly. This memo serves to correct the memorandum title in relation to the New Mexico Open Meetings Act. **Exhibit 1: State Fiscal Year 2025 Allocation Recommendations** outlines the amount each activity will be allocated between the two funding sources.

### Summary

MFA staff recommend the allocation of the \$50 million legislative appropriate as presented in **Exhibit 1: State Fiscal Year 2025 Allocation Recommendations**.

Exhibit 1: State Fiscal Year 2025 Allocation Recommendation					
Strategic II	mpact Area	Activity	SFY2025 STB Allocation	Legislative Allocation \$50 million for SFY 2025	Reserved for Program  Demand
Build Homeownership and Wealth	\$20,000,000.00	Downpayment Assistance	\$20,000,000.00		\$10,000,000.00
Croata Mara Hausing		Rental Development	\$13,620,000.00		
Create More Housing	\$26,620,000.00	Single Family Development		\$13,000,000.00	
Preserve Existing Affordable Housing		Preservation Loan Program		\$2,000,000.00	
		Restoring Our Communities			<b>4.7</b>
		Weatherization - Energy\$mart Solar Program*		\$3,500,000.00	\$17,000,000.00
		Home Improvement Program/HOME Rehabilitation		\$500,000.00	
		Housing Innovation	\$1,000,000.00	\$3,000,000.00	
Create Stable Housing Environments	<b>1</b> \$1.000.000.00	Homelessness and Homelessness Prevention		\$1,000,000.00	
Гotal	\$57,620,000.00		\$34,620,000.00	\$23,000,000.00	\$27,000,000

<sup>\*</sup>Weatherization Energy\$mart Solar Program set aside, approved by the MFA Board in November 2023, as match for a federal application.



# Proposed MFA Officers June 20, 2024

## **Nominating Committee**

Chair, Angel Reyes Lieutenant Governor Howie Morales Attorney General Raúl Torrez

Nominating Committee recommends the following members to fill the MFA Officer Positions:

Vice Chair: Derek Valdo

**Secretary: Isidoro Hernandez** 

Assistant Secretary: Donna Maestas – De Vries

**Treasurer: Rebecca Wurzburger** 

**Assistant Treasurer: Arundhati Bose** 



# NEW MEXICO MORTGAGE FINANCE AUTHORITY

# Finance/Operations Committee Meeting Tuesday, June 11, 2024 at 1:30 p.m.

Webex - call-in information is 1-408-418-9388 (access code): 2494 245 9027 or you can join the call from the calendar item

	Agenda Item		Constitution of the Consti	MITTEE IMENDED	BOARD ACTION REQUIRED
1	genda Information Technology Internal Audit Execut Report – Antoine Matthews, CISM, CEH, PCI Cybersecurity Consultant, and Devin Osterhou Cybersecurity Consultant Sr. Manager with Mo	ASV, t, CISSP, CCSK, oss Adams		-Ø	YES
2	Home Ownership Mortgage Operations Interna Summary Report – Claire Hilleary, CPA, Direc Lara Jimenez, Senior, with Moss Adams	l Audit Executive ctor and David	3 .	-Ø	YES
3	Evaluation of one-time \$50M appropriation opt Ulrich, Arundhati Bose	ions - John	3-	8	YES
4	Investment Policy Update – John Ulrich, Arund	lhati Bose	DEFE	R	YES
<u>Ini</u>	formation items April 2024 Wire Transfers				NO
6	April 2024 Check Register				NO
7	NCSHA Disclosure				NO
om	mittee Members present:				
	Derek Valdo, Chair	□ present	□ absent	confere	ence call
	State Treasurer Laura M. Montoya/		_ 4050111	- contere	nce call
	JR Rael	□ present	□ absent	☐ confere	nce call
	Lt. Governor Howie Morales or	- L. Sow	_ 405011	_ contere	nec can
	Proxy Martina C'de Baca	□ present	□ absent	d confere	nce call

Herrander



# Proprietary & Confidential FINAL REPORT

## **New Mexico Mortgage Finance Authority**

CYBERSECURITY FRAMEWORK ASSESSMENT

**EXECUTIVE SUMMARY** 

May 9, 2024

Moss Adams LLP 6565 Americas Parkway NE, Suite 600 Albuquerque, NM 87110 (505) 878-7200



# **Table of Contents**

Арр	endix	Error! Bookmark not defined.
III.	Cybersecurity Framework Matrix	5
II.	Findings	4
l.	Executive Summary	1

## I. EXECUTIVE SUMMARY

The purpose of the assessment was to gauge New Mexico Mortgage Finance Authority's (MFA) alignment with the Framework for Improving Critical Infrastructure Cybersecurity (Cybersecurity Framework) developed by the National Institute for Standards and Technology (NIST) in response to Presidential Executive Order 13636 as well as performing a Disaster Recovery Tabletop Exercise (DRPTTX).

Adherence to the NIST Cybersecurity Framework is voluntary. The NIST Cybersecurity Framework provides guidance, based on existing standards, guidelines, and best practices to help organizations better manage and reduce cybersecurity risk. It helps organizations better integrate and align cybersecurity risk management with broader enterprise risk management processes. The Cybersecurity Framework was selected from among a number of industry-accepted information security best practice frameworks given its coverage for critical infrastructure, which applies to MFA.

The Cybersecurity Framework v1.1 contains five functional areas for assessment: Identify, Protect, Detect, Respond, and Recover. Each of these five functional areas has multiple categories and subcategories for an effective cybersecurity framework. The Cybersecurity Framework covers the following security control domains spanning the areas of:

ID.



#### **IDENTIFY**

Asset Management • Business Environment • Governance • Risk Assessment Risk Management Strategy
 Supply Chain Risk Management

PR.



#### PROTECT

Identity Management and Access Control • Awareness and Training • Data Security • Information Protection Processes and Procedures • Maintenance • Protective Technology

DE.



#### DETECT

Anomalies and Events • Security Continuous Monitoring • Detection Processes

RS.



#### RESPOND

Response Planning • Communications • Analysis • Mitigation • Improvements

RC.



#### **RECOVER**

Recovery Planning • Improvements • Communications

Only the administrative and physical security controls that correspond with each relevant category and subcategory were reviewed for sufficiency in meeting the representative control activities described in the Cybersecurity Framework. The technical IT security control areas were assessed in 2023.

The Cybersecurity Framework Implementation Tiers (Tiers) provide context on how an organization views cybersecurity risks and the processes in place to manage those risks. The Tiers characterize an organization's practices over a range from Partial (Tier 1) to Adaptive (Tier 4). These Tiers reflect a progression from informal, reactive responses to approaches that are agile and risk-informed. The Tiers are not intended to be a maturity level; instead, they are meant to provide guidance on the interactions and coordination between cybersecurity risk management and operational risk management. The key tenet of the Tiers is to allow organizations to take stock of their current activities from an organization-wide point of view and determine if the current integration of cybersecurity risk management practices is sufficient given their mission, regulatory requirements, and risk appetite. Organizational management, along with IT leadership, should determine the appropriate Tiers based on factors such as capacity, skill, priority, budget, and timelines. Progression to higher Tiers is encouraged when such a change would reduce cybersecurity risk and would be cost-effective. Further information on these Tiers is provided below.

	Framework Implementation Tiers
Partial	The organization's cyber-risk management profiles are not formalized and are managed on an ad hoc basis. There is a limited awareness of the organization's cybersecurity risk at the organization level, and an organization-wide approach to managing cybersecurity risk has not been established.
Risk Informed	Organizations establish a cyber-risk management policy that is directly approved by senior management (though not yet on an organization-wide basis). There is some effort by senior management to establish risk management objectives related to cybersecurity, to understand the organization's threat environment, and to implement cybersecurity procedures with adequate resources.
Repeatable	The organization is running with formal cybersecurity procedures, which are regularly updated based upon changes in risk management processes, business requirements, and a changing threat and technology landscape. Cyber-related personnel are well-trained and can adequately perform their duties. The organization also understands its dependencies and business partners and receives information from them, which allows for collaboration and risk-based management decisions.
Adaptive	The organization adapts its cybersecurity practices "in real time" based upon lessons learned and predicative indicators derived from previous and current cybersecurity activities. Through a process of continuous improvement incorporating advanced cybersecurity technologies, real time collaboration with partners, and "continuous monitoring" of activities on their systems, the organization's cybersecurity practices can rapidly respond to sophisticated threats.

Based on the results of our review, we would categorize MFA's overall information security program at implementation Tier 3, Repeatable. The following table assigns maturity ratings to each of the core functions.

	CORE FUNCTION	MATURITY TIER
<b>⊕</b>	Identify	3 – Repeatable
$\bigcirc$	Protect	3 – Repeatable
Q	Detect	3 – Repeatable
A	Respond	3 – Repeatable
<del></del>	Recover	3 – Repeatable

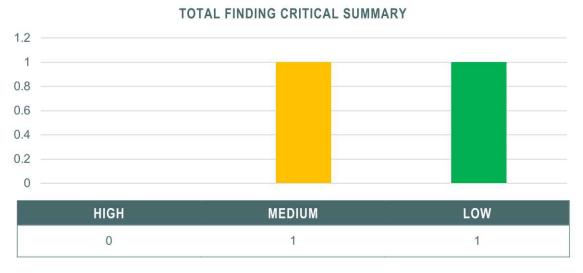
The findings and recommendations discussed in this report should be used to help identify areas of improvement and are designed to have a direct and positive impact on technology operations through the minimization of risk areas, improved system stability, strengthened security, documented processes, and enhanced management of technology throughout MFA. While management is encouraged to implement the recommendations contained in this report, MFA must assess its own degree of risk involved, as well as the potential for other compensating controls to minimize or mitigate the issue, and the cost/benefit of implementing each individual recommendation.

This report is intended solely for the internal use of New Mexico Mortgage Finance Authority, and may not be provided to, used, or relied upon by any third parties. While the results of our review will provide management with a better understanding of MFA's technology environment, no review is able to guarantee the security of your network. System security is not a single event but rather an ongoing maintenance issue that needs updating and continued monitoring as new threats are discovered. Malicious users, erroneous software responses, inadvertent errors, and other unexpected output can all affect any security review's result.

Projections of any assurance with regards to information security for future periods are subject to the risk that the internal control structure may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## II. FINDINGS

The Cybersecurity Framework Matrix section describes MFA's alignment with the Cybersecurity Framework. The matrix contains two of five functional areas, with each category and subcategory under separate columns. These columns are followed by control descriptions or the current situation for MFA. Any findings or misalignment with the Cybersecurity Framework is noted in the respective Gap Statement column. The Remediation Activities column describes how MFA should address the finding or gap with the respective subcategory.



During the Cybersecurity Framework Assessment, Moss Adams LLP (Moss Adams) noted the control deficiencies that pose risk to MFA.

Additional descriptions of these findings and recommendations associated with control deficiencies aligned with the Cybersecurity Framework are found in the Cybersecurity Framework Matrix section of this report.

#### **Definition of Risk Levels**

For each control category where a finding was noted, Moss Adams attached a risk rating to the finding. The risk ratings are intended to provide MFA with a means of prioritizing remediation efforts with high-risk findings addressed first, followed by medium- and low-risk findings. Definitions of each risk level are explained in the table below.

	RISK LEVEL DEFINITIONS				
Risk	Significance				
HIGH	Represents significant vulnerabilities that should be addressed immediately.				
MEDIUM	Represents moderate vulnerabilities that should be addressed as soon as reasonably possible.				
LOW	Represents a minor threat to the organization; includes informational-only findings.				

## III. CYBERSECURITY FRAMEWORK MATRIX

CATEGORY	SUBCATEGORY	CURRENT CONTROL ACTIVITY	GAP STATEMENT	RISK RATING (H/M/L)	REMEDIATION ACTIVITIES	MANAGEMENT RESPONSE
Respond	RS.CO-5: Voluntary information sharing occurs with external stakeholders to achieve broader cybersecurity situational awareness	MFA maintained a formal Incident Response Plan and Emergency Management Program (EMP) that both defined information sharing by their external vendors such as Arctic Wolf, ANM Network Cybersecurity, and Darktrace to achieve broader cybersecurity awareness. This was also part of the vendor agreement contracts.	MFA should document and implement processes to share cybersecurity information with other stakeholders including United States Department of Housing and Urban Development, Freddie Mac, and Fannie Mae.	L	We recommend adding other stakeholders that could potentially include partners, United States Department of Housing and Urban Development, Freddie Mac, and Fannie Mae.	Management agrees with Moss Adams recommendation to add additional partners such as the United States Department of Housing and Urban Development, Freddie Mac and Fannie Mae to the formal Incident Response Plan (IRP) and the Emergency Management Plan (EMP) when it comes to cybersecurity processes.
Recover	RC.IM-2: Recovery strategies are updated	MFA maintained a formal Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP) detailing recovery strategies following an event.	MFA had not reviewed and revised the EMP since 2022 and the BCP since 2021. Updating plans in response to changes in the environment is essential for maintaining organizational agility, compliance, and efficiency in the event of recovery and business continuity actions.	M	We recommend MFA complete a review of their EMP and BCP to ensure all procedures within the plans are up-to-date and reflect current operations within the organization. The plans should be reviewed on a periodic basis with a formal sign-off and approval by upper management that is documented in a change history or revision table within each document.	Management agrees that the Emergency Management Plan (EMP) and the Business Continuity Plan (BCP) should be reviewed on an annual basis. Since the scope of this internal audit was on cybersecurity processes, relevant parts of the EMP will be updated by September 30, 2024. The remainder of the EMP will be reviewed and updated after the move to the new MFA building. The BCP will

CATEGORY	SUBCATEGORY	CURRENT CONTROL ACTIVITY	GAP STATEMENT	RISK RATING (H/M/L)	REMEDIATION ACTIVITIES	MANAGEMENT RESPONSE
						also be updated by September 30, 2024.

## IV. DRP TABLETOP EXERCISE TAKEAWAYS

## Strengths

MFA was familiar with their EMP and DRP. At all parts of the assessment, the team was familiar with these plans and able to proceed based on what was documented within these plans.

The MFA team had managed risks to their environment sufficiently to not be rattled by any scenario or updates. These scenarios, while shocking to many other organizations, appeared manageable to the team. Moss Adams viewed this as a testament to the team's understanding of current risks and the controls put in place to manage those risks.

The MFA team worked well together, communicated as a team, and understood each other's strengths sufficiently to know who should respond and when and where events should be escalated. Moss Adams saw a cohesive, well-formed team responding to difficult scenarios.

#### Findings

MFA should conduct a thorough review and update of the EMP to ensure it reflects the most current procedures and accurate contact information. This proactive measure will guarantee that all emergency protocols are up to date and that vital contact details are correct, facilitating a swift and efficient response in case of an emergency.

We recommend MFA establish and implement a ransomware policy that includes identification of critical assets, regular backup and recovery procedures, employee training on ransomware detection and prevention, protocols for immediate response and isolation of affected systems, communication strategies for internal and external stakeholders, and procedures for decision-making regarding ransom payment. Furthermore, we recommend that the organization consult with their insurance agency to understand the full scope of MFA's liability in the event of an extortion payment.





### **EXECUTIVE SUMMARY**

# **New Mexico Mortgage Finance Authority**

**MORTGAGE OPERATIONS INTERNAL AUDIT** 

May 29, 2024

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



# **Table of Contents**

Executive Summary	
Objectives	1
Conclusions	1
Commendations	3

# $\overline{\mathbb{W}}$

## **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 mortgage operations processes for the First Home and First Down programs. We performed a variety of procedures to test and assess the overall program function for compliance with select MFA requirements. Procedures included reviewing internal policies and program documents and conducting interviews with MFA personnel involved in underwriting and assessing client eligibility. We tested samples of participant files for program compliance, and income eligibility, and also evaluated the consistency in participant file processing between MFA and MetaSource, an outsourced processor. We also tested whether MFA completed the 2023 required annual data reporting to the Securities and Exchange Commission (SEC) and Internal Revenue Service (IRS). The audit took place from March through May 2024.

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.

### **OBJECTIVES**

Our objectives for this engagement were to assess MFA's First Home and First Down program compliance for applicants from January 1, 2023 to December 31, 2023. We conducted testing on a total of 50 applicants, underwritten by MFA or MetaSource, to determine whether they were properly evaluated for program eligibility requirements, all required documentation was properly obtained, and there was consistency in underwriting procedures between MFA and MetaSource personnel. Additionally, we assessed whether MFA completed the annual data reporting required by the SEC and IRS for 2023.

## CONCLUSIONS

We identified two low-risk findings (highlighted in the following table) which included wrong income calculations and inconsistencies in the way MetaSource and MFA undergo and document their underwriting processes.



	FINDINGS AND RECOMMENDATIONS			
	Finding	Underwriters did not consistently follow income calculation methodologies outlined in the Housing and Urban Development (HUD) Occupancy Handbook, resulting in inaccurate income calculations for four of 20 applicants tested. Despite these deviations, eligibility determinations were not impacted.		
1.	Recommendation	MFA should provide additional training to both MFA and MetaSource underwriters to ensure consistent understanding and application of guidelines. MFA should implement additional internal spot checks to assess accuracy and consistency of income calculations.		
	Management Response	Management agrees with this recommendation. Department staff in conjunction with MFA's current bond counsel will work on income calculation manual revisions. Management will emphasize the importance for staff to document their thought process when it is deviating from a typical income calculation scenario. Annual bond counsel training will be revised to include loan income scenarios. MFA already performs internal spot checks in the following instances: 1) exceptions to income or program eligibility requirements or 2) in cases where a reviewer wants a second opinion. These internal spot checks will now be documented within the VirPack system per the recommendation. This will allow MFA to maintain exceptional customer service that meets the demands of our lenders, realtors and borrowers.		
2.	Finding	MetaSource underwriters did not maintain an audit trail like MFA's Income Calculation Sheet in all ten MetaSource applications tested. Additionally, in one of the ten applicants tested, MetaSource used the year-to-date gross wages methodology instead of the average income approach and no documentation was retained to justify the reason for the calculation deviation.		
	Recommendation	MFA should update its manuals to provide explicit guidance on maintaining detailed income calculations and documenting deviations from standard practices. MFA should establish regular internal reviews to identify inconsistencies and provide feedback of MetaSource's work/methods.		
	Management Response	MFA's Director of Homeownership will meet with MetaSource and internal staff to align both MFA and MetaSource staff in income documentation. Additional training and guidance will occur quarterly in staff meetings including best practices on documenting these calculations especially if there are deviations from standard practice. Staff are already actively reviewing the income calculation worksheet within PowerLender. We also would like to acknowledge that income calculations at times may need to be performed outside of the system in various ways, especially in situations where the borrower income is complex. Any supporting documentation will be maintained in PowerLender and/or VirPack.		



### COMMENDATIONS

Although the focus of this internal audit was to identify areas of non-compliance with MFA's manuals and opportunities for improvement for MFA, it is important to note the areas that are operating well. Based on the samples tested during this internal audit, MFA should be commended for the following accomplishments:

- All other eligibility requirements, excluding income calculation, were consistently documented by both MetaSource and MFA. Such requirements included credit score and debt-to-income (DTI) ratio.
- All income calculation selections had a Verification of Employment (VOE) or paystub within 30 days of the closing date (compliance approval date).
- All required reporting was completed within the required timeframes.

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.





# NEW MEXICO MORTGAGE FINANCE AUTHORITY Contracted Services/Credit Committee Meeting Tuesday, June 11, 2024 @ 10:00 am MFA – Albuquerque

WebEx join the meeting from the calendar or call 1-408-418-9388 (access code): 2485 316 1174

		TOTAL SAN		* = 0 0
	AGENDA ITEM	TIME ALLOTTED	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
1	El Toro Community Single-Family Home Development –\$3,000,000 New Mexico Housing Trust Fund Construction Line of Credit Request – Josh Howe & George Maestas	10:00-10:10	2-0	YES
2	Las Brisas Apartments - \$1,000,000 New Mexico Preservation Loan Fund Award Request – Hannah Kunzle & George Maestas	10:10-10:20	2-0	YES
3	Country Club Apartments - HOME, National Housing Trust Fund, and New Mexico Housing Trust Fund Loan Requests – Justin Carmona & George Maestas	10:20-10:30	2-0	YES
4	\$500,000 New Mexico Housing Trust Fund Award for Miraflores Downpayment Assistance Sharlynn Rosales and Sonja Unrau	10:30-10:40	2-0	YES
5	NMHTF 2024 Legislative \$50 Million Allocation Recommendation – Stephanie Gonzales & Robyn Powell	10:40 – 10:50	2-0	YES
6	Recommendation to Award \$489,300 to Elk Meadows Application under the Affordable Housing in Fire Affected Counties Notice of Funding Availability – Stephanie Gonzales & Sonja Unrau	10:50-11:00	2-0	YES
7	Recommendation to Award \$500,000 to North Central New Mexico Economic Development District Application Under the Housing Innovation Notice of Funding Availability – Daniela Freamon & Sonja Unrau	11:00 -11:10	2-0	YES
8	Recommendation to Award \$500,000 to Ohkay Owingeh Housing Authority Under the Housing Innovation Notice of Funding Availability— Daniela Freamon & Sonja Unrau	11:10 – 11:20	2-9	YES

9	Salazar South – New Mexico Housing Trust Fund (NMHTF) Loan Request – Josh Howe & George Maestas	Č.	11:20 -1	1:30	. 2	-0	YES
10	Questions/comments from Committee		11:30 -	11:35	•		NO
(	Committee Members present: Rebecca Wurzburger, Chair	□ p	present	□a	bsent	Conference	e call
	Attorney General Raul Torrez/Designee Gideon Elliot	Πŗ	present	□а	bsent	Conference	e call
	Patricia Sullivan		oresent	<b>□</b> a	absent	□conferen	ce call .

Howarder

# 2024 RENTAL AWARD SUMMARY

Project Name & Address	Las Brisas Apartments 1201 San Pedro Drive SE								
Proposed Award	d \$1,000,000 New Mexico Preservation Loan Fund Rate: 1% (NMPLF)								
Borrower	Post Las Brisas, LLC, a Delaware limited liability company, formed in 2020. Post Las Brisas, LLC is the current owner of the Las Brisas property.								
Management	<b>TAM Residential</b> (TAM), a Texas limited liability company formed in 2021. TAM Residential is Post Investment Group's in-house property management firm and oversees more than 12,000 affordable units across five states, including 2,107 Bond units, 2,885 LIHTC units, and 7,745 PFC units. TAM specializes in Bond 501(c)(3), Section 42 Tax Credit, HOME Programs, PFC and Local/State Programs. TAM'S professionally trained and certified team members are experts in LIHTC, Bond, HUD, HOME, and mixed-use affordable programs as well as workforce, and state and local community development programs with a multifaceted blend of set-aside and occupancy requirements.								
Developer	Post Las Brisas, LLC, a Delaware limited liability company made up of Post Las Brisas MM, LLC (.01%) and Post Las Brisas Partners, LLC (99.99%). Post Las Brisas MM, LLC is managed by PREG Management, LLC (100%), which is managed by Posovsky/Rakow Trust (100%) (Trustee: Jason Post).								
	Post Real Estate Group, Inc. ("Post") is a related entity of Post Las Brisas, LLC. Post Real Group, Inc. will execute the rehabilitation of the Las Brisas property. Post is a private investing firm dedicated to responsibly investing in real estate, with an emphasis in the multifamily set a specialty in affordable housing. With a multifamily portfolio that includes over 20,000 affor units across 8 states, Post is an experienced and well-reputed owner of quality affordable housing vertically integrated platform includes TAM Residential and 1st Call Services, their mowned property management and construction management companies.								
	The HUD Perso	ne Manager of PREG Management, LLC a conal Financial and Credit Statement for Jas to liability ratio of 157.24 to 1.00.							
Project Type & Size	Rehabilitation of a 120-unit property with 46 units (40%) restricted to households earning 60% or less of Area Median Income (AMI) and 72 units rented at market rate rents. 100% of the units designate Households with Children as the target population.								
Project Description	NM. The proper 93,710 square f	ludes the rehabilitation of a 120-unit mixerty is situated on 3.71 acres and consists eet. There are 76 one-bedroom units and average 610-646 square feet and the pro-	of five mid- 44 two-bed	rise buildings comprising about droom units. The property's one-					
	Income Housing have a wood fra on the proper conditioning, ex	property was originally constructed in 19 g Tax Credits (LIHTCs) and was placed in ame structure system, slab on grade floor sty include refrigerators, electric ranges haust fans, and range hoods. Tenants pass calculated by the Albuquerque Housing	service on system, an s, dishwas y for utilitie	January 1, 1998. The buildings d stucco exterior finish. All units shers, garbage disposals, air					

Community amenities include a swimming pool, barbeque and picnic area, playground, courtyard, four onsite laundry facilities, and a leasing office. The property is within short driving distance of the Coronado Center mall as well as grocery stores including Trader Joe's, Whole Foods, and Costco Wholesale.

Post Investment Group ("Post") purchased the Las Brisas property in January 2021. Since this takeover, Post has spent \$1,033,037 on property renovations. Despite these past investments in the property, residents of the property have faced various disruptions to their living experience due to the property's aging systems. Deteriorating cast iron pipes are prevalent throughout the property, which has led to the recurring issue of sewer lines backing up into various units. The Developer plans to address this issue by initiating a comprehensive pipe overhaul and installing state-of-the-art sanitary sewer piping. The Developer also plans to modernize the water distribution system, particularly by replacing the current copper hot water lines, which have experienced fractures beneath the building slabs. Further planned rehabilitation to the property includes repairing/replacing existing aging HVAC systems, restoring stair treads to resolve safety hazards, replacing and repairing roofs on select buildings, replacing and repairing the property's gutter system, repainting exterior walls, pouring new concrete to ensure walkways are safe and level, installing robust metal fencing and a new security camera system around the site, and upgrading the existing playground. Funds would also be used for interior upgrades including replacing all appliances, resurfacing countertops, upgrading flooring, and adding ceiling fans to all units.

The Land Use Restriction Agreement (LURA) presently recorded on the property requires 40% of the units to be restricted to households earning 60% or less of Area Median Income (AMI) for the duration of the LIHTC Extended Use Agreement. That Extended Use Agreement is set to expire in April of 2027, at which point the owner or a future buyer will be able to operate the property as a market rate property and increase the previously restricted rents to match the surrounding market. That conversion risks the displacement of the current households residing in the property's rent-restricted units. The Developer has agreed to record a new LURA on the property upon receipt of NMPLF funds with a new NMPLF affordability period of 20 years, during which the property would preserve its existing rent restrictions. In other words, NMPLF funding for this project would pay for not only the above-described rehabilitation, but also approximately 20 extra years of affordability restrictions that would not otherwise exist.

In lieu of a market study, the developer provided a historical occupancy analysis as an indicator of property need/interest. Since Post purchased the property in 2021, the occupancy rate has remained above 94%. Since 2000, the occupancy rate has averaged 94.44%, with only three years in which the occupancy rate fell below 94%.

## Project Financials, Projections and Assumptions

The Applicant has provided a detailed 15-year cash flow projection. Projections utilize a 7% vacancy. Operating expenses for the property are projected at \$6,052 per unit, per annum (PUPA), after reducing Replacement Reserves (\$300 PUPA). These expenses are slightly above the MFA standards of \$4,300 to \$5,800. However, the applicant has based these projections on historical operating expenses. The debt coverage ratio (DCR) also falls slightly above MFA's underwriting standards, indicating that the property may be over subsidized. However, MFA staff believes that, since the NMPLF investment of \$1,000,000 will pay not only for necessary rehabilitation but will also "buy" twenty extra years of affordability restrictions and protection for existing residents, allowances should be made. The contractor profit of \$47,619 equals to roughly 5% of hard costs, which falls under MFA's 6% limit.

MFA staff used project operating statements and tax returns to ascertain the property's net operating income (NOI) for prior years and calculated a NOI of \$70,935 in 2021 and \$286,987 in 2022. This fluctuation in historic NOI is believed to be due to capital expenditures; namely, the Applicant has shared that the owner spent \$1,033,037 on renovations in 2021 and 2022, with most of the work occurring in 2021. By evaluating these calculated NOIs and renovation costs, MFA believes the current NOI (not inclusive of capital expenditures) of \$408,721 shared in the application schedules is justifiable, as is the expected post-rehabilitation NOI of \$494,532. The projected post-rehabilitation NOI is sufficient to cover current debt service as well as expected

	NMPLF interest (\$344,668 total annual debt service). Reported net worth is supported by provided personal tax returns.  Increases from current to projected NOI are due largely to an increase in rental income. Projected rents still fall under the allowable tax credit rents for the area.
Affordability Requirements	Forty-eight (48) units restricted to households with incomes at or below 60% of the area median income. Funded rental units must comply with the rental requirements for a minimum of 20 years. The affordability period starts on the first month following the end of the construction term.
Repayment and Disbursement	Payments: Interest only monthly payments, with all unpaid interest, unpaid fees, and outstanding principal balance considered for forgiveness at the loan's maturity. Construction period not to exceed 18 months.  Disbursement: Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.
Special Conditions	<ol> <li>Receipt of a completed Capital Needs Assessment to be reviewed by MFA's Architectural Services Representative;</li> <li>Approval of rehabilitation scope of work/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>Other conditions as may be determined by staff; and</li> <li>Subject to availability of funds.</li> </ol>

MFA Commitments to Other Projects MFA Exposure	N/A  Total MFA Exposure: None.						
Risk Factors	<ol> <li>Market – Low (strong demand for rehabilitated units in Albuquerque MSA and in target property, which has provided historical vacancy rates as proof of interest)</li> <li>Construction – Medium (construction material pricing remains high and rehabilitation projects can be unpredictable; however, the developer is experienced)</li> <li>Developer – Low (experienced development team)</li> <li>Guarantor – N/A</li> <li>General Partner/Managing Member – Low (i.e. the developer)</li> <li>Community Opposition – Low (existing project)</li> <li>Financing – Low (low-interest, long-term loan; historical property financials provide indication of strong financial performance)</li> </ol>						
Summary & Recommendation	The proposed project presents a favorable risk profile and is recommend	led for app	roval.				
Prepared by	Hannah Kunzle, Preservation Program Manager Hannah Kunzle						
Reviewed by	George Maestas, Director of Housing Development	Date	04/04/24				
Reviewed by	Jeff Payne, Chief Lending Officer	Date	04/04/24				

# Award Summary - Las Brisas NMPLF

Final Audit Report 2024-04-05

Created: 2024-04-04

By: Hannah Faulwell (hfaulwell@housingnm.org)

Status: Signed

Transaction ID: CBJCHBCAABAAhgLwCyvDQ1473NLINxlJPnzclCeObVsA

# "Award Summary - Las Brisas NMPLF" History

- Document created by Hannah Faulwell (hfaulwell@housingnm.org) 2024-04-04 11:01:56 PM GMT- IP address: 38.80.172.2
- Document emailed to George Maestas (gmaestas@housingnm.org) for signature 2024-04-04 11:02:00 PM GMT
- Document emailed to Jeff Payne (jpayne@housingnm.org) for signature 2024-04-04 11:02:00 PM GMT
- Email viewed by George Maestas (gmaestas@housingnm.org) 2024-04-04 11:03:15 PM GMT- IP address: 38.80.172.2
- Document e-signed by George Maestas (gmaestas@housingnm.org)

  Signature Date: 2024-04-04 11:04:40 PM GMT Time Source: server- IP address: 38.80.172.2
- Email viewed by Jeff Payne (jpayne@housingnm.org) 2024-04-05 1:13:16 AM GMT- IP address: 67.164.155.244
- Document e-signed by Jeff Payne (jpayne@housingnm.org)

  Signature Date: 2024-04-05 1:13:44 AM GMT Time Source: server- IP address: 67.164.155.244
- Agreement completed. 2024-04-05 - 1:13:44 AM GMT

	PROJECT I	NFORMATION SUMMAR	RY					
Project Nam	Project Name		NC, AR, or OR	Total # Units	Sizes	Target AMIs		
Las Brisas Apartı	ments	Albuquerque	OI OK	Ullits				
Total Development Cost	\$ 1,000,000		OR	120	1-BED and 2-BED	46 UNITS @ 60% 72		
Borrower	Post Las Brisas, LLC					UNITS @ MR		
Management	TAM Residential		YEAR BU	ILT (AR)	LIHTC ALLOC	4% or 9%		
Developer	Post Las Brisas, LLC		197	77	N/A	N/A		
•••		NC = AR = OR= AMI = MR =	Market Ra	n/Rehab hab ian Income ite apartments				
	1PLF Information		NUI	MBER OF	RESTRICTED UNITS:	46		
Funds Available as of:	3/29/2024	\$2,500,000						
						•		
	MFA Guidelines	Loan Request		EXCEP	TIONS/CONDITIONS	S/NOTES		
Maximum Loan Amount	Based on availability of funds	\$1,000,000						
Rates	1%	1%						
Loan Fees	NA	NA						
Maximum Loan Term	NA	20						
Loan Amortization	NA	NA						
Lien Position	NA	2nd position	Nothmar	q Capital	, LLC first lien positio	on		
	Min. 20 yrs., @ existing AMI levels	20 yrs., 46 units @ or below 60% AMI	existing property affordability levels for a time period based on amount of NMPLF funding per unit. In this the requested \$1,000,000 NMPLF loan equates to a funding about of \$21,739.13 per affordable unit, warranting a minimum affordability period of 20 year per the NMPLF Policy.					
DSCR	1.2 to 1.4 to 1 on all must- pay debt	1.43-1.49	Although DSCR falls slightly above MFA underwriting standards, MFA staff believes that, since the NMPLF investment of \$1,000,000 will pay not only for necessarehabilitation but will also "buy" twenty extra years of affordability restrictions and protection for existing residents, an exception should be made. It is preferable in this case for MFA to provide funding with renewed affordability restrictions than for MFA to leave these rehabilitation costs to the owner and allow units to be converted to market-rate rents.					
Scoring Criteria	No minimum score.	39/60	Lost points for committing only to minimum affordabil period (20 years) and for being a large property (76+ units).					

TOTAL DEVELOPMENT COST INFORMATION SUMMARY								
Project: Las Brisas Apartments		Total	% TDC		Cost/GSF*			
Acquisition Costs (land, building acquisition, & other acquisition costs)			0%	\$	-			
Construction Hard Costs	\$	952,381	95%	\$	10.23			
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)	\$	47,619	5%	\$	0.51			
Professional Services/Fees (architect, engineer, real estate legal, etc)			0%	\$	-			
Construction Financing Costs (interest, insurance, inspections, fees, etc)			0%	\$	-			
Permanent Financing Costs (fees, title/recording, etc)			0%	\$	-			
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)			0%	\$	-			
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)			0%	\$	-			
Reserves (rent-up, operating, replacement, escrows, etc)			0%	\$	-			
Developer Fees (inc consultant fees)			0%	\$	-			
Total Development Costs (TDC)	\$	1,000,000	100%	\$	10.74			
TDC w/o Land, Reserves & Commercial	\$	1,000,000	100%	\$	10.74			

\*Gross square footage: 93,116

CONSTRUCTION SOURCES								
Project:	Las Brisas Apartments		Total	% of Total		Per Unit		
Construct. Lender - 1st Lien	MFA NMPLF	\$	1,000,000	100.0%	\$	8,333		
2nd Lien holder		\$	-	0.0%	\$	-		
3rd Lien holder		\$	-	0.0%	\$	-		
Deferred Developer Fee				0.0%	\$			
LIHTC Equity				0.0%	\$	-		
Grant				0.0%	\$	-		
Other Equity		\$	-	0.0%	\$	-		
Other source				0.0%	\$	-		
	Total Construction Sources \$ 1,000,000   100.0%   \$ 8,33							

Check TDC in Development Cost Budget

## **2024 RENTAL AWARD SUMMARY**

Project Name &	Country Club									
Address	5999 Airport F	Road, Santa Fe, Santa Fe County, NM 87507								
Proposed	\$400,000	HOME	Rate	0%						
Awards	\$400,000	National Housing Trust Fund (NHTF)	Rate	0%						
_	\$3,000,000	New Mexico Housing Trust Fund (NMHTF)	Rate	3.0% Fixed						
Borrowers	<b>Country Club SF, LLC (to be formed)</b> will be owned .01% by Country Club SFCHA, LLC (to be formed), as Managing Member, owned 100% by Santa Fe Civic Housing Authority, Inc. as Sole and Managing Member; and 99.99% by a to be determined investor partner, as Member.									
Management	an autonomou the agency b	Santa Fe Civic Housing Authority, Inc. (SFCHA) was created by the City of Santa Fe in 1961 as an autonomous agency to build and operate housing for low to moderate income families. In 1988, the agency became a non-profit organization carrying out the same mission. SFCHA currently manages 7 multifamily properties and 7 single family homes comprised of 415 units across Northern New Mexico.								
Developers	Santa Fe Civic Housing Authority, Inc. (SFCHA) is led by Executive Director Ed Romero, who hextensive experience producing and managing affordable housing developments. Over the last years, SFCHA has developed 12 affordable multifamily rental projects across Northern New Mexiconsisting of a total of 796 units. Each development is also continually provided with an array services, either by SFCHA directly or through partnerships with governmental or nonproorganizations.									
	of \$66M, a ne SFCHA's CPA of \$67M, a ne SCFHA's intel unrestricted ca	A audited financials for FYE 06/30/2022 show unrest worth of \$55M, a debt-to-worth ratio of 0.19 to 1 audited financials for FYE 06/30/2023 show unrest worth of \$56M, a debt-to-worth ratio of 0.21 to 1 rnally prepared interim financial statement for the focash of \$7.7M, total assets of \$71M, a net worth of \$ net income of \$1.3M.	.00, and a net i ricted cash of \$8 .00, and a net i ur months ending	ncome of \$1.7M. 3.6M, total assets ncome of \$2.1M. g 10/31/23 shows						
Project Type & Size	Acquisition ar multifamily rer 35 units will be 23 units will be	nd Rehabilitation of 36 units and New Construction tal development. All 62 units (100% of the project) we income restricted to households earning 60% or lee income restricted to households earning 50% of leted to households earning 30% or less of AMI.	ill serve househo ss of Area Medi	olds with children. an Income (AMI),						
Project Description	SFCHA is proposing the acquisition and rehabilitation and new construction of Country Club Apartments, a 62-unit multifamily rental apartment project targeting households with children in Santa Fe, NM. The project will consist of three one-bedroom units at approximately 730 sq. ft., 50 two-bedroom units at approximately 788 sq. ft., and nine three-bedroom units at approximately 1,152 sq. ft. The project's gross square footage will be about 68,257 sq. ft. It will be comprised of nine rehabilitated, two-story residential buildings each housing four two-bedroom units and one new construction, three-story residential building containing the remaining 26 one-, two-, and three-bedroom units, as well as built-in community areas and administrative spaces. The nine two-story residential buildings will be located along a loop access road on the periphery of the site, with the new three-story residential building in the middle. The project is organized around a centralized "Plazuela" recreational space located at the rear of the site, which will have age specific play areas and structures, as well as a community garden and dog park.									
	In the rehabilitated buildings, new windows and doors will be installed, and the wood siding verification replaced with a more modern, durable material. The stairs will also be replaced, and the build exterior color will change. Within the units, new insulation will be installed along with new plur and mechanical systems to include heating and cooling. New finishes, cabinets, and light fixture also be installed in every rehabilitated unit.									
	the new three- small conferer building will h	community building and non-functioning pool will be estory multifamily building that will contain 26 resident noce room, two offices, restrooms, laundry, maintenance stucco color coats with multiple colors, cementators, and metal parapet caps.	ial units, a large nce, and storage	community room, e areas. The new						

New natural gas, sewer and water yard lines will be run to all units. 67 new asphalt and concrete parking spaces, a new .45-mile permeable surface path, yard walls, gates, benches, and landscaping improvements will also be carried out across the project's site.

Country Club Apartment's new residential building will serve as the primary area where services coordinated by SFCHA will be provided. Residents will be offered bi-monthly health and nutrition education, semi-annual CPR training, quarterly blood pressure or other health screening, quarterly computer training, weekly tutoring through the school year, quarterly job training/search assistance/placement, youth character building, and financial literacy training.

The market study completed by Novogradac and dated 1/9/24 defines the project's Primary Market Area as central and southwestern portions of the city of Santa Fe, running from Veterans Memorial Highway in the north and west, State Route 590, Bishops Lodge Road, and Old Santa Fe Trail in the east, and I-25 and US Highway 85 in the south. The project site is located on 5.87 acres and is currently improved with 10 two-story low-rise residential buildings. Surrounding land uses include multiple mobile home communities, vacant land and industrial/office buildings, and commercial and retail uses, all considered to be in average to fair condition.

The market study demand analysis states that Country Club Apartment's capture rate is 0.8%, which is considered very low and indicative of a deep base of potential support for the project. The analysis also shows the project will be absorbed at a rate of 20 units per month, reaching a stabilized occupancy rate of 95% within the first four months of operation. The market study anticipates that the project will maintain a 5% vacancy rate or below.

# Environmental & Site

A Phase I Environmental Site Assessment has not yet been completed for the subject property.

As required by HOME, the project must be determined to be in compliance with HUD Environmental Review 24 CFR part 58 before site control and/or execution of loan documents.

As required by the National Housing Trust Fund, the project must be determined to be in compliance with HUD Environmental Provisions of 24 CFR part 50 before construction is complete.

## Site and Neighborhood Standards (HOME and NHTF New Construction only)

The Subject site is zoned R-29 (Residential District) which allows for multifamily development. The maximum density in the R-29 zone is 29 units per acre, with a maximum height restriction of 36 feet. The subject is proposed to be developed to a density of 10.5 units per acre and a height not to exceed 36 feet. The Subject is located in the southwest portion of Santa Fe in a mixed-use neighborhood that generally consists of multifamily and single-family residential uses and commercial/retail uses, all considered to be in average to fair condition.

The project will be required to meet HUD's Site and Neighborhood Standards prior to the acquisition of the property.

# Project Financials, Projections and Assumptions, and Subsidy Layering Review

This project was underwritten utilizing MFA's standard 7% vacancy rate, which is considered conservative due to the low vacancy rates at nearby affordable housing properties. The applicant has provided a detailed 15-year cash flow projection for the project, which assumes a total annual income of \$768,533. The developer estimates \$356,627 in total operating expenses less reserves and social services (i.e., \$5,752 per unit per year), which is within MFA's standard underwriting range of \$4,300 to \$5,800.

The project's Debt Service Coverage Ratio (DSCR) starts at 1.22 to 1.00 in year one, increasing to 1.39 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 all 15 of the first years of operation.

The interest rate for Rocky Mountain Community Reinvestment Corporation's first mortgage loan is assumed to be 8.00% (7.50% 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 SFCHA.

Currently, it appears that 56% (\$747,811) of the \$1,341,000 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 10.

Though an investor's letter of interest was not included in the application, the project is currently underwritten using a credit price of 88 cents on the dollar, which is within the MFA recommended range for the credit pricing factor as stated in our underwriting guidelines. Every one (1) cent drop in that price would create the need for an additional \$124K in deferred developer fee or cash flow loan from SFCHA.

#### **Subsidy Layering Review**

<u>HOME</u>- MFA's Housing Development Department's underwriting guidelines, performed for the HOME loan request, show this project is not over-subsidized per HUD regulations.

<u>National HTF</u>- MFA's Housing Development Department's underwriting guidelines, performed for the National Housing Trust Fund loan request, show this project is not over-subsidized per HUD regulations.

# Affordability Requirements

**HOME:** Two HOME units consisting of: Two 2-bedroom apartment units for households at or below 60% AMI and restricted to High HOME rents for which a Land Use Restriction Agreement (LURA) will be filed in Santa Fe 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.

**NHTF:** Two NHTF units consisting of: Two 2-bedroom apartment units restricted to households earning the greater of 30% AMI or the federal poverty level, for which a Land Use Restriction Agreement (LURA) will be filed in Santa Fe County. The affordability period is 35 years, starting on the date of acceptance by HUD of a final NHTF project completion report and ends 35 years later.

**NMHTF:** Sixty-two (62) units income-restricted to households earning 60% or less of AMI for which a Land Use Restriction Agreement (LURA) will be filed in Santa Fe County. The NMHTF affordability period is 40 years; 20 as required by Affordable Housing Act Rules and 20 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.

# Repayment and Disbursement

#### HOME:

<u>Payments</u>: No payments during the construction period, which is not to exceed 24 months; thereafter, 479 equal principal payments during the permanent loan period, based on an 80-year amortization, with all outstanding principal due with one final payment due at the maturity date. Outstanding principal due at the earlier of maturity, refinance, or sale of the project.

<u>Disbursement</u>: Allow up to three draws: two during the construction period and the third upon submission of a final project completion report to HUD.

#### NHTF:

<u>Payments</u>: No payments during the construction period, which is not to exceed 24 months; thereafter, annual payments, 1) as determined from available cash flow or 2) a fixed principal payment of \$500, maturing in 35 years.

<u>Disbursement</u>: Allow up to three draws: two during the construction period and the third upon submission of a final NHTF project completion report to HUD.

#### NMHTF:

<u>Payments</u>: Interest only monthly during the construction period not to exceed 24 months; 480 equal principal & interest payments during the permanent loan period. Outstanding principal and interest due at the earlier of maturity, refinance, or sale of the project.

<u>Disbursement</u>: Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.

# Special Conditions

- 1. All loans are subject to MFA's final underwriting for project feasibility if needed. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e. interest rate & amortization) may be revised in line with projected cash flow at closing;
- 2. Any changes or additions to the following development team members listed in the loan application must be approved by MFA: developer, contractor, management company, consultant, or architect;
- 3. Financing commitments acceptable to MFA prior to disbursing all funding sources;
- 4. Acceptance of 2024 award of Low-Income Housing Tax Credits (LIHTC);
- 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;
- 6. Other conditions as may be determined by staff; and
- 7. Subject to availability of funds.

#### **Additional Conditions: HOME Loan**

- 8. Loan to be in second lien position;
- 9. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met;
- 10. If other than minimal funds used during construction (i.e. \$50,000 or less), Santa Fe Civic Housing Authority, Inc. (SFCHA) must provide a guarantee during the construction period;
- 11. If HOME CHDO (Community Housing Development Organization) funds are to be used, Santa Fe Civic Housing Authority, Inc. (SFCHA) must be approved by MFA as a CHDO, and any transfers of ownership must be in accordance with HUD's CHDO rules.

#### **Additional Conditions: NHTF Loan**

- 12. Loan to be in third lien position; and
- 13. HUD Environmental Provision (EP) approval must occur prior to construction completion; and
- 14. Project building plans must meet NHTF Rehabilitation Standards prior to acquisition and construction start; and
- 15. If other than minimal funds used during construction (i.e. \$50,000 or less), Santa Fe Civic Housing Authority, Inc. (SFCHA) must provide a guarantee during the construction period;

#### **Additional Conditions: NMHTF**

- 16. Loan to be in fourth lien position; and
- 17. Santa Fe Civic Housing Authority, Inc. (SFCHA) must provide a guarantee during the construction period.

# MFA Commitments to Other Projects

### SFCHA:

2008 HOME - Villa Consuelo - \$207,197

2010 Risk Share - Villa Alegre Senior Apartments - \$747,414

2010 TCAP - Villa Alegre Senior Apartments - \$4,770,335

2014 LIHTC (4%) - Santa Fe Community Living - \$770,562

2014 HOME – Santa Fe Community Living - \$546,875

2014 NMHTF - Santa Fe Community Living - \$417,901

2013 LIHTC (9%) - Village in the Bosque - \$1,150,000

2013 HOME - Village in the Bosque - \$403,125

2013 NMHTF - Village in the Bosque - \$402,625

2016 LIHTC (9%) - Villa Hermosa - \$1,150,000

2016 HOME - Villa Hermosa - \$331,111

2016 LIHTC (4%) - Pasa Tiempo - \$658,136

2016 HOME - Pasa Tiempo - \$548,182

2018 LIHTC (9%) - Villa Consuelo - \$1,115,168

2019 LIHTC (9%) - 1115 Calle La Resolana - \$723,285

2019 HOME - 1115 Calle La Resolana - \$400,000

2019 NHTF - 1115 Calle La Resolana - \$400,000

2024 LIHTC (9%) - Ocate Apartments - \$1,622,805

2024 HOME - Ocate Apartments - \$400,000

2024 NHTF - Ocate Apartments - \$400,000

2024 NMHTF - Ocate Apartments - \$3,000,000

MFA Exposure	(1) Risk Share loans carry 10% MFA risk (2) Bonds are non-recourse to MFA (3) Loan Balances as of 5/31/2024 \$12,974,765 (excludes LIHTC, grants, and loans pending approval)
Risk Factors	<ol> <li>Market - Low (Strong demand for proposed property in PMA)</li> <li>Construction - Medium (construction material pricing remains high; however, the developer is experienced plus the investor and main construction lender will provide additional oversight and controls)</li> <li>Developer - Low</li> <li>Guarantor - Low</li> <li>General Partner/Managing Member - Low (i.e. the developer)</li> <li>Community Opposition - Low</li> <li>Financing - Medium (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>
Summary &	The proposed project presents a favorable risk profile and is recommended for approval.
Recommendation	
Prepared by	Justin Carmona, Development Loan Manager Date 6/4/24
Reviewed by	George Maestas, Director of Housing Development
	/ / /

		PROJECT INFORMATION SUMI	MARY			
Drainet Na	ma	City	NC, AR,	Total #		
Project Na		City Santa Fe	or	Units	Unit Sizes	Target AMIs
Country Club Apa Total Development Cost		Salita Fe	NC/AR	62	1-BED, 2-BED, & 3-	30% AMI, 50% AMI, 60%
-	\$ 21,593,630 Country Club SF, LLC (to	ha formad)	NC/AR	02	BED	AMI
	Santa Fe Civic Housing	•	YEAR BU	II T (ΔR)	LIHTC ALLOC	4% or 9%
	Santa Fe Civic Housing		196	• •	\$ 1,240,558	9%
201010001	- Cantaro Civio Housing	· · · · · · · · · · · · · · · · · · ·		New Cons		0,10
				Acquisitio		
				•	an Income	
			MR =	Market Ra	ite apartments	
НО	ME LOAN INFORMATION		NU	MBER OF	F HOME UNITS	2
Funds Available as of:	05/29/24	\$3,898,007				
	MFA Guidelines	Loan Request		EXC	NS/NOTES	
Maximum Loan Amount	\$1,000,000	\$400,000	Max. HOM	1E loan a	mount for 9% LIHTC	w/ no CHDO
Rates	0.0% to 3.0%	0.00%				
Loan Fees	N/A	N/A				
Maximum Loan Term	2 yr construct, 40 yr perm	2 yr construct, 40 yr perm				
Loan Amortization	·	80 years				
Lien Position	,	2nd lien position				
Affordability Requirements						
	AMI	40 years, 2 units @ 60% AMI	DCCT		4.00	
DSCR	1.20 to 1.40 : 1 on all	1.22 : 1.00 in year 1		ys betwe	en 1.20 : 1.40 all 15 y	years and trends
	must-pay debt	increasing to 1.39: 1.00 by	upward			
On a situation of Online and	N1/A	year 15				
Scoring Criteria		N/A	<b></b>	MDED O	E NULTE LINUTO:	
Funds Available as of:	05/29/24		NU	MREK OI	F NHTF UNITS:	2
Funds Available as of:		(\$765,632)				
	*Δwa	rd contingent on forward alloca	ation of 201	24 NHTE	allocation of ~\$3 01/	1 833
		rd contingent on forward alloca Loan Request	ation of 202			
Maximum Loan Amount	MFA Guidelines	Loan Request		EXC	EPTIONS/CONDITIO	NS/NOTES
Maximum Loan Amount Rates		-		EXC		NS/NOTES
	MFA Guidelines \$1,500,000	Loan Request \$400,000		EXC	EPTIONS/CONDITIO	NS/NOTES
Rates	### ### ##############################	\$400,000 0.0% N/A		EXC	EPTIONS/CONDITIO	NS/NOTES
Rates Loan Fees	### ### ### ### ######################	<b>Loan Request</b> \$400,000 0.0%		EXC	EPTIONS/CONDITIO	NS/NOTES
Rates Loan Fees	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max	\$400,000 0.0% N/A	Max. NHT	<b>EXC</b> I F loan ar	EPTIONS/CONDITIO	NS/NOTES
Rates Loan Fees Maximum Loan Term	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable	\$400,000 0.0% N/A 2 yr construct, 35 yr perm	Max. NHT	<b>EXC</b> I F loan ar	EPTIONS/CONDITION  mount with 9% LIHTC	NS/NOTES
Rates Loan Fees Maximum Loan Term Loan Amortization	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed	Loan Request \$400,000 0.0% N/A 2 yr construct, 35 yr perm Cash flow 3rd lien position	Max. NHT	<b>EXC</b> I F loan ar	EPTIONS/CONDITION  mount with 9% LIHTC	NS/NOTES
Rates Loan Fees Maximum Loan Term  Loan Amortization  Lien Position Affordability Requirements	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed	Loan Request \$400,000 0.0% N/A 2 yr construct, 35 yr perm  Cash flow 3rd lien position 35 years, 2 units @ 30% AMI	Max. NHT	EXCI F loan ar	mount with 9% LIHTC	tor's preference
Rates Loan Fees Maximum Loan Term Loan Amortization Lien Position	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed Min 30 years, Max 30%	Loan Request \$400,000 0.0% N/A 2 yr construct, 35 yr perm  Cash flow 3rd lien position 35 years, 2 units @ 30% AMI 1.22: 1.00 in year 1	Max. NHT  Cash flow	EXCI F loan ar	EPTIONS/CONDITION  mount with 9% LIHTC	tor's preference
Rates Loan Fees Maximum Loan Term  Loan Amortization  Lien Position Affordability Requirements	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed Min 30 years, Max 30% AMI	Loan Request \$400,000 0.0% N/A 2 yr construct, 35 yr perm  Cash flow 3rd lien position 35 years, 2 units @ 30% AMI 1.22:1.00 in year 1 increasing to 1.39:1.00 by	Max. NHT	EXCI F loan ar	mount with 9% LIHTC	tor's preference
Rates Loan Fees Maximum Loan Term  Loan Amortization  Lien Position  Affordability Requirements  DSCR	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed Min 30 years, Max 30% AMI 1.20 to 1.40: 1 on all must-pay debt	Loan Request \$400,000  0.0%  N/A  2 yr construct, 35 yr perm  Cash flow  3rd lien position  35 years, 2 units @ 30% AMI  1.22: 1.00 in year 1 increasing to 1.39: 1.00 by year 15	Max. NHT  Cash flow	EXCI F loan ar	mount with 9% LIHTC	tor's preference
Rates Loan Fees Maximum Loan Term  Loan Amortization  Lien Position Affordability Requirements  DSCR  Scoring Criteria	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed Min 30 years, Max 30% AMI 1.20 to 1.40 : 1 on all must-pay debt 40-115 points	Loan Request \$400,000 0.0% N/A 2 yr construct, 35 yr perm  Cash flow 3rd lien position 35 years, 2 units @ 30% AMI 1.22:1.00 in year 1 increasing to 1.39:1.00 by year 15 65	Max. NHT  Cash flow  DSCR staupward	F loan ar	een 1.20 : 1.40 all 15 y	tor's preference  years and trends
Rates Loan Fees Maximum Loan Term  Loan Amortization Lien Position Affordability Requirements  DSCR  Scoring Criteria NEW MEXICO HOUSING TR	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed Min 30 years, Max 30% AMI 1.20 to 1.40: 1 on all must-pay debt 40-115 points UST FUND (NMHTF) REN	Loan Request \$400,000 0.0% N/A 2 yr construct, 35 yr perm  Cash flow 3rd lien position 35 years, 2 units @ 30% AMI 1.22: 1.00 in year 1 increasing to 1.39: 1.00 by year 15 65 TAL LOAN INFORMATION	Max. NHT  Cash flow  DSCR staupward	F loan ar	mount with 9% LIHTC	tor's preference
Rates Loan Fees Maximum Loan Term  Loan Amortization  Lien Position Affordability Requirements  DSCR  Scoring Criteria	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed Min 30 years, Max 30% AMI 1.20 to 1.40: 1 on all must-pay debt 40-115 points UST FUND (NMHTF) REN	Loan Request \$400,000 0.0% N/A 2 yr construct, 35 yr perm  Cash flow 3rd lien position 35 years, 2 units @ 30% AMI 1.22:1.00 in year 1 increasing to 1.39:1.00 by year 15 65 TAL LOAN INFORMATION \$6,620,000	Max. NHT  Cash flow  DSCR staupward	F loan ar	een 1.20 : 1.40 all 15 y	tor's preference years and trends
Rates Loan Fees Maximum Loan Term  Loan Amortization Lien Position Affordability Requirements  DSCR  Scoring Criteria NEW MEXICO HOUSING TR	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed Min 30 years, Max 30% AMI 1.20 to 1.40 : 1 on all must-pay debt 40-115 points UST FUND (NMHTF) REN' 05/29/24 MFA Guidelines	Loan Request \$400,000 0.0% N/A 2 yr construct, 35 yr perm  Cash flow 3rd lien position 35 years, 2 units @ 30% AMI 1.22: 1.00 in year 1 increasing to 1.39: 1.00 by year 15 65 TAL LOAN INFORMATION	Max. NHT  Cash flow  DSCR state upward	F loan ar	een 1.20 : 1.40 all 15 y	tor's preference  years and trends  62  NS/NOTES
Rates Loan Fees Maximum Loan Term  Loan Amortization  Lien Position Affordability Requirements  DSCR  Scoring Criteria NEW MEXICO HOUSING TR Funds Available as of:	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed Min 30 years, Max 30% AMI 1.20 to 1.40 : 1 on all must-pay debt 40-115 points UST FUND (NMHTF) REN' 05/29/24 MFA Guidelines	Loan Request \$400,000  0.0%  N/A  2 yr construct, 35 yr perm  Cash flow  3rd lien position  35 years, 2 units @ 30% AMI  1.22: 1.00 in year 1 increasing to 1.39: 1.00 by year 15 65  TAL LOAN INFORMATION \$6,620,000  Loan Request	Max. NHT  Cash flow  DSCR state upward	F loan ar  or \$500  ys betwee  TBER OF  EXCI	een 1.20 : 1.40 all 15 y	tor's preference  years and trends  62  NS/NOTES
Rates Loan Fees Maximum Loan Term  Loan Amortization  Lien Position Affordability Requirements  DSCR  Scoring Criteria  NEW MEXICO HOUSING TR  Funds Available as of:  Maximum Loan Amount	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed Min 30 years, Max 30% AMI 1.20 to 1.40 : 1 on all must-pay debt 40-115 points UST FUND (NMHTF) REN' 05/29/24 MFA Guidelines \$3,000,000	Loan Request \$400,000  0.0%  N/A  2 yr construct, 35 yr perm  Cash flow  3rd lien position  35 years, 2 units @ 30% AMI  1.22:1.00 in year 1 increasing to 1.39:1.00 by year 15  65  TAL LOAN INFORMATION \$6,620,000  Loan Request \$3,000,000	Max. NHT  Cash flow  DSCR state upward  NUM  Max. NMF	F loan ar  or \$500  ys betwee  TBER OF  EXCI	een 1.20 : 1.40 all 15 y	tor's preference  years and trends  62  NS/NOTES
Rates Loan Fees Maximum Loan Term  Loan Amortization  Lien Position Affordability Requirements  DSCR  Scoring Criteria NEW MEXICO HOUSING TR Funds Available as of:  Maximum Loan Amount Rates	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed Min 30 years, Max 30% AMI 1.20 to 1.40: 1 on all must-pay debt 40-115 points UST FUND (NMHTF) REN' 05/29/24 MFA Guidelines \$3,000,000 0.0% to 5.0% N/A 2 yr construct, 40 yr	Loan Request \$400,000  0.0%  N/A  2 yr construct, 35 yr perm  Cash flow  3rd lien position  35 years, 2 units @ 30% AMI  1.22:1.00 in year 1 increasing to 1.39:1.00 by year 15 65  TAL LOAN INFORMATION \$6,620,000  Loan Request \$3,000,000 3.0%	Max. NHT  Cash flow  DSCR state upward  NUM  Max. NMF	F loan ar  or \$500  ys betwee  TBER OF  EXCI	een 1.20 : 1.40 all 15 y	tor's preference  years and trends  62  NS/NOTES
Rates Loan Fees Maximum Loan Term  Loan Amortization  Lien Position Affordability Requirements  DSCR  Scoring Criteria  NEW MEXICO HOUSING TR  Funds Available as of:  Maximum Loan Amount Rates Loan Fees Maximum Loan Term	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed Min 30 years, Max 30% AMI 1.20 to 1.40: 1 on all must-pay debt 40-115 points UST FUND (NMHTF) REN' 05/29/24 MFA Guidelines \$3,000,000 0.0% to 5.0% N/A 2 yr construct, 40 yr perm	Loan Request \$400,000 0.0% N/A 2 yr construct, 35 yr perm  Cash flow 3rd lien position 35 years, 2 units @ 30% AMI 1.22: 1.00 in year 1 increasing to 1.39: 1.00 by year 15 65 TAL LOAN INFORMATION \$6,620,000 Loan Request \$3,000,000 3.0% N/A 2 yr construct, 40 yr perm	Max. NHT  Cash flow  DSCR state upward  NUM  Max. NMF	F loan ar  or \$500  ys betwee  TBER OF  EXCI	een 1.20 : 1.40 all 15 y	tor's preference  years and trends  62  NS/NOTES
Rates Loan Fees Maximum Loan Term  Loan Amortization  Lien Position Affordability Requirements  DSCR  Scoring Criteria NEW MEXICO HOUSING TR Funds Available as of:  Maximum Loan Amount Rates Loan Fees Maximum Loan Term  Loan Amortization	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed Min 30 years, Max 30% AMI 1.20 to 1.40: 1 on all must-pay debt 40-115 points UST FUND (NMHTF) REN' 05/29/24 MFA Guidelines \$3,000,000 0.0% to 5.0% N/A 2 yr construct, 40 yr perm Mthly during perm	Loan Request \$400,000  0.0%  N/A  2 yr construct, 35 yr perm  Cash flow  3rd lien position  35 years, 2 units @ 30% AMI  1.22:1.00 in year 1 increasing to 1.39:1.00 by year 15 65  TAL LOAN INFORMATION \$6,620,000  Loan Request \$3,000,000  3.0%  N/A  2 yr construct, 40 yr perm  Mnthly during perm	Max. NHT  Cash flow  DSCR state upward  NUM  Max. NMF	F loan ar  or \$500  ys betwee  TBER OF  EXCI	een 1.20 : 1.40 all 15 y	tor's preference  years and trends  62  NS/NOTES
Rates Loan Fees Maximum Loan Term  Loan Amortization  Lien Position Affordability Requirements  DSCR  Scoring Criteria  NEW MEXICO HOUSING TR  Funds Available as of:  Maximum Loan Amount  Rates Loan Fees Maximum Loan Term  Loan Amortization Lien Position	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed Min 30 years, Max 30% AMI 1.20 to 1.40: 1 on all must-pay debt 40-115 points UST FUND (NMHTF) REN' 05/29/24 MFA Guidelines \$3,000,000 0.0% to 5.0% N/A 2 yr construct, 40 yr perm Mthly during perm Subordinate allowed	Loan Request \$400,000 0.0% N/A 2 yr construct, 35 yr perm  Cash flow 3rd lien position 35 years, 2 units @ 30% AMI 1.22: 1.00 in year 1 increasing to 1.39: 1.00 by year 15 65 TAL LOAN INFORMATION \$6,620,000 Loan Request \$3,000,000 3.0% N/A 2 yr construct, 40 yr perm	Max. NHT  Cash flow  DSCR state upward  NUM  Max. NMH	F loan ar  or \$500  ys betwee  TBER OF  EXCI	een 1.20 : 1.40 all 15 y	tor's preference  years and trends  62  NS/NOTES
Rates Loan Fees Maximum Loan Term  Loan Amortization  Lien Position Affordability Requirements  DSCR  Scoring Criteria NEW MEXICO HOUSING TR Funds Available as of:  Maximum Loan Amount Rates Loan Fees Maximum Loan Term  Loan Amortization	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed Min 30 years, Max 30% AMI 1.20 to 1.40: 1 on all must-pay debt 40-115 points UST FUND (NMHTF) REN' 05/29/24 MFA Guidelines \$3,000,000 0.0% to 5.0% N/A 2 yr construct, 40 yr perm Mthly during perm Subordinate allowed	Loan Request \$400,000  0.0%  N/A  2 yr construct, 35 yr perm  Cash flow  3rd lien position  35 years, 2 units @ 30% AMI  1.22:1.00 in year 1 increasing to 1.39:1.00 by year 15 65  TAL LOAN INFORMATION \$6,620,000  Loan Request \$3,000,000  3.0%  N/A  2 yr construct, 40 yr perm  Mnthly during perm	Max. NHT  Cash flow  DSCR state upward  NUM  Max. NMH	F loan ar  or \$500  ys betwee  TBER OF  EXCI	een 1.20 : 1.40 all 15 y	tor's preference  years and trends  62  NS/NOTES
Rates Loan Fees Maximum Loan Term  Loan Amortization  Lien Position Affordability Requirements  DSCR  Scoring Criteria NEW MEXICO HOUSING TR Funds Available as of:  Maximum Loan Amount Rates Loan Fees Maximum Loan Term  Loan Amortization Lien Position	MFA Guidelines \$1,500,000  0.0%  N/A 2 yr construct, no max on perm  Cash-flow or Forgivable  Subordinate allowed  Min 30 years, Max 30%  AMI  1.20 to 1.40 : 1 on all must-pay debt  40-115 points  UST FUND (NMHTF) REN  05/29/24  MFA Guidelines \$3,000,000  0.0% to 5.0%  N/A 2 yr construct, 40 yr perm  Mthly during perm  Subordinate allowed  Min 20 years, Max 60%  AMI	Loan Request \$400,000  0.0%  N/A  2 yr construct, 35 yr perm  Cash flow  3rd lien position  35 years, 2 units @ 30% AMI  1.22:1.00 in year 1 increasing to 1.39:1.00 by year 15 65  TAL LOAN INFORMATION \$6,620,000  Loan Request \$3,000,000  3.0%  N/A  2 yr construct, 40 yr perm  Mnthly during perm  4th lien position	DSCR statupward  Num  Max. NMH  Base rate	F loan ar  or \$500  ys betwee  TBER OF  EXCI	een 1.20 : 1.40 all 15 y	tor's preference  years and trends  62  NS/NOTES  o \$2MM at Perm.
Rates Loan Fees Maximum Loan Term  Loan Amortization  Lien Position Affordability Requirements  DSCR  Scoring Criteria NEW MEXICO HOUSING TR Funds Available as of:  Maximum Loan Amount Rates Loan Fees Maximum Loan Term  Loan Amortization Lien Position Affordability Requirements	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed Min 30 years, Max 30% AMI 1.20 to 1.40 : 1 on all must-pay debt 40-115 points UST FUND (NMHTF) REN' 05/29/24 MFA Guidelines \$3,000,000 0.0% to 5.0% N/A 2 yr construct, 40 yr perm Mthly during perm Subordinate allowed Min 20 years, Max 60%	Loan Request \$400,000  0.0%  N/A  2 yr construct, 35 yr perm  Cash flow  3rd lien position  35 years, 2 units @ 30% AMI  1.22: 1.00 in year 1 increasing to 1.39: 1.00 by year 15  65  TAL LOAN INFORMATION \$6,620,000  Loan Request \$3,000,000 3.0%  N/A  2 yr construct, 40 yr perm  Mnthly during perm  4th lien position  40 yrs, 60% AMI  1.22: 1.00 in year 1 increasing to 1.39: 1.00 by	DSCR statupward  Num  Max. NMH  Base rate	F loan ar  or \$500  ys betwee  TBER OF  EXCI	fixed based on inves een 1.20 : 1.40 all 15 y  NMHTF UNITS:  EPTIONS/CONDITIO amount. Paid down to the service of the service	tor's preference  years and trends  62  NS/NOTES  o \$2MM at Perm.
Rates Loan Fees Maximum Loan Term  Loan Amortization  Lien Position Affordability Requirements  DSCR  Scoring Criteria NEW MEXICO HOUSING TR Funds Available as of:  Maximum Loan Amount Rates Loan Fees Maximum Loan Term  Loan Amortization Lien Position Affordability Requirements	MFA Guidelines \$1,500,000 0.0% N/A 2 yr construct, no max on perm Cash-flow or Forgivable Subordinate allowed Min 30 years, Max 30% AMI 1.20 to 1.40: 1 on all must-pay debt 40-115 points UST FUND (NMHTF) REN' 05/29/24 MFA Guidelines \$3,000,000 0.0% to 5.0% N/A 2 yr construct, 40 yr perm Mthly during perm Subordinate allowed Min 20 years, Max 60% AMI 1.20 to 1.40: 1 on all must-pay debt	Loan Request \$400,000  0.0%  N/A  2 yr construct, 35 yr perm  Cash flow  3rd lien position  35 years, 2 units @ 30% AMI  1.22:1.00 in year 1 increasing to 1.39:1.00 by year 15 65  TAL LOAN INFORMATION \$6,620,000  Loan Request \$3,000,000  3.0%  N/A  2 yr construct, 40 yr perm  Mnthly during perm  4th lien position  40 yrs, 60% AMI  1.22:1.00 in year 1	Max. NHT  Cash flow  DSCR state  NUM  Max. NMH  Base rate  DSCR state	F loan ar  or \$500  ys betwee  TBER OF  EXCI	fixed based on inves een 1.20 : 1.40 all 15 y  NMHTF UNITS:  EPTIONS/CONDITIO amount. Paid down to the service of the service	tor's preference  years and trends  62  NS/NOTES  o \$2MM at Perm.

TOTAL DEVELOPMENT COST INFORMATION SUMMARY								
Project: Country Club Apartments		Total	% TDC		Cost/GSF*			
Acquisition Costs (land, building acquisition, & other acquisition costs)	\$	5,495,000	25%	\$	80.50			
Construction Hard Costs	\$	8,668,700	40%	\$	127.00			
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)	\$	2,587,620	12%	\$	37.91			
Professional Services/Fees (architect, engineer, real estate legal, etc)	\$	455,000	2%	\$	6.67			
Construction Financing Costs (interest, insurance, inspections, fees, etc)	\$	2,199,231	10%	\$	32.22			
Permanent Financing Costs (fees, title/recording, etc)	\$	85,000	0%	\$	1.25			
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)	\$	356,697	2%	\$	5.23			
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)	\$	50,000	0.2%	\$	0.73			
Reserves (rent-up, operating, replacement, escrows, etc)	\$	355,382	2%	\$	5.21			
Developer Fees (inc consultant fees)	\$	1,341,000	6%	\$	19.65			
Total Development Costs (TDC)	\$	21,593,630	100%	\$	316.36			
TDC w/o Land, Reserves & Commercial	\$	20,463,248	95%	\$	299.80			

CONSTRUCTION SOURCES						
Project:	Country Club Apartments		Total	% of Total		Per Unit
Construct. Lender	Keybank	\$	10,820,294	50.1%	\$	174,520.87
2nd Lien Holder	MFA/HOME	\$	360,000	1.7%	\$	5,806.45
3rd Lien Holder	MFA/NHTF	\$	360,000	1.7%	\$	5,806.45
4th Lien Holder	MFA/NMHTF	\$	3,000,000	13.9%	\$	48,387.10
Other	SFCHA/GP Note	\$	2,000,000	9.3%	\$	32,258.06
Other	SFCHA/Land & Building Contribution	\$	2,495,000	11.6%	\$	40,241.94
Deferred Developer Fee	SFCHA	\$	921,000	4.3%	\$	14,854.84
LIHTC Equity	TBD Investor	\$	1,637,336	7.6%	\$	26,408.65
	Total Construction Sources	\$	21,593,630	100.0%	\$	348,284.35

PERMANENT SOURCES						
Project:	Country Club Apartments		Total	% of Total		Per Unit
Permanent Lender - 1st Lien	Rocky Mountain Community Reinvest. Corp.	\$	2,635,000	12.2%	\$	42,500.00
2nd Lien Holder	MFA/HOME	\$	400,000	1.9%	\$	6,451.61
3rd Lien Holder	MFA/NHTF	\$	400,000	1.9%	\$	6,451.61
4th Lien Holder	MFA/NMHTF	\$	2,000,000	9.3%	\$	32,258.06
Other	SFCHA/GP Note	\$	2,000,000	9.3%	\$	32,258.06
Other	SFCHA/Land & Building Contribution	\$	2,495,000	11.6%	\$	40,241.94
Deferred Developer Fee	SFCHA	\$	747,811	3.5%	\$	12,061.47
LIHTC Equity	TBD Investor	\$	10,915,819	50.6%	\$	176,061.60
	Total Permanent Sources	\$	21,593,630	100.0%	\$	348,284.35

Development Cost Budget					
Country Club Apartments	Gross Sq. Footage:	68,257			
Santa Fe		TOTAL COST	C	OST/GSF	
ACQUISITION COSTS					
Land Acquisition	\$	775,000	\$	11.35	
Building Acquisition	\$	1,720,000	\$	25.20	
Other: Payoff existing deed of trust	\$	3,000,000	\$	43.95	
SUBTOTA	L \$	5,495,000	\$	80.50	
CONSTRUCTION HARD COSTS	•				
Demolition	\$	298,600	\$	4.37	
Accessory Structures	\$	-	\$	-	
Site Construction	\$	1,283,700	\$	18.81	
Buildings and Structures	\$	7,086,400	\$	103.82	
Off-Site Improvements	\$	-	\$	-	
Other:	\$		\$	_	
SUBTOTA	_	8,668,700	\$	127.00	
OTHER CONSTRUCTION COSTS	-  ~	0,000,700	7	127.00	
Contractor Overhead	\$	173,374	\$	2.54	
Contractor Profit	\$	520,122	\$	7.62	
General Requirements	\$	520,122	\$	7.62	
Construction Contingency	\$	433,435	\$	6.35	
Gross Receipts Tax (GRT)	\$	940,567	\$	13.78	
Landscaping	\$	-	\$		
Furniture, Fixtures, & Equipment	\$		\$		
Other:	\$		\$		
SUBTOTA		2,587,620	\$	37.91	
PROFESSIONAL SERVICES/FEES	د اح	2,387,020	Ą	37.31	
Architect (Design)	\$	350,000	\$	5.13	
Architect (Design) Architect (Supervision)	_	350,000		5.15	
Attorney (Real Estate)	\$	40,000	\$ \$	0.59	
Engineer/Survey	\$	40,000 65,000	\$	0.95	
Other:	\$	03,000	\$	0.93	
SUBTOTA	_	455,000	<sub>ې</sub>		
CONSTRUCTION FINANCING COSTS	니 >	455,000	Þ	6.67	
Hazard Insurance	۲ ا	100,000	\$	1.47	
Liability Insurance	\$	•	\$		
Performance Bond	\$	113,647	\$	1.66	
Interest		109,314	\$	22.65	
	\$	1,546,270	\$		
Origination\Discount Points  Credit Enhancement	\$	170,000	\$	2.49	
Inspection Fees	\$	-	\$	-	
Title and Recording	\$	100.000	\$	1 47	
	\$	100,000	\$	1.47	
Legal	\$	60,000	\$	0.88	
Taxes Other:	\$	-		-	
Other:	\$		\$		
SUBTOTA	L \$	2,199,231	\$	32.22	

Project: Country Club Apartments						
PERMANENT FINANCING COSTS						
Bond Premium	\$	-	\$	-		
Credit Report	\$	-	\$	-		
Origination\Discount Points	\$	40,000	\$	0.59		
Credit Enhancement	\$	-	\$	-		
Title and Recording	\$	25,000	\$	0.37		
Legal	\$	20,000	\$	0.29		
Cost of Bond Issuance	\$	-	\$	-		
Pre-Paid MIP	\$	-	\$	-		
Reserves and Escrows	\$	-	\$	-		
Other:	\$	-	\$	-		
SUBTOTAL	\$	85,000	\$	1.25		
SOFT COSTS						
Market Study	\$	8,500	\$	0.12		
Environmental	\$	6,000	\$	0.09		
Tax Credit Fees	\$	106,197	\$	1.56		
Appraisal	\$	6,000	\$	0.09		
Hard Relocation Costs	\$	-	\$	-		
Accounting/Cost Certification	\$	30,000	\$	0.44		
Other: Permits, Soft Cost Contigency	\$	200,000	\$	2.93		
SUBTOTAL	\$	356,697	\$	5.23		
SYNDICATION						
Organization	\$	50,000	\$	0.73		
Bridge Loan	\$	-	\$	-		
Tax Opinion	\$	-	\$	-		
Other:	\$	-	\$	-		
SUBTOTAL	\$	50,000	\$	0.73		
TDC before Dev. Fees & Reserves	\$	19,897,248	\$	292		
RESERVES						
Rent Up	\$	-	\$	-		
Operating	\$	355,382	\$	5.21		
Replacement (inc. only if capitalized)	\$	-	\$	-		
Escrows/Working Capital	\$	-	\$	-		
Other:	\$	-	\$	-		
SUBTOTAL	\$	355,382	\$	5.21		
DEVELOPER FEES						
Developer Fee	\$	1,341,000	\$	19.65		
Consultant Fee	\$	-	\$	-		
SUBTOTAL	\$	1,341,000	\$	19.65		
Total Development Cost (TDC)	\$	21,593,630	\$	316.36		
TDC w/o Land, Reserves & Commercial	\$	20,463,248	\$	299.80		
. ,	۳	==,::=,=:				

# 2024 SINGLE FAMILY HOUSING DEVELOPMENT AWARD SUMMARY EL TORO COMMUNITY

Project Name & Address	El Toro Community 2706 – 2733 South Roswell, NM 88203	Onyx Drive				
Proposed Awards	\$3,000,000 Revolving Construction Line of Credit	New Mexico Housing Trust Fund - (Single Family Construction)	Rate:	1% Fixed		
Borrower	member, Tony A. M.	ntracting, LLC, is a New Mabe on March 23, 2017, for it is a homes and buildings.		ed Liability Company formed by its sole e of construction of		
Developer	Tony A. Mabe dba Artisan's Guild Contracting, LLC, is a New Mexico Limited Liability Company with a registered business address located in Lovington, NM. Artisan's Guild Contracting, LLC is a sole member Limited Liability Company formed by Tony A. Mabe in 2017 for the purpose of residential and commercial construction. El Toro Community, a residential housing project, will be Artisan's Guild Construction's first affordable housing project in New Mexico with a total size of thirty-six (36) homes in Phase I. Seven of these homes have already been built and sold utilizing developer funds, as intended at market rate, with MFA construction funding requested for the remaining twenty-nine (29) affordable units.  Artisan's Guild Contracting, LLC's company-prepared financial statements ending 12/31/2023 show \$132K in Cash, \$2.6M in Total Assets, \$1.9M in Total Liabilities and a Net Worth/Equity of \$662K, resulting in a Debt-to-Total Assets Ratio of 0.74 (Ideal = 0.30 to 0.60), a positive Net Income, and a positive Traditional Cash Flow. Artisan's Guild Contracting, LLC's 2024 Year-to-Date (as of 03/04/2024) company-prepared financial statements show \$123K in Cash, \$2.5M in Total Assets, \$1.7M in Total Liabilities and a Net Worth/Equity of \$830K, resulting in a Debt-to-Total Assets Ratio of 0.67, a positive Net Income, and a positive Traditional Cash Flow. Artisan's Guild Contracting, LLC is an experienced developer that shows positive trends in multiple financial facets, further proving increased financial strength. Guarantor, Tony Mabe, also supplied 2020 – 2022 self-					
Project Type & Size	New construction of thirty-six single-family homes in Roswell, NM to be included in the El Toro Community. This project will produce twenty-nine (29) income restricted housing units consisting of fourteen (14) homes at a size of 1526 SQFT and fifteen (15) homes at a size of 1399 SQFT. The project will be developed on total land size of 8.32 acres. Seven (7) homes are at 100% completion and will be or already have been sold at appropriate market rate.					
Project Description	El Toro Community, a single-family residential subdivision located in Roswell, NM 88203 will provide clean, affordable and safe housing for low-to-moderate income households and first-time home buyers. The development is Artisan's Guild Construction's first affordable residential housing project in New Mexico with a total size of thirty-six (36) homes proposed in Phase I. Seven of these homes have already been built, utilizing developer funds, and sold as intended at market rate. MFA construction funding is being requested to fund the construction of the remaining twenty-nine (29) affordable units.  Additionally, the construction of the proposed homes using energy efficient, LEED-certified					
	energy solutions, wh		nce costs, re	on of energy costs and alternative eduction of insurance expense, and		

The developer's strategy is to start ten (10) housing units with an eventual estimated sales rate of approximately one house every 30-45 days, subsequent to the 60 days of start time necessary for preliminary project setup and initiation. Once the first six homes have sold, the project will begin the construction of the final 19 units. The MFA-funded affordable home mix will be a near 50/50 split of two (2) represented residential floor plans, consisting of a house size mix of 1399 ft² (15 homes) and 1526 ft² (14 homes).

The following construction schedule is based upon funding this loan request:

- Days 1-28: footing and pads poured on 6 lots
- Day 29: work begins on homes 1-6 to include exterior walls and roof, trades, and interior finishes
- Day 58 work begins on homes 7-10
- Day 60: home one receives Certificate of Occupancy; homes 2-6 close individually, approximately every 30-45 days

post completion of home one.

 As homes 1-6 receive continue obtaining Certificates of Occupancy, homes 11-29 will begin construction

The borrower and developer expect that completed homes will sell before the 80% completion milestone of construction or before, during Phase I of construction. As the real estate market returns to normal conditions, Artisans Guild Contracting, LLC will be in an excellent position to develop the remaining 60+ lots in subsequent phases and utilize the momentum to improve the streets and services as homes are sold. To date, Artisans Guild Contracting, LLC has invested more than \$750,000 into the project for infrastructure and municipal improvements, ranging from street improvements to major electric and sewer improvements.

## Environmental (Phase I) and Appraisal

Although the subject property began as untouched, raw land, a Phase I Environmental Assessment will be required at the borrower's expense prior to closing. Results are currently pending for a Phase I ESA as to be supplied by Souder, Miller & Associates.

A New Mexico MFA-ordered appraisal will be required prior to closing at the borrower's expense. Results are currently pending for an MFA-ordered appraisal as to be supplied by Valbridge Property Advisors. Once received, the appraisal will be reviewed and analyzed specifically for recommendations/notations around absorption rate, estimated demand, cost to build versus current economic indicators, etc.

Award will be contingent upon environmental and appraisal analyses that are deemed acceptable by New Mexico MFA.

### NMHTF:

## Affordability Requirements

In this phase of the El Toro Community, Phase I, 100% of the twenty-nine (29) units will represent income levels of 150% or below area median income with an additional 15% of those units at or below 120% area median income. Five (5)-year deed restrictions will be filed in Chavez County on each of the homes to prevent quick turnover that may cause a unit to exit approved income level(s) and/or be sold at market rate. These five (5)-year deed restrictions will define any recapture of sales proceeds (at a stepdown rate of recapture) if the home is sold within its first five (5) years of affordability.

## NMHTF:

# Repayment and Disbursement

<u>Payments</u> – Based on a 36-month construction term, the Borrower will pay the principal amount of each Draw Request attributed to each lot upon the earlier to occur of (i) upon purchase of a home by an eligible homebuyer or (ii) upon Maturity. Borrower shall make monthly payments of interest only on the outstanding unpaid principal balance of the Loan, paid in arrears, at an interest rate of One Percent (1.00%) per annum Until the Maturity Date. The entire principal amount of the Loan, plus all accrued and unpaid interest, will be due and payable in full upon the Maturity Date.

Special Conditions	Disbursement – Multiple disbursements upon evidence of costs incurred, not more frequently than monthly and only upon acceptance of applicable inspection(s). Disbursement totals per unit will be provided on at 85% Loan-to-Cost to be verified through a master appraisal of each home's respective floorplan.  1. All loans are subject to MFA's final underwriting for project feasibility if needed. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e., interest rate & amortization) may be revised in line with projected cash flow at closing;  2. Any changes or additions to the following development team members listed in the loan application must be approved by MFA: developer, contractor, management company, consultant and architect;  3. Financing commitments acceptable to MFA prior to funding on all funding sources;  4. Approval of plans/construction monitoring/draws by 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;  5. Other conditions as may be determined by staff; and  6. Subject to availability of funds.
	<ol> <li>Additional Conditions: NMHTF</li> <li>Loan to be in first lien position;</li> <li>Artisan's Guild Contracting, LLC and Tony A. Mabe must provide construction guarantees;</li> <li>Borrower must provide evidence that (1) the project has been registered with the relevant certifying agency (i.e.to achieve Enterprise Green Building Certification) before loan closing, and (2) certification by that agency upon project completions.</li> <li>Receipt and review of an as-is real estate appraisal report on the subject subdivision with an Loan-To-Value ratio of no more than 55%.</li> </ol>
MFA Commitments to Other Projects	NONE
Current MFA Exposure	\$0
Risk Factors	(For the following categories, rank risk as low, medium or high, followed by an explanation why.)
	Market- Low (realtor statements and supplied market data show strong demand for workforce single-family housing in the selected geographical area)
	Construction- Moderate (current economy continues to provide additional stress on both labor and material availability and expense)
	<b>Developer- Moderate</b> (developer has extensive previous residential subdivision experience, but this will be their first overall project working alongside affordable housing requirements)
	Guarantor- Moderate (guarantor shows acceptable income via 2020-2022 personal tax returns and reports minimal to no personal debt service)
	General Partner/Managing Member- Moderate (Tony Mabe)

	Community Opposition- Low (community support for project has been proven via local government communications and data as provided by local real estate agents)				
	<b>Financing- Low</b> (NM MFA will be the first lienholder and will, therefore, be more directly attached to items such as construction monitoring, on-time repayments, etc.)				
Summary &					
Recommendatio	The proposed project presents a favorable risk profile and is recommended for approval.				
n					
Prepared by	Joshua Howe – Development Loan Manager II				
Reviewed by	George Maestas – Director of Housing Development				
	Date DateMay 28, 2024				
	5/28/2024				

	PRO	DJECT INFORMATION SUMMAR	Υ			
Project Nai	me	City NC,		Total #	Unit Sizes	Target AMIs
El Toro Comm	nunity	Roswell, NM	NC/AR			
Total Development Cost	\$ 7,330,030		NC	29	1526 SQFT and	150% and 120%
Borrowers	Artisan's Guild Construc	tion, LLC			1399 SQFT	
Management	N/A		YEAR BU	ILT (AR)	LIHTC ALLOC	4% or 9%
Developer	Artisan's Guild Construc	tion, LLC				
			NC =	New Cons	truction	
			AR =	Acquisitio	n/Rehab	
			AMI =	Area Medi	an Income	
				Market Ra	te apartments	
NEW MEXICO HOUSING TRUST	FUND (NMHTF) SINGLE F	FAMILY LOAN INFORMATION	NU	MBER OF	NMHTF UNITS:	29
Funds Available as of:	05/31/24	\$13,000,000				
	MFA Guidelines	Loan Request		EXCEPT	IONS/CONDITIONS	NOTES
Maximum Loan Amount	\$3,000,000	\$3,000,000	Revolving	Line of C	Credit	
Rates	0.0% to 5.0%	1.0%				
Loan Fees	N/A	N/A				
Maximum Loan Term	3 yr construction	3 yr construction				
Loan Amortization			Construc	tion Revo	lving Line of Credit -	All outstanding
	N/A	Interest Only	principal due at sale of individual homes or at loan			
			maturity			
Lien Position	Subordinate allowed	1st				
Affordability Requirements	M: 5 M 4500/	85% of units at or below 150%				
	Min 5 years, Max 150%	AMI, 15% of units at or below				
	AMI	120%				
Scoring Criteria	57-112 points	78				

TOTAL DEVELOPMENT COST INFORMATION SUMMARY							
Project: El Toro Community		Total	% TDC	C	ost/GSF*		
Acquisition Costs (land, building acquisition, & other acquisition costs)	\$	246,500	3%	\$	5.82		
Construction Hard Costs	\$	5,145,360	70%	\$	121.50		
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)	\$	1,877,920	26%	\$	44.34		
Professional Services/Fees (architect, engineer, real estate legal, etc)	\$	=	0%	\$	-		
Construction Financing Costs (interest, insurance, inspections, fees, etc)	\$	250	0%	\$	0.01		
Permanent Financing Costs (fees, title/recording, etc)	\$	-	0%	\$	-		
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)	\$	-	0%	\$	-		
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)	\$	=	0.0%	\$	-		
Reserves (rent-up, operating, replacement, escrows, etc)	\$	=	0%	\$	-		
Developer Fees (inc consultant fees)	\$	60,000	1%	\$	1.42		
Total Development Costs (TDC)	\$	7,330,030	100%	\$	173.09		
TDC w/o Land, Reserves & Commercial	\$	7,083,530	97%	\$	167.27		

Development Cost Budget					
El Toro Community		Gross Sq. Footage:		42,349	
Roswell, NM		TOTAL COST		COST/GSF	
ACQUISITION COSTS				,	
Land Acquisition	\$	246,500	\$	5.82	
Building Acquisition	+		\$	-	
Other:			\$	_	
SUBTOTA	AL \$	246,500	\$	5.82	
CONSTRUCTION HARD COSTS	<u>  +</u>	_ 10,000	7	5.62	
Demolition	\$	20,000	\$	0.47	
Accessory Structures	,	-,	\$	-	
Site Construction	\$	4,675,860	\$	110.41	
Buildings and Structures	Ť	,,	\$	-	
Off-Site Improvements	\$	449,500	\$	10.61	
Other:		, <u>,                                    </u>	\$	-	
SUBTOTA	AL \$	5,145,360	\$	121.50	
OTHER CONSTRUCTION COSTS					
Contractor Overhead	\$	492,960	\$	11.64	
Contractor Profit	\$	492,960	\$	11.64	
General Requirements		·	\$	-	
Construction Contingency	\$	400,000	\$	9.45	
Gross Receipts Tax (GRT)	\$	492,000	\$	11.62	
Landscaping			\$	-	
Furniture, Fixtures, & Equipment			\$	-	
Other:			\$	-	
SUBTOTA	AL \$	1,877,920	\$	44.34	
PROFESSIONAL SERVICES/FEES					
Architect (Design)			\$	-	
Architect (Supervision)			\$	-	
Attorney (Real Estate)			\$	-	
Engineer/Survey			\$	-	
Other:			\$	-	
SUBTOTA	AL \$	-	\$	-	
CONSTRUCTION FINANCING COSTS					
Hazard Insurance			\$	-	
Liability Insurance			\$		
Performance Bond			\$	-	
Interest			\$	-	
Origination\Discount Points			\$	-	
Credit Enhancement			\$	-	
Inspection Fees			\$		
Title and Recording			\$	-	
Legal			\$	-	
Taxes			\$	-	

Other: Application Fee	\$ 250	\$ 0.01
SUBTOTAL	\$ 250	\$ 0.01
Project: El Toro Community	l	
PERMANENT FINANCING COSTS		
Bond Premium		\$ -
Credit Report		\$ -
Origination\Discount Points		\$ -
Credit Enhancement		\$ -
Title and Recording		\$ -
Legal		\$ -
Cost of Bond Issuance		\$ -
Pre-Paid MIP		\$ -
Reserves and Escrows		\$ -
Other:		\$ -
SUBTOTAL	\$ -	\$ -
SOFT COSTS		
Market Study		\$ -
Environmental		\$ -
Tax Credit Fees		\$ -
Appraisal		\$ -
Hard Relocation Costs		\$ -
Accounting/Cost Certification		\$ -
Other:		\$ -
SUBTOTAL	\$ -	\$ -
SYNDICATION		
Organization		\$ -
Bridge Loan		\$ -
Tax Opinion		\$ -
Other:		\$ -
SUBTOTAL	\$ -	\$ -
TDC before Dev. Fees & Reserves	\$ 7,270,030	\$ 172
RESERVES		
Rent Up		\$ -
Operating		\$ -
Replacement (inc. only if capitalized)		\$ -
Escrows/Working Capital		\$ -
Other:		\$ -
SUBTOTAL	\$ -	\$ -
DEVELOPER FEES		
Developer Fee		\$ -
Consultant Fee	\$ 60,000	\$ 1.42
SUBTOTAL	\$ 60,000	\$ 1.42
Total Development Cost (TDC)	\$ 7,330,030	\$ 173.09

TDC w/o Land, Reserves & Commercial \$ 7,083,530 | \$ 167.27

# 2024 SINGLE FAMILY HOUSING DEVELOPMENT AWARD SUMMARY SALAZAR SOUTH

Project Name &	Salazar South					
Address	Salazar South	Road				
Addioss	Taos, NM 8757					
Proposed Awards	\$2,500,000	New Mexico Housing Trust				
1 Toposou Awards	Revolving	Fund (NMHTF)	Rate:	1% Fixed		
	Line of Credit	( )				
Borrowers	YSM Develop	nent Advisors, LLC (YSM), a Ne	ew Mexico	Limited Liability Company owned 30%		
				by Stephen Martinez and Martin Suazo		
			23, for the	sole purpose of acquiring, developing		
		azar South (the "Project").				
				co Limited Liability Company with a		
				a Limited Liability Company formed in		
				Martinez and Martin Suazo. YSM was		
				nd selling the Project. Salazar South, a		
		individual single-family residentia		ject in New Mexico with a total size of		
				etion of off-site infrastructure funded by		
Developer		and approval of gap funding as aw				
				Qualified Broker with over twenty-five		
	(25) years of si	ubdivision development experienc	e.	·		
				ears of experience in land acquisition,		
			erships, and	d real estate development of over \$500		
	million in aggre	egate assets.				
	VSM was orga	nized sololy for the development	of the upon	oming Project, so any form of financial		
				ner, Mark Yaravitz, has provided a		
				ed as of 03/14/2024, that shows a Debt-		
				h-to-Total Assets ratio of .93 (anything		
				and 2022 Personal Tax Returns have		
		file, and income sources show in				
				shows two Schedule C entities, one		
		restment property, and three Sche	•	•		
				al estate and/or construction activities.		
D		on of eignty-one (81) single-family nity. The unit mix will consist of tw		Taos, NM to be included in the Salazar		
Project Type &				20.6-acre master parcel of property. The		
Size				rates to accommodate an increasing		
				sis on the under-represented LMI		
	demographic.	, , , , , , , , , , , , , , , , , , , ,	F-1-2-4	,		
	YSM Develop			New Mexico based Limited Liability		
				tion, development, and sale of the		
				aos, NM 87571 will provide quality		
Project				rst-time home buyers. Additionally, the		
Description				LEED-certified materials and Net-Zero		
•				alternative energy solutions, while xpense, and immediate return on		
	investment to homeowners. The land site will be developed to accommodate eighty-one (81) individual workforce housing residential units.					
	a.viadai work	io. co moderni productituri dilito.				
	The Principals	of the Salazar South developmen	it have eng	gaged a New Mexico General		
				onjunction with their Alaskan Native		
	Corporation pa	rtners, for the residential develop	ment. The	Principals of Salazar South and their		
	General Contra	actors are positioned to capitalize	on their pr	oprietary supply chain third-party		

vendors to reduce construction costs. The developers believe this will represent a 20-30% discount on the typical construction costs for a similar development in the current development climate.

The Principals will be employing a strong marketing campaign to take the residential units to market preconstruction to maximize unit purchases. The General Contractors construction schedule for the housing development will employ a 24 to 36-month timeframe for construction. This approach will enable the Principals to capitalize on the minimal market inventory, and mitigate potential market risk.

The close proximity to the downtown Taos Plaza, numerous high-end retail outlets, upper-scale housing developments, as well as flexible zoning and contributing use designations allow for significant opportunities to develop the site and capitalize on the demand for well-located Taos real estate.

# Environmental (Phase I) and Appraisal

Although the subject property is currently untouched, raw land, a Phase I Environmental Assessment will be required at the borrower's expense prior to closing. Results are currently pending for a Phase I ESA as to be supplied by Sendero Environmental.

Developer has provided a self-engaged subdivision lot appraisal showing a total 20.6 acre valuation of \$2.825M (\$136,843 per acre or \$34,876 per individual lot). The land has an acquisition price of \$2.0M (\$96,880 per acre or \$24,691 per lot).

New Mexico MFA-engaged subdivision lot and master floorplan appraisals will be required prior to closing at the borrower's expense. Results are currently pending for an MFA-ordered subdivision lot appraisal as to be supplied by Colliers International Valuation & Advisory Services. Once received, the appraisal will be reviewed and analyzed specifically for recommendations/notations around absorption rate, estimated demand, cost to build versus current economic indicators, etc.

Award will be contingent upon environmental and appraisal analyses that are deemed acceptable by New Mexico MFA.

# Affordability Requirements

## NMHTF:

NMHTF will require 100% of the eighty-one (81) units to be income restricted to households earning 150% or less of Area Median Income. At the time of sale, a five-year Land Use Restriction Agreement will be filed in Taos County on each home to prevent short-term resale that may cause a unit to exit approved income level(s) and/or be sold at market rate. These five-year deed restrictions will define any recapture of sales proceeds (at a stepdown rate of recapture) if the home is sold within its first five years of affordability.

### **NMHTF Revolving Line of Credit:**

# Repayment and Disbursement

<u>Payments</u> – Over a thirty-six (36)-month construction term, the Borrower will repay the aggregate principal amount of draws attributed to each lot upon the earlier to occur of (i) upon purchase of a home by an eligible homebuyer or (ii) upon Maturity. Borrower shall make monthly payments of interest only on the outstanding unpaid principal balance of the Loan, paid in arrears, at an interest rate of One Percent (1.00%) per annum until the Maturity Date. The entire principal amount of the loan, plus all accrued and unpaid interest, will be due and payable in full upon the Maturity Date.

<u>Disbursement</u> – Multiple disbursements upon evidence of costs incurred, not more frequently than monthly and only upon acceptance of applicable inspection(s). Disbursement totals per unit will be provided on at 85% Loan-to-Cost to be verified through a master appraisal of each home's respective floorplan.

			1		
Special Conditions	<ol> <li>All loans are subject to MFA's final underwriting for project feasibility amounts may be reduced if the financing gap decreases, and/or term amortization) may be revised;</li> <li>Any changes or additions to the following development team member application must be approved by MFA: developer, contractor, manage consultant and architect;</li> <li>Financing commitments acceptable to MFA prior to funding on all furth and the provided of plans/construction monitoring/draws by a third party acceptable by MFA, investor or primary construction lender) and shared with paid by applicant;</li> <li>Other conditions as may be determined by staff;</li> <li>Subject to availability of funds;</li> <li>Receipt and review of an as-is real estate appraisal report on the surface a Loan-to-Value ratio of no more than 55%;</li> <li>Receipt of Phase I ESA with no development-limiting environmental</li> <li>Closing and disbursement of MFA funds contingent upon completion infrastructure development.</li> <li>Additional Conditions: NMHTF</li> <li>Loan to be in no less than second lien position; and</li> <li>Mark Yaravitz must provide a full guaranty;</li> </ol>	ns (i.e., inters listed in gement co nding sour eptable to ith MFA. ( bject subd	terest rate &  the loan mpany,  ces; MFA (i.e. Cost to be		
MFA Commitments to Other Projects	NONE				
MFA Exposure	\$0				
Risk Factors	<b>Market- Low</b> (market statistics on both land and single-family homes clearly for single-family housing in the Subject area)	sets forth	a demand		
	Construction- Moderate (current economy continues to provide additional stress on both labor and material availability and expense)				
	<b>Developer- Moderate</b> (development team has some experience in various real estate business ventures, but the individual partners of YSM have not previously worked together on a development project or utilized MFA financing)				
	<b>Guarantor- Moderate</b> (guarantor shows acceptable income via 2020-2022 personal tax returns and reports minimal to no personal debt service)				
	General Partner/Managing Member- Moderate (Mark Yaravitz)				
	<b>Community Opposition- Low</b> (Subject area residents and local municipality has historically shown minimal pushback to the Project, but all current indicators and government approvals seem to support the build)				
	<b>Financing- Moderate</b> (MFA is not familiar with the hard debt lender or terms of financing for the subdivision infrastructure development for the project)				
Summary &					
Recommendation	The proposed project presents a favorable risk profile and is recommended to				
Prepared by	Joshua Howe – Development Loan Manager II	Date	6/6/2024		
Reviewed by	George Maestas – Director of Housing Development	Date	6/6/2024		

PROJECT INFORMATION SUMMARY							
Project Name		City	NC, AR, or	Total # Units	Unit Sizes	Target AMIs	
Salazar Soi	uth	Taos, NM	NC/AR	Omto			
<b>Total Development Cost</b>	\$ 26,635,811		NC	81	1065 SQFT and	150%	
Borrowers	YSM Development Advis	ors, LLC			1250 SQFT		
Management	N/A		YEAR BU	ILT (AR)	LIHTC ALLOC	4% or 9%	
Developer	YSM Development Advis	ors, LLC	N/	Α	N/A	N/A	
			NC = New Construction				
			AR = Acquisition/Rehab				
	AMI = Area Median Income						
	MR = Market Rate apartments						
NEW MEXICO HOUSING TRUST FUND (NMHTF) SINGLE FAMILY LOAN INFORMATION			NUMBER OF NMHTF UNITS: 81				
Funds Available as of:	\$13,000,000						
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			NOTES	
Maximum Loan Amount	\$3,000,000	\$2,500,000	Revolving Construction Line of Credit				
Rates	0.0% to 5.0%	1.0%					
Loan Fees	N/A	N/A					
Maximum Loan Term	3 yr construction	3 yr construction					
Loan Amortization		Construction Revolving Line of Credit - All outstanding					
N/A Interest Only		principal due at sale of individual homes or at loan					
		,	maturity				
Lien Position	Subordinate allowed	No lower than 2nd lien					
Affordability Requirements	Min 5 years, Max 150% AMI	5 years @ 150% AMI or less					
Scoring Criteria	57-112 points	80					

TOTAL DEVELOPMENT COST INFORMATION SUMMARY					
Project: Salazar South		Total	% TDC	Co	st/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)	\$	2,000,000	8%	\$	21.78
Construction Hard Costs	\$	18,782,072	71%	\$	204.56
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)	\$	3,901,239	15%	\$	42.49
Professional Services/Fees (architect, engineer, real estate legal, etc)	\$	-	0%	\$	-
Construction Financing Costs (interest, insurance, inspections, fees, etc)	\$	1,930,500	7%	\$	21.03
Permanent Financing Costs (fees, title/recording, etc)	\$	-	0%	\$	-
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)	\$	22,000	0%	\$	0.24
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)	\$	-	0.0%	\$	-
Reserves (rent-up, operating, replacement, escrows, etc)	\$	-	0%	\$	-
Developer Fees (inc consultant fees)	\$	-	0%	\$	-
Total Development Costs (TD	C) \$	26,635,811	100%	\$	290.10
TDC w/o Land, Reserves & Commerci	al \$	24,635,811	92%	\$	268.32

Development Cost Budget						
Salazar South		Gross Sq. Footage:		91,815		
Taos, NM		TOTAL COST		COST/GSF		
ACQUISITION COSTS			-			
Land Acquisition	\$	2,000,000	\$	21.78		
Building Acquisition	7	2,000,000	\$	-		
Other:			\$	_		
SUBTOTAL	\$	2,000,000	\$	21.78		
CONSTRUCTION HARD COSTS	<u> </u>	2,000,000	7	21.70		
Demolition	\$	_	\$	-		
Accessory Structures	Ψ.		\$	_		
Site Construction	\$	15,282,072	\$	166.44		
Buildings and Structures	Ψ.	13,232,072	\$	-		
Off-Site Improvements			\$	_		
Other: Infrastructure	\$	3,500,000	\$	38.12		
SUBTOTAL	\$	18,782,072	\$	204.56		
OTHER CONSTRUCTION COSTS	<b>,</b>	20,102,012	7			
Contractor Overhead	\$	1,275,036	\$	13.89		
Contractor Profit	\$	728,592	\$	7.94		
General Requirements	7	720,332	\$	7.54		
Construction Contingency	\$	366,300	\$	3.99		
Gross Receipts Tax (GRT)	\$	1,531,311	\$	16.68		
Landscaping	۲	1,331,311	\$	-		
Furniture, Fixtures, & Equipment			\$	_		
Other:			\$	_		
SUBTOTAL	\$	3,901,239	\$	42.49		
PROFESSIONAL SERVICES/FEES	<u> </u>	3,301,233	7	72.73		
Architect (Design)	Г		\$	_		
Architect (Besign) Architect (Supervision)				-		
Attorney (Real Estate)			\$	-		
Engineer/Survey			\$	-		
Other:			\$	-		
SUBTOTAL	ć		\$			
CONSTRUCTION FINANCING COSTS	٦	<u>-</u>	٦	-		
Hazard Insurance			\$			
Liability Insurance			\$			
Performance Bond			\$	-		
Interest	\$	1,650,000	\$	17.97		
Origination\Discount Points	Ş	1,030,000	\$	-		
Credit Enhancement			\$			
Inspection Fees	\$	40,500	\$	0.44		
Title and Recording	\$	215,000	\$	2.34		
Legal	\$	25,000	\$	0.27		
Taxes	Ş	25,000	۶ \$	0.27		
Tunes			Ą	-		

Other:	\$ -	\$ -
SUBTOTAL	\$ 1,930,500	\$ 21.03
Project: Salazar South		
PERMANENT FINANCING COSTS		
Bond Premium		\$ -
Credit Report		\$ -
Origination\Discount Points		\$ -
Credit Enhancement		\$ -
Title and Recording		\$ -
Legal		\$ -
Cost of Bond Issuance		\$ -
Pre-Paid MIP		\$ -
Reserves and Escrows		\$ -
Other:		\$ -
SUBTOTAL	\$ -	\$ -
SOFT COSTS		
Market Study		\$ -
Environmental	\$ 20,000	\$ 0.22
Tax Credit Fees		\$ -
Appraisal	\$ 2,000	\$ 0.02
Hard Relocation Costs		\$ -
Accounting/Cost Certification		\$ -
Other:		\$ -
SUBTOTAL	\$ 22,000	\$ 0.24
SYNDICATION		
Organization		\$ -
Bridge Loan		\$ -
Tax Opinion		\$ -
Other:		\$ -
SUBTOTAL	\$ -	\$ -
TDC before Dev. Fees & Reserves	\$ 26,635,811	\$ 290
RESERVES		
Rent Up		\$ -
Operating		\$ -
Replacement (inc. only if capitalized)		\$ -
Escrows/Working Capital		\$ -
Other:		\$ 
SUBTOTAL	\$ -	\$ -
DEVELOPER FEES		
Developer Fee		\$ -
SUBTOTAL	\$ -	\$ -
Total Development Cost (TDC)	\$ 26,635,811	\$ 290.10
TDC w/o Land, Reserves & Commercial	\$ 24,635,811	\$ 268.32



TO: MFA Board of Directors

Through: Policy Committee June 4, 2024

Contracted Services Committee June 11, 2024

**FROM:** Stephanie Gonzales, Research and Development Manager

Sonja Unrau, Sr. Research and Development Manager

**DATE:** June 20, 2024

SUBJECT: Recommendation to Award \$489,300 to Elk Meadows under the Affordable

Housing in Fire Affected Counties Notice of Funding Availability

#### Recommendation

Staff recommends MFA Board of Directors approval of a \$489,300 award for the Elk Meadows rental housing development under the Affordable Housing in Fire Affected Counties Notice of Funding Availability (NOFA).

#### **Background**

The United States Congress, under the 2023 Consolidated Appropriations Act (Public Law 117-328), made \$2,982,285,641 available for "grants for Congressionally Directed Spending Community Project Funding (CPF)" through the Economic Development Initiative. In 2022, MFA received \$3,000,000 from this program through Senator Martin Heinrich's office for affordable housing in counties affected by fires in 2022.

The Affordable Housing in Fire Affected Counties NOFA was approved by the MFA Board of Directors in October 2023 to address housing recovery needs of low- and moderate-income households in New Mexico's fire affected counties, including Colfax, Lincoln, Mora, Sandoval, San Miguel and Valencia County.

### **Discussion**

The Board approved a 9% Low Income Housing Tax Credit (LIHTC) award and other gap financing to this development in May 2024. The \$489,300 award will satisfy remaining gap financing needs. Attached to this memorandum is the LIHTC Gap Financing award summary from the May Board of Directors meeting.

The Affordable Housing in Fire Affected Counties Scoring Committee was approved by Policy Committee in September 2023. Per the Scoring Committee review in February 2024, the Elk Meadows application for funding to support rental housing development met all threshold requirements and scored sufficient points to merit an award.

The Elk Meadows development is proposing to build 72 units for low- and moderate-income households in the Village of Ruidoso as a strategy to address the affordable workforce housing

needs in the Village and assist people affected by the 2022 McBride fire. The \$489,300 award funding will be used for the construction of affordable housing.

Recommended Award	# of Units		
\$489,300	72 units		

The project developer, Enriched Communities LLC, is a single purpose entity established to acquire the land and develop affordable multifamily projects in New Mexico. The developer is acting as a Co-General Partner with the Village of Ruidoso and the New Mexico Housing Development Corporation to bring the project to fruition.

### **Summary**

Staff recommend MFA Board of Directors approval of a \$489,300 award for the Elk Meadows rental housing development project under the Affordable Housing in Fire Affected Counties Notice of Funding Availability.

## **2024 RENTAL AWARD SUMMARY**

Project Name &	Elk Meadows	Apartments		
Address	1104 Mechem	n Drive, Ruidoso, Lincoln County, NM 88345		
Proposed	\$400,000	HOME	Rate	0%
Awards	\$400,000	National Housing Trust Fund (NHTF)	Rate	0%
	\$2,000,000	New Mexico Housing Trust Fund (NMHTF)	Rate	2.0% Fixed
Borrowers	Enriched Com 20% by LDC Development	LP will be owned .0010% by Village of Ruidoso a munities, LLC, as General Partner, owned 80% by he Housing LLC (Member); and 0051% by New Corporation as Co-General Partner; and 99.99% by	Kestrel Housing L Mexico Housing / R4 Capital, as L	LC (Member) and and Community imited Partner.
Management	third-party, ful Mexico, and of apartments un members emp		mmunities throug uquerque, New I re than 7,500 wi	hout Texas, New Mexico. The total th over 280 team
Developers	Enriched Corentity incorpor include Colin in New Mexico and developm. The team see positively impact Colin Kruger acquisitions of been on afforcincome. He has Richard Ashto housing and elimber of Litt public-private. New Mexico 501(c)(3) nor Consequence Rice who is the in the development of \$5.5M, and a traditional conference of the development of \$5.5M, and a traditional conference of the development of \$5.5M, and a traditional conference of \$5.5M, and \$5.5M,	rated in New Mexico in 2023 and is the lead develop Kruger and Richard Ashton, who are currently involon, Texas, and Alabama. The team has combined expent of over 30 years and have built nine tax credit eks to design and deliver projects that are afford act outcomes for children and families.  Was previously the General Manager of Fair House of Section 8 portfolios and facilitated 9% LIHTC condable real estate for over a decade, specifically for as previously partnered with Richard Ashton on LIH on is the President of the Leadership Development of the decational charity. Mr. Ashton has been the lead present with the president of the Leadership Development of the sover the past several years, including one project overty Multifamily LLC. Richard Ashton is a specialist real estate developments.  Housing and Community Development Corporates to the profit organization established in 2003 as a construction of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of the secutive Director of TCHA. For over a composition of TCHA. For over a composition of TCHA. For ove	per of Elk Meador of the developments of the development and the development are in structuring and the development are in structuring and the development are in structuring and the development affility led by President decade, NMHCDC decade, Socorro, Corojects include concerning and the decade of \$00, net income (leancials for FYE) \$4.3M, a debt-to-YK. NMHCDC's in the shows unrestricted to of 0.04 to 1:00, decifically to developments. Right and the decade of the decad	ws. The principals housing projects that acquisitions elopment projects. For amenities that where he led the ruger's focus has es in housing and a series in housing and a series and comprofit affordable oper of multiple a Managing dunderwriting for and CEO Steven C has participated and certain control of the certain control
	Principal of E Richard Ashto	Enriched Communities LLC. The HUD Personal For prepared on 04/18/2024 shows a personal asset y. Colin Kruger is also a Principal of Enriched Com	inancial and Cre to liability ratio of	edit Statement for 2,252 to 1.00 and

Financial and Credit Statement for Colin Kruger prepared on 04/23/2024 shows a personal asset to liability ratio of 168 to 1.00 and strong liquidity.
New Construction of a 72-unit multifamily development to be located on a 5.5-acre site. The project (100% of units) will target households with children. Four units will be income restricted to households earning 30% or less of Area Median Income (AMI), 18 units will be income restricted to households earning 50% or less of AMI, 39 units will be income restricted to households earning 60% or less of AMI, and 11 units will be rented at market rate. Fifteen units will receive HUD Section 8 Project Based Vouchers.
Enriched Communities is proposing the new construction of Elk Meadows Apartments, a 72-unit apartment project targeting households with children in Ruidoso, NM. The project will consist of 27 one-bedroom units at approximately 585 sq. ft., 37 two-bedroom units at approximately 789 sq. ft., and 8 three-bedroom units at approximately 955 sq. ft. The project's gross square footage will be about 86,413 sq. ft. to be comprised of two and three-story walk-up buildings and one community building intended as a key venue for enrichment service programs. The site plan is optimized for minimal impact to the natural environment. Trees will be preserved as much as possible for cover and aesthetics. The circulation of the site is designed for efficient access and connections of individual apartment complexes to each other and the community building and other common areas. Dedicated spaces are planned for the residing children, including a playground and large open spaces separated from vehicular traffic. Residents will have several shaded areas in which to gather for picnics and barbeques. There will be a walking path along a nearby golf course, which runs the length of the eastern border and will provide walking and bike access to the MainStreet district and other areas of the Village.
Elk Meadows will feature living rooms and kitchens sized to accommodate families with children. Kitchens will feature abundant cabinet and countertop space. Large windows will maximize natural light. All units will have high ceilings to improve thermal comfort during hot summer months. The cabin-like buildings, site layout, elevations and topography will be optimized to match the overall area and feel of Ruidoso Village.
The Novogradac market study dated 01/15/2024 generally defines the Subject's Primary Market Area as the cities of Ruidoso Downs and Glencoe, the Village of Ruidoso, and the communities of Sun Valley, Sierra Vista, Ponderosa, and Hollywood. The Subject site is located in the northern portion of Ruidoso. The Subject's neighborhood generally consists of vacant land, single-family homes, multifamily developments, commercial/retail uses, public uses, and is in close proximity to US Highway 70. The off-site amenities are appropriate and sufficient for the market and the intended tenants. The market study advises that due a significant level of demand for affordable and market rate housing and lack of recent multifamily construction in the area the Subject is marketable as proposed.
The market study identifies only one non-subsidized LIHTC comparable located within the PMA. As such, it appears that there has been a significant lack of affordable non-subsidized developments in the Subject's immediate area. Given the presence of waiting lists in the area as well as the stabilized occupancy levels and low vacancy rates at all comparables, the market study finds that the Subject will not have a significant impact upon the vacancy rates of competing projects, either LIHTC or market rate. As such, the market study finds there is more than adequate demand in the market to support the Subject and existing competitive supply.
The market study demand analysis shows the subject site will reach a stabilized occupancy of 95.0% within three to four months of opening. This absorption period is based on an average absorption rate of approximately 15 to 17 units per month. The analysis also shows a Capture Rate of 8.2%, which is considered low and indicative of a deep base of potential support for the project. The project is expected to maintain a 5% vacancy rate or below.
A Phase I Environmental Site Assessment has not yet been completed for the subject property.  As required by HOME, the project must be determined to be in compliance with HUD Environmental Review 24 CFR part 58 before site control and/or execution of loan documents. As required by the National Housing Trust Fund, the project must be determined to be in compliance with HUD Environmental Provisions of 24 CFR part 93.301 before construction is complete.
The subject property is located within Census Tract 9606.00. The Subject site will be located on a 5.5-acre parcel, which is currently undeveloped land currently zoned C-2 (Community Commercial District). Multifamily development is permitted in this zoning designation with a conditional use permit.

## (HOME and NHTF New Construction only)

According to a letter, dated November 4, 2021, from the Village of Ruidoso, "The conditional use permit for this site was approved November 2, 2021 by the Planning Commission." As such, the Subject will represent a legal, conforming use as proposed.

The project will be required to meet HUD's Site and Neighborhood Standards prior to the acquisition of the property.

# Project Financials, Projections and Assumptions, and Subsidy Layering Review

This project was underwritten utilizing MFA's standard 7% vacancy rate, which is considered conservative due to the low vacancy rates at nearby affordable and market rate housing properties. The applicant has provided a detailed 15-year cash flow projection for the project, which assumes a total annual income of \$689,759. The developers estimate \$381,683 in total operating expenses less reserves and social services (i.e., \$5,301 per unit per year), which is within MFA's standard underwriting range of \$4,300 to \$5,800.

The project's Debt Service Coverage Ratio (DSCR) starts at 1.36 to 1.00 in year one, increasing to 1.41 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 from year one of operation through year eight. The DSCR is slightly above underwriting standards at 1.41 to 1:00 from year nine through year 15.

The interest rate for R4 Capital's first mortgage loan is assumed to be 6.75% (6.25% 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 Enriched Communities.

Currently, it appears that 42% (\$607,750) of the \$1,323,000 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 nine.

Based on the investor's letter of interest, the project is currently underwritten using a credit price of 85 cents on the dollar, which is within the average range for recent LIHTC projects. Every one (1) cent drop in that price would create the need for an additional \$150K in deferred developer fee or cash flow loan from Enriched Communities.

#### **Subsidy Layering Review**

<u>HOME</u>- MFA's Housing Development Department's underwriting guidelines, performed for the HOME loan request, show this project is not over-subsidized per HUD regulations.

<u>National HTF- MFA's Housing Development Department's underwriting guidelines, performed for the National Housing Trust Fund loan request, show this project is not over-subsidized per HUD regulations.</u>

## Affordability Requirements

**HOME:** Two HOME units consisting of: One 1-bedroom apartment unit and one 3-bedroom apartment unit at or below 60% AMI and restricted to High HOME rents for which a Land Use Restriction Agreement (LURA) will be filed in Lincoln County. The affordability period is 40 years: 20 years as required by HOME rules standards and 20 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.

**NHTF:** Two NHTF units consisting of: One 1-bedroom apartment unit and one 2-bedroom apartment unit restricted to households earning the greater of 30% AMI or the federal poverty level, for which a Land Use Restriction Agreement (LURA) will be filed in Lincoln County. The affordability period is 35 years, starting on the date of acceptance by HUD of a final NHTF project completion report and ends 35 years later.

**NMHTF:** Sixty-one (61) units income-restricted to households earning 60% or less of AMI for which a Land Use Restriction Agreement (LURA) will be filed in Lincoln County. The NMHTF affordability period is 40 years; 20 as required by Affordable Housing Act Rules and 20 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.

## Repayment and Disbursement

## HOME:

<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, with all outstanding principal due with the final payment at the maturity date. Outstanding principal due at the earlier of maturity, refinance, or sale of the project.

<u>Disbursement</u>: Allow up to three draws: two during the construction period and the third upon submission of a final project completion report to HUD.

### NHTF:

<u>Payments</u>: No payments during the construction period, which is not to exceed 24 months; thereafter, annual payments, 1) as determined from available cash flow or 2) a fixed principal payment of \$500, maturing in 35 years.

<u>Disbursement</u>: Allow up to three draws: two during the construction period and the third upon submission of a final NHTF project completion report to HUD.

### NMHTF:

<u>Payments</u>: Interest only monthly during the construction period not to exceed 24 months; 480 equal principal & interest payments during the permanent loan period. Outstanding principal and interest due at the earlier of maturity, refinance, or sale of the project.

<u>Disbursement</u>: Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.

## Special Conditions

- 1. All loans are subject to MFA's final underwriting for project feasibility if needed. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e. interest rate & amortization) may be revised in line with projected cash flow at closing:
- 2. Any changes or additions to the following development team members listed in the loan application must be approved by MFA: developer, contractor, management company, consultant, or architect;
- 3. Financing commitments acceptable to MFA prior to funding on all funding sources;
- 4. Acceptance of 2024 award of Low-Income Housing Tax Credits (LIHTC);
- 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;
- 6. Other conditions as may be determined by staff; and
- 7. Subject to availability of funds.

### **Additional Conditions: HOME Loan**

- 8. Loan to be in second lien position;
- 9. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met;
- 10. If other than minimal funds used during construction (i.e. \$50,000 or less), New Mexico Housing and Community Development Corporation (NMHCDC), and Principals of Enriched

- Communities LLC, Colin Kruger and Richard Ashton, must provide a guarantee during the construction period;
- 11. If HOME CHDO (Community Housing Development Organization) funds are to be used, New Mexico Housing and Community Development Corporation (NMHCDC) must be approved by MFA as a CHDO, and any transfers of ownership must be in accordance with HUD's CHDO rules.

### **Additional Conditions: NHTF Loan**

- 12. Loan to be in third lien position; and
- 13. HUD Environmental Provision (EP) approval must occur prior to construction completion; and
- 14. Project building plans must meet NHTF Rehabilitation Standards prior to acquisition and construction start: and
- 15. If other than minimal funds used during construction (i.e. \$50,000 or less), New Mexico Housing and Community Development Corporation (NMHCDC), and Principals of Enriched Communities LLC, Colin Kruger and Richard Ashton, must provide a guarantee during the construction period.

### **Additional Conditions: NMHTF**

- 16. Loan to be in fourth lien position; and
- 17. New Mexico Housing and Community Development Corporation (NMHCDC), and Principals of Enriched Communities LLC, Colin Kruger and Richard Ashton, must provide a guarantee during the construction period.

## MFA Commitments to Other Projects

## Enriched Communities LLC: N/A – Newly formed entity

## Liberty Multifamily LLC (Richard Ashton as Managing Member):

2022 HOME – EMLI Wells of Artesia - \$800,000 2022 NHTF - EMLI Wells of Artesia - \$500,000 2022 NMHTF - EMLI Wells of Artesia - \$500,000 2022 LIHTC (4%) - EMLI Wells of Artesia - \$1,702,421

### NMHCDC:

2004 Risk Share - Sunny Acres - \$0 2004 LIHTC (4%) - Sandia Vista - \$172,583 2004 Risk Share - Sandia Vista - \$0 2004 LIHTC (4%) - Deming Manor - \$43,820 2004 Risk Share - Deming Manor - \$476,822 2004 LIHTC (4%) - King Arthur's Court - \$27,952 2004 Risk Share - King Arthur's Court - \$298,271 2004 LIHTC (4%) - Tradewinds - \$34,422 2004 Risk Share - Tradewinds - \$429,410 2005 HOME - Vista Montano - \$130.571 2005 HOME - Casa del Rio I & II - \$476,665

2004 LIHTC (4%) - Sunny Acres - \$118,602

2007 HOME - Villa San Jose - \$0

2007 HOME - Villa del Norte - \$0

2017 LIHTC - Villa San Jose - \$572,358

2017 HOME - Villa San Jose - \$382,500

2017 NMHTF - Villa San Jose - \$468.696

2017 Primero - Villa San Jose - \$773,137

2017 Risk Sharing - Villa San Jose - \$572,358

2019 LIHTC - Villa del Norte - \$572,401

2019 HOME - Villa del Norte - \$369.135

2019 NHTF - Villa del Norte - \$400.000

2019 NMHTF - Villa del Norte - \$486,686

2019 Primero - Villa del Norte - \$0

<sup>(1)</sup> Risk Share loans carry 10% MFA risk

<sup>(2)</sup> Bonds are non-recourse to MFA

	(3) Lean Palaness on of 2/4/2024				
	(3) Loan Balances as of 3/1/2024				
MFA Exposure	\$9,060,206 (excludes LIHTC, grants and loans pending approval)				
Risk Factors	1. Market – Low (Strong demand for proposed property in PMA)				
	2. <b>Construction – Medium</b> (construction material pricing remains high, however, the developer is experienced plus the investor and main construction lender will provide additional oversight and controls)				
	<ol> <li>Developer – Medium (Developer team has strong experience in affordable housing development but has limited experience in New Mexico)</li> <li>Guarantor – Medium</li> </ol>				
	5. General Partner/Managing Member – Medium (i.e. the developer)				
	6. Community Opposition – Low				
	7. Financing - Medium (as long as market conditions for interest rates & 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)				
	, ,				
Summary &	The proposed project presents a favorable risk profile and is recommended for approval.				
Recommendation					
Prepared by	Tim Martinez, Housing Development Supervisor  Date 04/30/24				
Reviewed by	George Maestas, Director of Housing Development Date 04/30/24				



**TO:** MFA Board of Directors

Through: Contracted Services Committee on June 11, 2024

Through: New Mexico Housing Trust Fund Advisory Committee on June

10, 2024

Through: PC Committee on May 21, 2024

**FROM:** Sharlynn Rosales, Research and Development Manager

Sonja Unrau, Sr. Research and Development Manager

**DATE:** June 20, 2024

SUBJECT: Recommendation to Award \$500,000 to Miraflores Application Under

the Single-Family Development Grant Pilot Program Notice of Funding

**Availability** 

### Recommendation:

Staff recommends the approval of a \$500,000 award to Homewise for the Miraflores Project under the Single-Family Development Grant Pilot Program Notice of Funding Availability (NOFA). The funding source of the Single-Family Development Grant Pilot Program is New Mexico Housing Trust Fund (NMHTF), therefore staff recommends approval by MFA, as Trustee of the NMHTF.

### Background:

The Single-Family Development Grant Pilot Program NOFA was approved by the MFA Board of Directors in October 2023 as a resource to address the need for single-family development and homeownership downpayment assistance. Through the initial NMHTF allocation of \$3 million, made available by MFA, the Single-Family Development Grant Pilot Program will assist Homewise in their commitment to support low-income households to purchase homes.

### Discussion:

The Single-Family Development Grant Pilot Program Scoring Committee was approved by the Policy Committee on October 13, 2023. The Scoring Committee met on April 1, 2024, to review the Miraflores Project Application and determined that the application met all threshold requirements to move forward with the Board approval process.

<u>Homewise</u> is a 501(c)3 nonprofit organization, a Community Development Organization Financial Institution, and local housing developer. Their mission is to help create successful homeowners and strengthen neighborhoods, enabling individuals and

families to build wealth and establish long-term economic security. Homewise was founded in 1986 and has helped more than 6,700 households become homeowners, enabled more than 2,400 energy-efficient home improvements, and built or renovated more than 930 high-quality, affordable homes throughout the state of New Mexico.

Miraflores will be a new construction subdivision with a total of 56 homes. With this award, Homewise's intention is to assist a minimum of 20 out of 56 eligible homebuyers by providing them with downpayment assistance. Homewise is also required under the City of Santa Fe Ordinance passed in 2011 to provide 20% of all new development priced affordably for homebuyers earning at or below 80% of the Area Median Income. The downpayment assistance provided with this award will enable Homewise to assist an additional 20 homebuyers apart from the 20% that will be assisted through the City of Santa Fe Ordinance, which will total 31 affordable homes. The current pre-approved list of homebuyers Homewise is working with are at or below 150% of Area Median Income. These homebuyers, with the guidance of Homewise, will secure a 30-year mortgage that is most beneficial for the homebuyer. The Miraflores Single-Family Subdivision will be a mixed-income community and is scheduled to complete construction in September 2024. The subdivision will be in Santa Fe located on Fairly Road, south of Airport Road.

The downpayment assistance will be offered at \$25,000 for each unit type which includes two, three, and four bedrooms. The assistance will be offered as a noninterest, deferred payment loan due upon sale and will not be forgivable to ensure long term affordability. The Miraflores Subdivision homes are priced at 380,000 for two-bedroom, \$440,000 for three-bedroom, and 480,000 for four-bedroom.

The agreement which will be entered into between Mortgage Finance Authority and Homewise will ensure the following conditions:

- MFA to service downpayment assistance loans.
- Funds will be expended within a 2-years after the grant award is made.
- Homewise will be committed to recycling funds back to the New Mexico
  Housing Trust Fund from homes sold, transferred, and refinanced for other
  prospective projects.
- Funds will be disbursed through a reimbursement process for each home.
- Layering of DPA will be allowed under this contract, however, to prevent over subsidy, Homewise will not allow the DPA from this to reduce the household's housing costs to less than 27% of the borrower's loan qualifying mortgage gross income.
- Other conditions include submittal of documentation for reporting purposes for each homebuyer and program progress report.

### **Summary:**

Staff recommends Board approval of a \$500,000 award from the Single-Family Development Grant Pilot Program to Homewise for the construction and financing of the Miraflores Subdivision to assist a minimum of 20 homes.

Miraflores Affordability Analysis					
Target Population	Households between 100-120% AMI	Households between 100-120% AMI	Households between 100- 120% AMI		
Bedrooms	2	2	1		
	2	3	4		
Baths	2	2	2		
Number of Homes	1	3	3		
SQFT	1,100	1,300	1,500		
Market Price	380,000	440,000	480,000		
Total Effective Price	\$325,500	\$366,500	\$405,000		
Total Subsidy	\$54,500	\$73,500	\$75,000		
Closing Costs	\$11,393	\$12,828	\$14,175		
Total Needed to Close	ed to Close \$336,893 \$379,328		\$419,175		
Downpayment	\$6,510	\$7,330	\$8,100		
Amortizing Financing needed	\$330,383	\$371,998	\$411,075		
LTV	87%	85%	86%		
First LTV	80%	80%	80%		
Is second mortgage needed?	Yes	Yes	Yes		
Amount 1st Mortgage	\$304,000	\$352,000	\$384,000		
Amount 2nd Mortgage	\$26,383	\$19,998	\$27,075		
1st Mortgage PI	\$1,921	\$2,225	\$2,427		
2nd Mortgage PI	\$167	\$126	\$171		
Taxes	\$407	\$458	\$506		
Insurance	\$125	\$145	\$158		
HOA / COA Fee	\$25	\$25	\$25		
Total	\$2,646	\$2,980	\$3,288		

	Effective Price (Marke	Effective Price (Market Value Less Subsidy) is Affordable to Households					
Household Size		At or Below AMI below.					
HH of 1	133%	133% 150% 165%					
HH of 2	116%	131%	145%				
HH of 3	103%	116%	128%				
HH of 4	93%	105%	116%				
HH of 5	86%	97%	107%				
HH of 6	80%	90%	100%				

Data Inputs						
Downpayment	2.000%	2.000%	2.000%			
Estimated Closing Costs %	3.500%	3.500%	3.500%			
Applicable Tax Rate	1.5%	1.5%	1.5%			
Insurance Rate	0.0330%	0.0330%	0.0330%			
1st Mortgage Rate	6.50%	6.50%	6.50%			
2nd Mortgage Rate	6.50%	6.50%	6.50%			
1st Mortgage Term	360	360	360			
2nd Mortgage Term	360	360	360			
Estimate Housing Expense Ratio	40%	40%	40%			
HOA/COA Fee	25	25	25			



# MEMO

**TO:** Board of Directors

**THROUGH:** Contracted Services Committee on June 10, 2024

New Mexico Housing Trust Fund Advisory Committee on June 11, 2024

Policy Committee on May 21, 2024

**FROM:** Daniela Freamon, Program Manager

Sonja Unrau, Sr. Research and Development Manager

**DATE:** June 20, 2024

SUBJECT: Recommendation to Award \$500,000 to Ohkay Owingeh Housing Authority (OOHA)

Application Under the Housing Innovation Notice of Funding Availability

### Recommendation

Staff recommends the approval of a \$500,000 award to Ohkay Owingeh Housing Authority (OOHA) under the Housing Innovation Program Notice of Funding Availability (NOFA) for Homeowner Rehabilitation. The funding source of the Housing Innovation Program is New Mexico Housing Trust Funds, therefore staff recommends approval by MFA, as Trustee of the New Mexico Housing Trust Fund.

## **Background**

The Housing Innovation Program NOFA was approved by the MFA Board of Directors in September 2023 as a resource to address housing needs that are currently not being served through other MFA programs and an opportunity for eligible applicants to fund a community tailored housing solution. Through the \$5 million initially available from the New Mexico Housing Trust Fund, MFA assists underserved populations, to cultivate new partnerships, and to fund projects that may be scalable.

### Discussion

The Housing Innovation Program Scoring Committee was approved by the Policy Committee on September 5, 2023. Per the Scoring Committee review on April 18, 2024, the Ohkay Owingeh Housing Authority (OOHA) met all threshold requirements and score sufficient points to merit an award.

### Ohkay Owingeh Housing Authority (OOHA)

- OOHA is a current MFA partner under the HUD HOME Rehab program which is limited to rehabilitating homes for families earning under 80% AMI. Under this Housing Innovation award, they propose covering the gap of families earning between 80-150% AMI in need of rehabilitation. Rehabilitation can include addressing serious health and safety deficiencies and replacing or repairing defective roofs, doors, windows, etc.
- OOHA identified beneficiaries with a total annual household income based on household size between \$40,000 and \$78,000. Due to the higher income of the beneficiaries, they will repay

**30%** of the rehab cost to MFA to support program income for a period dependent on the amount as shown in the table below. Anticipated rehab costs will be roughly \$46,000 per unit, which corresponds to a repayment amount of \$13,800 over 15 years.

- The affordability period will be based on the Affordable Housing Act Rules.
- OOHA will ensure that beneficiaries' combined housing costs including the repayment amount do not exceed 30% of the household income.
- This project is critical for the Pueblo's viability to preserve housing for Tribal households whose incomes are higher than HUD HOME Rehab programs allow.

Recommended Award	# of Units
\$500,000	10-12

### **Summary**

Staff recommends the approval of a \$500,000 award to Ohkay Owingeh Housing Authority under the Housing Innovation Program Notice of Funding Availability for Homeowner Rehabilitation. The funding source of the Housing Innovation Program is New Mexico Housing Trust Funds, therefore staff recommends approval by MFA, as Trustee of the New Mexico Housing Trust Fund.





TO: Board of Directors

**THROUGH:** Contracted Services Committee on June 10, 2024

New Mexico Housing Trust Fund Advisory Committee on June 11, 2024

Policy Committee on May 21, 2024

**FROM:** Daniela Freamon, Program Manager

Sonja Unrau, Sr. Research and Development Manager

**DATE:** June 20, 2024

SUBJECT: Recommendation to Award \$500.000 to North Central New Mexico Economic

Development District Application Under the Housing Innovation Notice of Funding

Availability

### Recommendation

Staff recommends the approval of a \$500,000 award to North Central New Mexico Economic Development District under the Housing Innovation Program Notice of Funding Availability (NOFA) for Mobile Home Replacement Program for Older Adults. The funding source of the Housing Innovation Program is New Mexico Housing Trust Funds, therefore staff recommends approval by MFA, as Trustee of the New Mexico Housing Trust Fund.

## **Background**

The Housing Innovation Program NOFA was approved by the MFA Board of Directors in September 2023 as a resource to address housing needs that are currently not being served through other MFA programs and an opportunity for eligible applicants to fund a community tailored housing solution. Through the \$5 million initially available from the New Mexico Housing Trust Fund, MFA assists underserved populations, to cultivate new partnerships, and to fund projects that may be scalable.

### Discussion

The Housing Innovation Program Scoring Committee was approved by the Policy Committee on September 5, 2023. Per the Scoring Committee review on May 15, 2024, the North Central New Mexico Economic Development District met all threshold requirements and score sufficient points to merit an award.

### North Central New Mexico Economic Development District (NCNMEDD)

NCNMEDD is proposing to address the housing needs of older adults (age 60+) residing in deteriorating mobile homes. This project is seeking to replace 4-5 deteriorating mobile homes for seniors who adhere to the Federal Poverty Level and provide safe housing solutions for those who are facing challenges due to aging infrastructure and unhealthy living conditions. NCNMEDD is implementing a restrictive covenant agreement, based on the Affordable Housing Act Rules, ensuring long-term affordability.

The federal poverty level depends on how many people live in a household, for 2023-2024 the FPL is:

Family Size	2023 income numbers	2024 income numbers
1	\$14,580	\$15,060
2	\$19,720	\$20,440
3	\$24,860	\$25,820
4	\$30,000	\$31,200
5	\$35,140	\$36,580
6	\$40,280	\$41,960
7	\$45,420	\$47,340
8	\$50,560	\$52,720
9+	Add \$5,140 for each extra person	Add \$5,380 for each extra person

NCNMEDD partners with Non-Metro Area Agency on Aging who will work with each participant to address their underlying Social Determinants of Health needs and provide the needed support to continue to live independently in their communities.

Recommended Award	# of Units
\$500,000	4-5

## **Summary**

The Housing Innovation Scoring Committee recommends awarding \$500,000 to North Central New Mexico Economic Development District under the Housing Innovation Notice of Funding Availability, and as Trustee of the New Mexico Housing Trust Fund.



**TO:** MFA Board of Directors

FROM: Arundhati Bose

DATE: June 20<sup>th</sup>. 2024

**SUBJECT:** Single Family Mortgage Bonds 2024 Series C/D – Pricing Summary

### 2024 Series C/D

The 2024 Series C/D transaction is a new money bond issue which priced on April 16<sup>th</sup>, 2024, and closed on May 23<sup>rd</sup>, 2024. Below is a summary of the bond sale:

**Structure**: The bond issue is a blended \$125.0 million (i.e., \$87.5 million or 70% tax-exempt, \$37.5 million or 30% taxable) which provides for non-AMT serial bonds, term bonds and a premium planned amortization class ("PAC") bond.

<u>Marketing</u>: To enhance the marketing of bonds to retail investors, our selling group members participated in the underwriting syndicate, namely, D.A. Davidson & Co., Fidelity Capital Markets, Drexel Hamilton, and Inc., Hilltop Securities. The underwriting syndicate submitted 14.425 million in orders and was allotted 10.980 million of bonds.

### *Tax-Exempt Issue Performance:*

- \$82.8 million of institutional orders
- \$53.2 million in retail orders
  - \$9.5 million from NM retail investors<sup>1</sup>

### *Taxable Issue Performance:*

- \$197.0 million of institutional orders
- \$1.0 million in retail orders (taxable demand largely comes from institutions)

Total orders for the bond issue were \$193.6 million for both retail and institutional investors, which is an increase of 172.5% in total orders compared to the 2024 Series A/B issuance. A substantial increase in investor appetite for MFA's taxable bonds was the primary cause for this. This outcome led to oversubscription that allowed MFA to revise its pricing and led to yields that were more advantageous for the Authority.

<u>Use of Bond Proceeds</u>: The \$125.0 million is being used to originate new mortgage loans and to roll forward a subsidy generated from prior bond issues which helped maintain

<sup>&</sup>lt;sup>1</sup> NM retail orders includes both individual investors as well as other banking groups.

competitive mortgage rates. The aggregate weighted average mortgage rates are as follows:

<u>Program</u>	Government	<u>FNMA</u>	FHLMC	
FIRST HOME	6.314%	6.718%	6.660%	

<u>Spread</u>: Spread is the difference between the mortgage yield and the bond yield. The maximum spread permitted by federal tax law on tax-exempt issues is 1.125% but can be higher when blended with taxable bond issues. The following table details the individual spreads anticipated for each portion of the issue:

	Aggregate	Tax-Exempt	Taxable
Loan Yield	6.086%	5.550%	7.398%
Bond Yield	4.890%	4.430%	5.953%
Spread	1.196%	1.121%	1.445%

Additionally, the net present value benefit of the transaction is \$5.1 million or approximately 4.1% of the bonds issued.

<u>Investment of Bond Proceeds:</u> Funds from the bond issue are invested in Federal Government Obligations Fund Institutional Shares through Zions Bank, the General Indenture Trustee.

The attached Exhibit 1 contains a table summarizing more detailed information about the 2024 Series C/D bond issue as well as bond issue characteristics from other recent single-family issuances for comparative purposes.

The attached Exhibit 2 is a comprehensive in-depth "Post-Sale Analysis" for 2024 Series C/D, prepared by MFA's Financial Advisor, CSG Advisors.

The attached Exhibit 3 is a summary from the rating agency, Moody's, detailing how zero participations, or zeroes, function when they are created in a bond issue.

.....

## New Mexico Mortgage Finance Authority Summary of Recent Bond Issue Characteristics

		For Info Only	For Info Only	For Info Only	For Info Only	
		2023B	2023C	2023D	2024A/B	2024C/D
		New Money Tax-Exempt	New Money Tax-Exempt	New Money Tax-Exempt	New Money Blended	New Money Blended
Туре	of Structure	Traditional	Traditional	Traditional	Traditional	Traditional
1	Tax Exempt Bonds	\$80,000,000	\$100,000,000	\$125,000,000	\$96,000,000	\$87,500,000
	Taxable Bonds	n/a	n/a	n/a	\$24,000,000	\$37,500,000
	Tax-Exempt Refunding Bonds	n/a	n/a	n/a	n/a	n/a
	Taxable Refunding Bonds	n/a	n/a	n/a	n/a	n/a
	Total Amount of Bonds Issued	\$80,000,000	\$100,000,000	\$125,000,000	\$120,000,000	\$125,000,000
2	Bond Issue(s) Refunded	n/a	n/a	n/a	n/a	n/a
	MFA Subsidy*/Benefit-(New Available)/ Present Value Economic	\$2.9 million/\$3.3	\$3.5 million/\$4.8	\$4.0 million/\$1.1	\$4.4 million/\$4.9	\$5.1 million/\$6.4
3	Benefit	million	million	million	million	million
4	Original Bond Ratings:					
	Standard & Poor's	None	None	None	None	None
	Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
5	Pricing Date(s)	4/20/2023	7/13/2023	10/19/2023	1/24/2024	4/16/2024
6	Bond Closing Date	5/25/2023	8/17/2023	11/21/2023	2/22/2024	5/23/2024
7	Serial Bond Maturities AMT Non-AMT	None 3/1/24-9/1/33	None 9/1/24-9/1/35	None 3/1/25-9/1/35	None 3/1/25-9/1/36	None 3/1/25-9/1/36
	Taxable	None	None	None	3/1/25-9/1/33	9/1/25-9/1/34
8	Term Bond Maturities	9/1/35,9/1/38 9/1/43,9/1/48 9/1/53	9/1/38,9/1/43 9/1/48,9/1/53	9/1/38,9/1/43 9/1/48,9/1/53	9/1/39,9/1/44 9/1/49,9/1/54	9/1/39,9/1/44 9/1/49,9/1/54
9	Premium PAC Maturity	3/1/54	3/1/54	9/1/54	3/1/55	3/1/55
10	Split Between FIRST HOME Government and Conventional Loans Government Conventional	80% 20%	80% 20%	80% 20%	74% 26%	74% 26%
11	Weighted Average Loan Rates+ FIRST HOME - Government FIRST HOME - FNMA <80% FIRST HOME - FNMA >80% FIRST HOME - FHLMC <80% FIRST HOME - FHLMC >80%	5.610% 5.965% 5.965% n/a n/a	5.771% 6.135% 6.135% n/a n/a	6.162% 6.304% 6.304% 6.601% 6.601%	6.027% 6.371% 6.371% 6.254% 6.254%	6.314% 6.718% 6.718% 6.660% 6.660%
12	10-Year Treasury Rate at Pricing	3.54%	3.76%	4.98%	4.13%	4.67%
13	GIC Rates**  Acquisition Fund Rate  Float Fund Rate	n/a n/a	n/a n/a	n/a n/a	n/a n/a	n/a n/a
14	MFA Contribution at Closing Cost of Issuance (COI) COI as a % of Bonds Issued Negative Arbitrage Deposit	\$750,000 0.94% \$850,000	\$880,000 0.88% \$1,300,000	\$1,055,000 0.84% \$1,600,000	\$1,035,000 0.86% \$1,450,000	\$1,075,000 0.86% \$1,500,000
15	Yield Spread	n/a	n/a	n/a	n/a	n/a
16	Administrative Fee (to MFA)	0.180%	0.180%	0.180%	0.180%	0.180%
17	Bond Allocation System Followed***	Yes	Yes	Yes	Yes	Yes

<sup>\*</sup>Subsidy was generated by a prior bond issue.

<sup>+</sup>Weighted average rate of loans in the pipeline.

<sup>\*\*</sup>The Guaranteed Investment Contract is competitively bid.

<sup>\*\*\*</sup>The bond allocation system that is followed is common in the investment banking industry and is as follows:

The lead manager keeps track of when the orders are received which is referred to as an order flow tracking system.

The bond allocation system also dictates that Bonds are awarded to managers prior to any selling group members

even though group members may have entered orders first. In-state retail orders receive first priority,

followed by orders for the benefit of the group which are allocated by management fee percentage;

next are net designated orders placed through the senior manager where the buyer designates the sales credit to specific managers, and finally, member orders receive the lowest priority.

Exhibit 2 Page 86 of 127

## \$125,000,000

## New Mexico Mortgage Finance Authority Single Family Mortgage Program Class I Bonds \$87,500,000 2024 Series C (Tax-Exempt) (Non-AMT) \$37,500,000 2024 Series D (Federally Taxable)

### POST-SALE ANALYSIS

### KEY RESULTS FOR MFA

**Purpose.** This transaction is a traditional single-family bond issue with semi-annual interest and principal, though bonds can be redeemed quarterly from excess revenues. Its purpose, like similar prior new money transactions is to:

- 1. Finance new loan production at attractive interest rates for homebuyers,
- Provide beneficial economics to MFA with as close to the maximum yield spread permitted by the IRS as possible,
- Use taxable financing for 30% of the par amount of bonds, thus stretching scarce private activity bond volume cap,
- Strategically use MFA's zero participation loans as needed, and
- 5. Keep negative arbitrage to a minimum.

Additionally, this transaction reallocates zero participation loans from prior series (2024 Series A) well within the required time of 18 months for which to reallocate loans.

Approach and Strategy. For just the second time in at least a decade, MFA issued a portion of a new money financing with taxable bonds, thus reducing the amount of new volume cap needed in the transaction. MFA has used taxable bonds in the recent past to economically refund prior bonds, but only recently starting with 2024 Series AB used taxable bonds to finance the purchase of new loans.

From a strategic point of view, MFA has been:

- Building a loan pipeline by reserving loans, while reviewing expected rates on a traditional bond structure.
- Issuing bonds to begin financing mortgage-backed securities at bond closing through a 3 to 4 month origination period, and
- Protecting itself against rates rising before bonds are sold by using zero participation interest subsidies it has earned from past transactions.

**Primary Objectives.** MFA therefore has four primary objectives in this issuance:

- Finance existing production at the lowest yield possible,
- While keeping mortgage loan rates low, strategically use MFA's approximately \$23.8 million of zero participations (prior to issuing 2024C) to achieve full spread and preserve more zero participations for future production,
- Include taxable bonds (30% of total par) in the structure, thus reducing the use of new volume cap which is in greater demand across the state, and
- Raise bond premium in order to generate proceeds to help fund the purchase of the MBS from the servicer at 101%, to fund cash flow lag, and to fund all of the costs of issuance of the transaction.

NM MFA 2024 Series CD Post-Sale Analysis Page 2 of 5

### Structure. The 2024CD bonds:

- Included bond proceeds sufficient to finance \$125.0 million of new pipeline production and provide sufficient proceeds to use and store zero participations,
- Both 2024C and 2024D were structured with serials bonds, term bonds and Planned Amortization Class (PAC) bonds,
- Sold the 2024C and 2024D PAC bonds with a total premium of \$3.19 million which provides additional funds to purchase \$125.0 million of MBS and costs of issuance.
- Were priced 5 weeks prior to closing, enabling MFA to lock in its borrowing cost sooner as well as finance more of its pipeline production prior to closing, thus reducing both interest rate risk and negative arbitrage,
- Allowed for either GNMA, Fannie Mae (FNMA), or Freddie Mac (FHLMC) MBS depending on MFA's loan pipeline,
- Provided MFA with an optional call in less than 9.0 years at par (or slight premium with regard to the PAC bond) if it proves profitable to redeem the bonds in the future,
- Deposited \$1.5 million of Authority Surplus funds in a negative arbitrage account to provide necessary
  funds to cover non-origination stress test in rating agency cash flow runs. We expect most or all of
  such funds to be transferred back to MFA within 12 to 18 months, as it isn't expected to be needed once
  the MBS are purchased several months after closing as anticipated.

**Results.** Both the 2024C and 2024D bond structure consisted of three major components: non-AMT serial bonds, term bonds and premium PAC bonds.

- Yields. The aggregate bond yield (true interest cost) of the total 2024CD issuance was 4.89% assuming 100% FHA prepayments (compared to 4.72% for the 2024AB bonds sold three months prior in January, of which 20% of the issue was taxable).
- Use of Zero Participations. In order to remain within yield spread, 2024C is forecasted to create \$2.0 million in zeros on a nominal basis resulting in \$25.8 million in zeros for future bond issues (assuming participation with a future issue in 3 months).
- Net Economic Benefits. The transaction's projected net present value was \$5.1 million at 150% PSA prepayment speed, or approximately 4.1% of the bonds issued. Including the impact of zeros created, the net present value was \$6.4 million.

## Bond Results. Following are key highlights:

 Timing. The bonds were priced on the morning of Tuesday, April 16<sup>th</sup> with a combined single 2.5 hour order period for both retail and institutional buyers.

General municipal bond issuance as well as housing bond issuance was robust during the week of 2024C's pricing. In addition to MFA's sale, two other state HFA single family bond issues priced during the week of April 15<sup>th</sup> (Arkansas and Indiana HFA), while Pima County, Arizona IDA also priced single family bonds.

On the pricing date of April 16<sup>th</sup>, the 10-year Treasury was higher by 0.03% from the prior day to a 4.66% yield. The municipal market as measured by MMD rates was higher by 0.02% in the short-end of the yield curve, while the long end of the MMD scale was higher by 0.05% compared to the prior

NM MFA 2024 Series CD Post-Sale Analysis Page 3 of 5

day. See "Market Details" below for a full description of the market leading up to the pricing date.

**Retail Interest.** On the morning of Tuesday, April 16<sup>th</sup>, a 2.5 hour order period was established with first priority to orders from New Mexico retail investors and second priority to national retail investors. This resulted in a total of \$53.2 million of retail orders for the 2024C bonds (\$9.5 million of New Mexico retail), a 187% increase over MFA's 2024A sale. There were only \$1.0 million of retail orders for the taxable 2024D bonds, as taxable demand largely comes from institutions.

- 2. 2024C Institutional Interest. In all, institutions put in orders for the 2024C bonds totaling \$82.8 million (compared to \$115 million for 2024A). Due to subscription across the serial bonds with some small unsold balances on just \$0.3 million in bonds, none of the serial bond yields were increased, and 3 of the serial bond yields were lowered by 0.05%. The 2039 term bonds received good demand at 4.8x subscribed and was thus lowered by 0.05%. The 2044 and 2054 term bonds were 2.4x and 1.0x subscribed such that the yields were left unchanged. The 2049 term bond was only 0.3x subscribed, with a balance of \$8.3 million in bonds, however, RBC decided not to increase the yield on the bonds, as it would have required a higher yield on the fully-subscribed 2054 term bond also. RBC's willingness to underwrite the \$8.3 million of unsubscribed 2049 term bonds was very beneficial to MFA, and reflects their commitment to supporting MFA's transactions. Investor interest for the \$32 million in PAC bonds was adequate to maintain its yield, with subscription of 1.3x.
- 3. 2024D Institutional Interest. In all, institutions put in orders for the 2024D bonds totaling \$197 million compared to only \$37.5 million of bonds offered. Due to oversubscription, all but 3 of the serial bonds were reduced in yield by between 0.01% and 0.05%, while each of the (4) term bonds were lowered by 0.05%. Due to 5.0x subscription, the premium PAC bond was lowered by 0.04%.
- 4. Selling Group. To enhance the order flow particularly with retail investors, four selling group members were included in the underwriting syndicate for 2024C. Selling group members included D.A. Davidson, Drexel Hamilton, Fidelity Capital Markets, and Hilltop Securities. See below for orders and allotments from the selling group, of which Fidelity brought the most orders to the pricing:

TABLE 1: RETAIL ORDERS BY SELLING GROUP MEMBER (THOUSANDS):

Selling Group Member	Orders	A	llotments
Fidelity Capital Markets	\$ 11,640	\$	9,040
Drexel Hamilton	-		-
D.A. Davidson	2,825		1,940
Hilltop	-		-
TOTAL	\$ 14,425	\$	10,980

<sup>\*</sup>Excludes unfilled stock orders.

The selling group was useful to the issuance in terms of generating additional retail interest. Fidelity led the selling group in orders, followed by D.A. Davidson.

5. 2024C Comparable Transactions (Tax-Exempt). The 2024C bonds priced similarly to the other comparable tax-exempt issue that priced the same week, namely the \$86 million Indiana (Aaa /AA+) issue that priced the following day\*. MFA's serial bonds priced similarly to Indiana's some higher while some lower. More importantly, 3 of MFA's 4 term bonds priced at spreads 0.05% lower than Indiana, with the 2054 term bond spread lower by 0.10%. Indiana did not offer a PAC bond, though the Arkansas transaction that priced on April 17th did have a PAC which sold at a spread of +141 over 5-year MMD, 0.03% higher than MFA's PAC at a spread of +138.

<sup>\*</sup>The \$40 million Arkansas issue that priced on April 17th was their first bond issue in many years, and as such,

NM MFA 2024 Series CD Post-Sale Analysis Page 4 of 5 Exhibit 2

it received unusually strong in-state demand that led to much lower spreads than the typical housing bond, so it is not a true comparable to MFA's 2024C and D bonds.

6. 2024D Comparable Transactions (Taxable). The 2024D taxable bonds priced similarly to the Arkansas and Indiana taxable issues that priced the same week. In general, MFA's taxable bonds priced at tighter spreads than Arkansas' \$10 million offering, but at wider spreads than Indiana's \$109 million issue. Taxable investors often gravitate to the larger offerings, which can generate tighter spreads as witnessed with these 3 issuances. More broadly, MFA's 2024D taxable issuance priced in line with recent taxable housing bond transactions.

### MARKET DETAILS

Key Dates: Retail and Institutional Order Period: Tuesday, April 16, 2024

Closing Date: Thursday, May 23, 2024

Market Conditions. Data releases throughout the first several months of 2024 largely reflected stubbornly high inflation, thwarting the market's early expectation of 4 to 5 rate cuts throughout 2024 beginning with the March FOMC meeting. In fact, the most recent strength in the economy now has investors expecting no rate cuts until at least November of this year. A variety of economic indicators indicate a domestic economy continuing at a strong pace, with inflation remaining well higher than the Federal Reserve's annual inflation target of 2%, though lower than the highs experienced throughout 2021 and 2022. As a result, the Fed has left fed funds rates unchanged since its July 26th meeting, though short-term rates remain at their highest level in 22 years. On January 25th, the 4Q23 GDP report indicated growth of 3.3% on an annualized basis, much higher than the 2% gain expected. Three months later, the 1Q24 GDP report surprisingly reflected a slower pace of growth (1.6% annualized), and a higher pace of inflation as measured by the personal consumption expenditures index of 3.4%, its biggest gain in a year.

**Treasuries.** As of market close on the day of pricing, the 10-year US Treasury yield was 4.66%, 53 bps higher than when the 2024AB bonds priced in mid-January. The yield curve remained inverted, with the 2-year Treasury 30 bps higher than the 10-year. In fact, the 2-year Treasury rate has exceeded the 10-year rate since July of 2022. Such inversions have in the past been precursors to, and reflected investors' expectations of, future recession, though as mentioned above, a recession has yet to materialize.

**Municipals.** In 2023, the supply of new-issue municipal bonds was the lowest of the past 5 years at just \$380 billion. Interest rates reached highs not seen in more than a decade, creating more demand from investors while fewer bonds were available, thus resulting in lower MMD to Treasury ratios by the end of 2023. Throughout 2023, while outflows continued from muni bond funds, municipal ETFs received periodic inflows, resulting in a much more favorable tone to investor demand in the muni market. Lower supply of new bond issues as well as investors looking to reinvest recent bond redemptions also led to an especially favorable market for municipal issuers throughout much of 2023, which has continued into 2024. On the date of pricing for 2024CD, the 10-year MMD/Treasury ratio was 59%, compared to ratios in the 80% range in late 2022 and ratios in the 60% to low 70% range throughout 2023 (see Table 2 below).

TABLE 2: COMPARISON OF RATES IN RECENT TRANSACTIONS

Issue	Date	10 Year MMD	10 Year Treasury	MMD to Treasury Ratio	30 Year MMD	30 Year Treasury	MMD to Treasury Ratio
2023 A	1/25/23	2.19%	3.46%	63%	3.18%	3.62%	88%
2023 B	4/20/23	2.36%	3.54%	67%	3.40%	3.74%	91%
2023 C	7/13/23	2.59%	3.76%	69%	3.51%	3.89%	90%
2023 D	10/19/23	3.59%	4.98%	72%	4.53%	5.11%	89%
2024 AB	1/25/24	2.46%	4.13%	60%	3.61%	4.38%	82%
2024 CD	4/16/24	2.74%	4.66%	59%	3.90%	4.76%	82%
Change from 2024AB to 2024CD		+ 28 bps	+ 53 bps	- 1%	+ 29 bps	+ 38 bps	

## UNDERWRITING

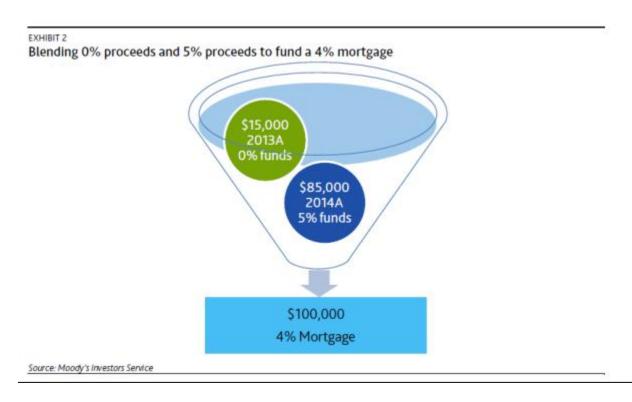
Underwriter. RBC Capital Markets served as senior managing underwriter and Raymond James as comanager. As described above, there was also a four-firm selling group.

*Underwriting Fees.* The underwriter discount of \$6.529 per \$1,000 bonds is reasonable compared to other similarly sized issues in the market.

**Performance.** RBC Capital Markets as book-running senior manager and Raymond James as co-manager worked well together and achieved sufficient order flow as described above and evidenced by \$332 million in total orders (excluding stock member orders).

The four-firm selling group enhanced the sale of the bonds. We recommend that MFA use a selling group on the next traditional bond issuance as well.

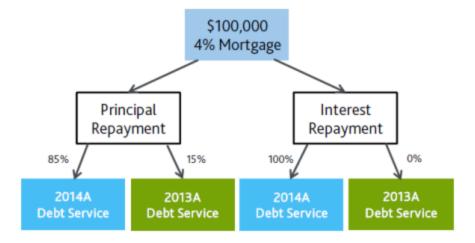
**0%** participation funds: HFAs may elect to save the subsidy generated by the excess yield as "0% participation funds" (called zeroes) so they can be used to "blend" down higher mortgage rates in the future. For example, an HFA can earn full-spread on bond-financed mortgages if it can borrow at 4% and lend at 5%, but the prevailing mortgage rate is 4%. In this case, bond financing would not have been practical to the HFA in the example because its full-spread 5% mortgage rate is considerably higher than its competition's 4% rate. However, if the HFA in the example has zeroes generated by a prior bond issue with excess spreads (2013A in the exhibit below) that can be used to subsidize the new bond-financed mortgages, the bond financing would be practical. That is because after the new bond sale, the HFA will have two pots of bond proceeds available for mortgage financing — one with a 5% interest rate (non-zeroes) from 2014A and the other with a 0% interest rate (zeroes) from 2013A. Therefore, the HFA in this example can blend the non-zeroes and zeroes pools to offer a 4% mortgage (see Exhibit 2).



To achieve full-spread as prescribed by the federal tax law, the HFA in this example will fund (or "participate") 85% of this mortgage with moneys from the non-zero pool and the remaining 15% from the zeroes pool. Going forward, 100% of the interest repayment from the mortgage will be used to pay debt service on 2014A bonds (whose proceeds funded the non-zeroes pool), with the principal repayment and prepayment split 85/15 between the 2014A and 2013A bonds (see Exhibit 3).

EXHIBIT 3

100% of interest repayment and 85% of principal repayment from the mortgage are used to pay 2014A debt service



Source: Moody's Investors Service

## Staff Actions Requiring Notice to Board During the Period of May 2024

Department and Program	Project	Action Taken	Comments / Date Approved
Community Development Department -HOME American Rescue Plan Supportive Services	RR/HP Drawdown Request Approval	Approval for additional funding for two subrecipients. \$400,000 in funding for Alianza of New Mexico and \$110,000 for Enlace Comunitario. Total of \$510,000.00 of additional Home-ARP Supportive Services funding.	Approved by Policy Committee May 6, 2024
Community Development Department – Linkages	Linkages Award Recommendation for 2024/2025 program year funding	Approval of \$3,944,848.86 in funding for eight Housing Administrators and MFA's administration rate for upcoming program year (2024-2025) in the amount of \$343,030.34. The total recurring annual award is \$4,287,879.20 from BHSD.	Approved by Policy Committee on May 6, 2024
Community Development Department – HOPWA	HOPWA Contract Amendments for Southwest CARE Center	Approval for Southwest Care Center to move \$90,000 from their North contract to their ABQ contract.	Approved by Donna Maestas- De Vries on May 11, 2024
Community Development Department – ROC	Program guidelines remove project management fee	Approval to remove project management fee from recovery equation for home located at 2104 New York Avenue due to the appraisal price being lower. Increased recovery rate to 85%.	Approved by Policy Committee on May 14, 2024
Community Development Department – Emergency Solutions Grant	Emergency Solutions Grant - Rapid Rehousing/Homeless Prevention program Contract Renewal	Approval for 2024-2025 Emergency Solutions Grant for Rapid Rehousing/Homeless Prevention awards for seven Sub recipients in the amount of \$859,100.00.	Approved by Donna Maestas- De Vries on May 27, 2024
Homeownership Department	First Down Payment Assistance Loan Policy	Policy language describing the maximum interest rate was clarified for participating lenders, the policy was already approved by the MFA Board of Directors. "shall not exceed two percent (2.00%) OF THE corresponding	Approved by Policy Committee on April 30, 2024

Department and Project Program		Action Taken	Comments / Date Approved
		FirstHome rate" was changed to, "shall not exceed two percent (2.00%) ABOVE the corresponding FirstHome rate."	
Servicing Department	Loan Servicing Quarterly Quality Control Report March 2024	MFA contracted Moss Adams LLP to evaluate and test specific internal controls related to mortgage loan servicing for the quarter ending March 31, 2024. The testing was to assist MFA in evaluating its Quality Control Oversight and Compliance Plan. The project took place in April and May 2024.	Approved by Policy Committee on May 21, 2024
Housing Development Department - HOME	550 Paseo Apartments	Extension of HOME construction loan term from 34 to 38 months	Approved by Jeff Payne on May 2, 2024

New Mexico Mortgage Finance Authority

Combined Financial Statements and Schedules

April 30, 2024

# NEW MEXICO MORTGAGE FINANCE AUTHORITY FINANCIAL REVIEW For the seven-month period ended April 30, 2024

COMPARATIVE FISCAL YEAR-TO-DATE FIGURES (Dollars in millions):		7 months 4/30/2024	7 months 4/30/2023	% Change Year / Year	Forecast 4/30/2024	Actual to Forecast
	PRODUCTION	4/30/2024	4/30/2023	rear / rear	4/30/2024	rorecast
1	Single family issues (new money):	\$245.0	\$135.0	81.5%	\$175.4	39.7%
2	Single family loans sold (TBA):	\$53.6	\$0.0	02.070	\$14.2	277.0%
3	Total Single Family Production	\$298.6	\$135.0	121.2%	\$189.6	57.5%
4	Single Family Bond MBS Payoffs:	\$29.2	\$29.4	-0.7%	\$34.9	-16.2%
	STATEMENT OF NET POSITION	¥	,		70.00	20,2,0
5	Avg. earning assets:	\$2,003.3	\$1,693.2	18.3%	\$1,985.3	0.9%
6	General Fund Cash and Securities:	\$107.6	\$103.4	4.0%	\$117.4	-8.3%
7	SIC FMV Adj. (General Fund):	\$1.2	\$0.5	150.7%	N/A	N/A
8	Total bonds outstanding:	\$1,741.9	\$1,400.0	24.4%	\$1,712.5	1.7%
	STATEMENT OF REVENUES, EXPENSES AND NET POSITION					
9	General Fund expenses (excluding capitalized assets):	\$18.0	\$14.1	28.0%	\$17.6	2.5%
10	General Fund revenues:	\$22.7	\$18.3	24.1%	\$18.1	25.2%
11	Combined net revenues (all funds):	\$22.8	\$7.1	219.0%	(\$0.0)	
12	SIC FMV Adj. (Combined net revenues):	\$1.3	-\$0.3	584.7%	(\$0.0)	
13	Combined net position:	\$323.8	\$292.8	10.6%	\$350.0	-7.5%
14	Combined return on avg. earning assets:	1.95%	0.72%	169.6%	0.00%	
15	SIC FMV Adj. (return on avg. earning assets):	0.12%	0.03%	309.6%	0.00%	
16	Net TBA profitability:	1.70%	0.00%		0.10%	1602.9%
17	Combined interest margin:	0.90%	0.87%	3.9%	0.40%	122.7%
	MOODY'S BENCHMARKS					
18	Net Asset to debt ratio (5-yr avg):	24.30%	25.69%	-5.4%	24.82%	-2.1%
19	Net rev as a % of total rev (5-yr avg):	10.89%	9.46%	15.1%	8.98%	21.2%
	SERVICING				_	
20	Subserviced portfolio	\$2,383.2	\$2,013.9	18.3%	\$2,179.7	9.3%
21	Servicing Yield (subserviced portfolio)	0.39%	0.41%	-3.5%	0.36%	8.3%
22	Combined average delinquency rate (MFA serviced)	7.92%	8.50%	-6.8%	9.50%	-16.6%
23	DPA loan delinquency rate (all)	7.97%	8.49%	-6.1%	N/A	N/A
24	Default rate (MFA serviced-annualized)	0.81%	0.57%	42.4%	1.30%	-38.0%
25	Subserviced portfolio delinquency rate (first mortgages)	9.82%	10.39%	-5.5%	N/A	N/A
26	Purchased Servicing Rights Valuation Change (as of 3/31/24)	\$11.9	\$9.9	20.3%	N/A	N/A

Positive Trend Caution Negative Trend Known Trend/Immaterial

Legend:

# NEW MEXICO MORTGAGE FINANCE AUTHORITY FINANCIAL REVIEW For the seven-month period ended April 30, 2024

### **SUMMARY OF BOND ISSUES:**

### Single Family Issues:

2023D: \$125.0M 2024A/B: \$120.0M

2024C/D: \$125.0M (Upcoming for May)

### **CURRENT YEAR FINANCIAL TRENDS & VARIANCES:**

#### **PRODUCTION**

• MFA has closed two bond issues as of the beginning of the fiscal year, for a combined total of \$245 million. With extremely strong production, bolstered in part by the FirstDown Plus program, MFA has exceeded its overall single-family production forecast (made in September 2023) by ~78%. MFA priced its 2024C/D bond issue in April for \$125 million. This new bond issue will be reflected in the Financial Review in the May update, as this is when the bond issue closed.

### STATEMENT OF NET POSITION

• Average earning assets and General Fund Cash & Securities both are higher than they were at last year and effectively in-line with what MFA forecasted for the month. Increases in new bond issues primarily explain how MFA is earning interest on its balance sheet mortgages. General Fund investments with the State Investment Council continued to report gains.

### STATEMENT OF REVENUES, EXPENSES AND NET POSITION

- Expenses for the month were higher than they were last year, but mostly in-line with what MFA budgeted for. With revenues continuing to outpace expenses, our combined net revenues continue to see welcome gains.
- MFA's TBA-funded programs, which halted last year due to poor rate offerings, has provided welcome profitability since the beginning of the fiscal year. Current profitability is much stronger than MFA's FY24 goal of 0.5%.

### MOODY'S BENCHMARKS

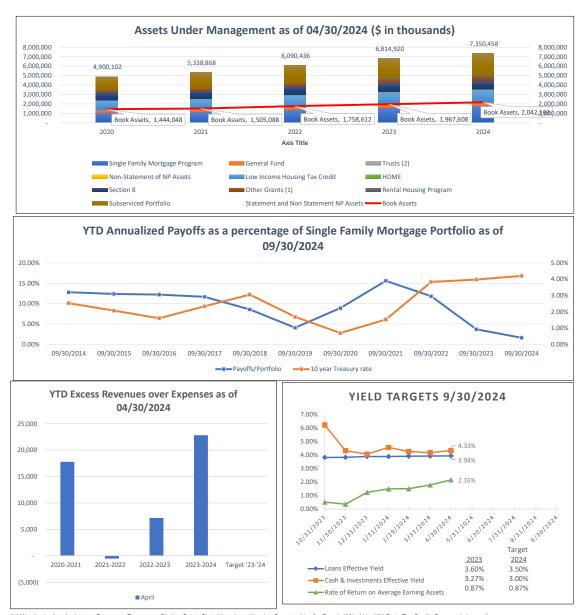
• Based on Moody's issuer credit rating scorecard, MFA's 24.30% net asset to debt ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA's creditworthiness under stressful circumstances (>20 %). MFA's net revenue as a % of total revenue (5-year average) is currently 10.89% which, while not at the Aaa level, nevertheless demonstrates high profitability and favorable trends (10-15%). Moody's Investor Services completed an updated credit opinion on MFA's Issuer Credit Rating in June 2020. They assigned the Aa3 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 rating on the single-family indenture in January 2024.

#### SERVICING

- MFA continues to monitor delinquencies and defaults on our loan portfolio to identify reduction strategies and refer borrowers to available loss mitigation programs. The annualized default rate is trending materially higher than last year but, notably, is below its target for year-end. The subserviced portfolio delinquency rate, currently serviced by Idaho Housing Finance Authority, is 10.13%. The subserviced portfolio is characterized by approximately 84% FHA-insured loans. The Mortgage Bankers Association quarterly survey as of March 31, 2024, indicates that the delinquency rate for FHA loans nationally is 10.39%, and for New Mexico is 8.23%. In addition, FHA Single Family Loan Performance Trends for March 2024 showed a 12.48% delinquency (for purchase loans only), which decreased from 13.15% in Frebruary.
- MFA's annualized default rate is 0.81%, which noticably higher than last April, but also well below its target rate of 1.30%.
- The fair market value for purchased servicing rights as of March 2024 is \$33.7 million, an increase of about \$3.1 million and ~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 \$21.8 million. Valuations are obtained every quarter.

#### ADDITIONAL NOTES

- Items 2 and 16 do not show a percent change year over year. As last year's values were zero, the percentage resulted in an error from an attempt to divide by zero. While the trend is positive, there is not an accurate depiction of the change as a percentage.
- The forecasted numbers for FYE 2024 are based off of actuals ending September 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

## NEW MEXICO MORTGAGE FINANCE AUTHORITY COMBINED STATEMENT OF NET POSITION APRIL 2024 (THOUSANDS OF DOLLARS)

	YTD 04/30/24	YTD 4/30/23
ASSETS:		
CURRENT ASSETS: CASH & CASH EQUIVALENTS RESTRICTED CASH HELD IN ESCROW	\$55,083 10,459	\$59,819 9,620
SHORT-TERM INVESTMENTS	7,000	9,020
ACCRUED INTEREST RECEIVABLE	7,385	5,047
OTHER CURRENT ASSETS ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	8,665 -	7,282
INTER-FUND RECEIVABLE (PAYABLE)	(0)	0
TOTAL CURRENT ASSETS	88,593	81,769
CASH - RESTRICTED	88,700	81,682
LONG-TERM & RESTRICTED INVESTMENTS	64,430	57,137
INVESTMENTS IN RESERVE FUNDS FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	- 1,698,329	- 1,354,347
MORTGAGE LOANS RECEIVABLE	223,016	182,251
ALLOWANCE FOR LOAN LOSSES	(9,210)	(10,070)
NOTES RECEIVABLE FIXED ASSETS, NET OF ACCUM. DEPN	- 12,158	- 1,800
OTHER REAL ESTATE OWNED, NET	4,162	1,464
OTHER NON-CURRENT ASSETS	9	12
INTANGIBLE ASSETS TOTAL ASSETS	<u>22,339</u> 2,192,526	19,628 1,770,020
	2,102,020	1,770,020
<u>DEFERRED OUTFLOWS OF RESOURCES</u> REFUNDINGS OF DEBT	135	167
REFUNDINGS OF DEBT	133	107
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	2,192,661	1,770,188
LIABILITIES AND NET POSITION:		
LIABILITIES:		
CURRENT LIABILITIES:	<b>***</b> ***	*****
ACCRUED INTEREST PAYABLE ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$14,445 17,422	\$11,145 18,648
ESCROW DEPOSITS & RESERVES	10,251	9,414
TOTAL CURRENT LIABILITIES	42,118	39,207
BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	1,741,896	1,399,992
MORTGAGE & NOTES PAYABLE	84,315	37,771
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	279	201
TOTAL LIABILITIES	1,868,608	1,477,171
DEFERRED INFLOWS	228	259
TOTAL LIAB/DEFERRED INFLOWS	1,868,836	1,477,430
NET POSITION:		
NET INVESTED IN CAPITAL ASSETS UNAPPROPRIATED NET POSITION (NOTE 1)	12,158 88,185	1,800 64,160
APPROPRIATED NET POSITION (NOTE 1)	223,482	226,797
TOTAL NET POSITION	323,825	292,758
TOTAL LIABILITIES & NET POSITION	2,192,661	1,770,188
	, , , , , , , , , , , , , , , , , , ,	, -, -

## NEW MEXICO MORTGAGE FINANCE AUTHORITY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE SEVENTH MONTH ENDED APRIL 2024 (THOUSANDS OF DOLLARS)

	YTD 04/30/24	YTD 4/30/23
OPERATING REVENUES:		
INTEREST ON LOANS	\$41,491	\$30,538
INTEREST ON INVESTMENTS & SECURITIES	6,172	3,658
LOAN & COMMITMENT FEES	3,007	1,907
ADMINISTRATIVE FEE INCOME (EXP)	3,520	2,940
RTC, RISK SHARING & GUARANTY INCOME	28	31
HOUSING PROGRAM INCOME	1,045	568
LOAN SERVICING INCOME	5,953	5,861
OTHER OPERATING INCOME	<u> </u>	
SUBTOTAL OPERATING REVENUES	61,216	45,503
NON-OPERATING REVENUES:		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	1,433	268
OTHER NON-OPERATING INCOME	101	0
GRANT AWARD INCOME	68,586	54,114
SUBTOTAL NON-OPERATING REVENUES	70,120	54,382
TOTAL REVENUES	131,336	99,885
OPERATING EXPENSES:		
ADMINISTRATIVE EXPENSES	14,664	11,921
INTEREST EXPENSE	37,122	25,626
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(2,551)	(2,080)
PROVISION FOR LOAN LOSSES	273	450
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	122	91
AMORT. OF SERV. RIGHTS & DEPRECIATION	1,123	1,027
BOND COST OF ISSUANCE	2,161	1,302
SUBTOTAL OPERATING EXPENSES	52,915	38,335
NON-OPERATING EXPENSES:		
CAPACITY BUILDING COSTS	163	89
GRANT AWARD EXPENSE	55,448	54,312
OTHER NON-OPERATING EXPENSE	<u> </u>	
SUBTOTAL NON-OPERATING EXPENSES	55,611	54,400
TOTAL EXPENSES	108,526	92,735
NET REVENUES	22,810	7,150
OTHER FINANCING SOURCES (USES)	- -	-
NET REVENUES AND OTHER FINANCING SOURCES(USES)	22,810	7,150
NET POSITION AT BEGINNING OF YEAR	301,015	285,608
NET POSITION AT 04/30/24	323,825	292,758

### NOTES TO FINANCIAL STATEMENTS

(For Informational Purposes Only) (in Thousands of Dollars)

### (Note 1) MFA Net Position as of April 30, 2024

### UNAPPROPRIATED NET POSITION:

\$ 36,028	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
\$ 51,443	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
\$ 714	is held for New Mexico Affordable Housing Charitable Trust.
\$ 88,185	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:

\$	118,129	for use in the Housing Opportunity Fund (\$109,780 in loans and grants plus \$8,349 unfunded, of which
		\$5,055 is committed).
\$	43,472	for future use in Single Family & Multi-Family housing programs.
\$	1,079	for loss exposure on Risk Sharing loans.
\$	12,158	invested in capital assets, net of related debt.
\$	22,027	invested in mortgage servicing rights.
\$	16,972	for the future General Fund Budget year ending 09/30/24 (\$38,374 total budget
_		less \$21,402 expended budget through 4/30/24.)
\$	213,837	Subtotal - General Fund
_		

### APPROPRIATED NET POSITION: HOUSING

\$_	21,803	for use in the federal and state housing programs administered by MFA.
\$	21,803	Subtotal - Housing Program
\$	235,640	Total Appropriated Net Position
\$	323,825	Total Combined Net Position at April 30, 2024

Total combined Net Position, or reserves, at April 30, 2024 was \$324 million, of which \$88 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$236 million of available reserves, with \$115 million primarily liquid in the General Fund and in the federal and state Housing programs and \$121 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 2023-2024 Budget For the seven months ended 4/30/2024

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Revenue							
Interest Income	882,098	5,875,847	4,685,264	8,031,882	(1,190,583)	2,156,035	73.16%
Interest on Investments & Securities	308,166	2,085,293	1,650,860	2,830,046	(434,433)	744,753	73.68%
Loan & Commitment Fees	37,938	245,631	89,250	153,000	(156,381)	(92,631)	160.54%
Administrative Fee Income (Exp)	890,446	6,038,843	5,617,028	9,629,192	(421,814)	3,590,349	62.71%
Risk Sharing/Guaranty/RTC fees	1,448	27,598	373,921	641,008	346,324	613,410	4.31%
Housing Program Income	25,140	1,045,031	657,651	1,835,258	(387,380)	790,227	56.94%
Loan Servicing Income	869,651	5,952,744	4,992,966	8,559,371	(959,778)	2,606,627	69.55%
Other Operating Income			-	-	-	-	
Operating Revenues	3,014,886	21,270,986	18,066,941	31,679,756	(3,204,045)	10,408,770	67.14%
Gain (Loss) Asset Sale/Debt Ex	347,377	1,293,371	-	-	(1,293,371)	(1,293,371)	
Other Non-operating Income	20	100,512	35,137	60,235	(65,375)	(40,277)	166.87%
Non-Operating Revenues	347,397	1,393,883	35,137	60,235	(1,358,746)	(1,333,648)	2314.08%
Revenue	3,362,283	22,664,870	18,102,079	31,739,991	(4,562,791)	9,075,121	71.41%
Expenses							
Salaries	567,621	4,219,476	4,801,135	8,323,579	581,659	4,104,103	50.69%
Overtime	4,100	29,841	18,226	31,885	(11,615)	2,044	93.59%
Incentives	9,416	300,962	412,303	714,768	111,341	413,806	42.11%
Payroll taxes, Employee Benefits	254,029	1,977,687	2,535,747	4,381,069	558,060	2,403,382	45.14%
Compensation	835,165	6,527,966	7,767,411	13,451,302	1,239,445	6,923,336	48.53%
Business Meals Expense	366	1,474	8,108	13,900	6,634	12,426	10.61%
Public Information	19,838	175,644	211,114	361,909	35,470	186,265	48.53%
In-State Travel	5,799	58,861	82,589	141,581	23,728	82,720	41.57%
Out-of-State Travel	10,832	92,943	183,208	314,070	90,264	221,127	29.59%
Travel & Public Information	36,835	328,922	485,018	831,460	156,096	502,538	39.56%
Utilities/Property Taxes	12,227	101,391	122,828	210,562	21,437	109,172	48.15%
Insurance, Property & Liability	22,992	165,017	143,214	245,510	(21,803)	80,493	67.21%
Repairs, Maintenance & Leases	164,376	942,411	1,002,528	1,709,334	60,118	766,924	55.13%
Supplies	326	16,739	20,242	34,700	3,503	17,961	48.24%
Postage/Express mail	3,379	29,192	26,600	45,600	(2,592)	16,408	64.02%
Telephone	756	9,618	17,209	29,501	7,591	19,883	32.60%
Janitorial	-	23,301	51,998	89,139	28,697	65,838	26.14%
Office Expenses	196,877	1,244,149	1,361,999	2,325,571	117,851	1,081,422	53.50%
Dues & Periodicals	6,326	48,834	46,723	80,097	(2,111)	31,263	60.97%
Education & Training	4,995	53,945	101,029	173,193	47,085	119,248	31.15%
Contractual Services	53,157	597,835	850,869	1,458,632	253,034	860,797	40.99%
Professional Services-Program	12,860	79,094	67,608	115,900	(11,486)	36,806	68.24%
Direct Servicing Expenses	738,304	4,907,924	3,418,613	5,860,479	(1,489,312)	952,555	83.75%

# GENERAL FUND Fiscal Year 2023-2024 Budget For the seven months ended 4/30/2024

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Program Expense-Other	20,204	219,108	162,064	277,824	(57,044)	58,716	78.87%
Rebate Analysis Fees			928	1,590	928	1,590	
Other Operating Expense	835,847	5,906,740	4,647,834	7,967,715	(1,258,906)	2,060,975	74.13%
Interest Expense	365,253	2,314,883	1,102,521	1,890,036	(1,212,362)	(424,847)	122.48%
Non-Cash Expenses	239,634	1,392,327	1,981,419	3,396,718	589,092	2,004,391	40.99%
Expensed Assets	442	145,909	101,121	173,350	(44,789)	27,441	84.17%
Operating Expenses	2,510,053	17,860,897	17,447,324	30,036,151	(413,573)	12,175,254	59.46%
Program Training & Tech Asst	21,516	44,758	60,225	103,242	15,466	58,484	43.35%
Program Development	27,760	118,352	79,508	136,300	(38,843)	17,948	86.83%
Capacity Building Costs	49,276	163,110	139,733	239,542	(23,377)	76,432	68.09%
Non-Operating Expenses	49,276	163,110	139,733	239,542	(23,377)	76,432	68.09%
Expenses	2,559,329	18,024,007	17,587,056	30,275,693	(436,951)	12,251,686	59.53%
Excess Revenue over Expenses	802,954	4,640,863	515,022	1,464,298	(4,125,841)	(3,176,565)	316.93%

## GENERAL FUND CAPITAL BUDGET Fiscal Year 2023-2024 Budget For the seven months ended 4/30/24

	One Month Actual Yea	r to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
2690 PURCHASED SERVICING RIGHTS	402,417	2,750,464	2,200,545	3,772,362	(549,920)	1,021,898	72.91%
2950 COMPUTER HARDWARE	-	14,872	61,439	105,324	46,567	90,452	14.12%
2960 SOFTWARE LICENSES	-	5,381	-	-	(5,381)	(5,381)	
2920 FURNITURE & EQUIPMENT-10 YR	-	-	454,125	778,500	454,125	778,500	0.00%
2930 FURNITURE & EQUIP, 5 YR.	-	-	-	-	-	-	
2860 BUILDING	176,881	607,283	2,007,944	3,442,189	1,400,660	2,834,906	17.64%
Capital Budget	579,298	3,378,001	4,724,052	8,098,375	1,346,052	4,720,374	41.71%



# New Mexico Mortgage Finance Authority Marketing & Communications Monthly Report May 2024

## **Press Releases**

### May 15

New Mexico Mortgage Finance Authority Board of Directors approves bond resolution and funding for Peachtree Canyon development in Las Cruces

https://housingnm.org/about-mfa/news/new-mexico-mortgage-finance-authority-board-of-directors-approves-bond-resolution-and-funding-for-peachtree-canyon-development-in-las-cruces

## May 20

Supportive Housing Coalition of New Mexico and Thomas Development Co. Break Ground on La Serena Apartments, a new affordable senior living community in Albuquerque
<a href="https://housingnm.org/about-mfa/news/supportive-housing-coalition-of-new-mexico-and-thomas-development-co-break-ground-on-la-serena-apartments-a-new-affordable-senior-living-community-in-albuquerque">https://housingnm.org/about-mfa/news/supportive-housing-coalition-of-new-mexico-and-thomas-development-co-break-ground-on-la-serena-apartments-a-new-affordable-senior-living-community-in-albuquerque</a>

## May 30

New Mexico Mortgage Finance Authority Board of Directors approves over \$72 million in Low-Income Housing Tax Credits and \$10.6 million in funding awards to several housing developments

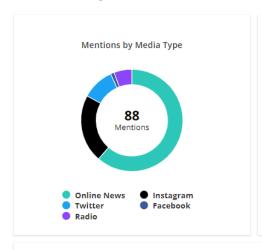
https://housingnm.org/about-mfa/news/mfa-board-of-directors-approves-over-72-million-in-low-income-housing-tax-credits-and-10.6-million-in-funding-awards-to-several-housing-developments

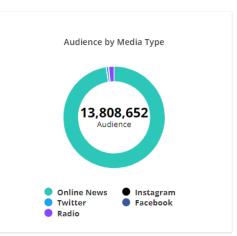
## **Media Mentions/News Coverage**

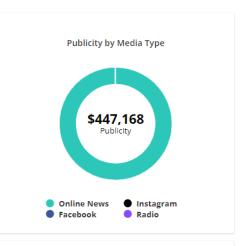
## 5.1.24 to 5.31.24 Media Mentions Report



## **Mention Analytics**







## **Advertisements**

New Mexico Activities Association Championships

## Venue Banner:



## Website Banner Ad:



## App Ads:





## Tournament Program Ad:



New Mexico Society of CPAs E-Newsletter

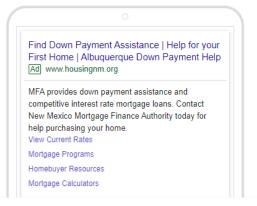


#### The Real Estate Book



#### Google









New Mexico Mortgage Finance Authority
https://housingnm.org > down-payment-assistance

#### Mortgage Programs | Homebuyers | New Mexico MFA

MFA's mortgage programs provide homebuyers with down payment and closing cost assistance as well as competitive interest-rate mortgage loans.

Current Rates · Income and purchase price limits · Participating Lender List

#### Google ads May report:

Ads resulted in 882 conversions. Conversion breakdown was as follows:

- Phone calls directly from the ads: 63
- Phone calls from the website after clicking on an ad: 682
- Contact form submissions: 135
- Subscriptions: 2

Conversions = The number of leads MFA received after a user clicked on an MFA ad

#### New Mexico Association of Counties Weekly News Brief

#### May 2



#### Funding Available for NM Mortgage Finance Authority's Recovery Housing Program

MFA's Recovery Housing Program
Notice of Funding Availability (NOFA)
opened May 1 to qualified service
providers in the state. The program's
intent is to support individuals in
recovery from substance use disorders
by providing stable, temporary recovery
housing. The MFA Board of Directors
approved this NOFA in the amount of
\$2.35 million at its March board meeting
in conjunction with approval of the
Recovery Housing Program Action Plan
Amendment. For details, please visit the
MFA website.

May 16



#### NM MFA Housing Opportunities

The New Mexico Mortgage Finance Authority offers the Housing Innovation Program as a resource to address housing needs that are currently not being served through other MFA programs and an opportunity for eligible applicants to fund a community-tailored housing solution. MFA looks to assist underserved populations, cultivate new partnerships, and fund projects that may be scalable. Planning activities, funding for operational expenses, and housing development projects that could be eligible for funding through MFA's current programs will not be considered for an award. For details, please visit the MFA website.

#### New Mexico Bankers Association Directory



Providing affordable mortgage loans and down payment assistance to homebuyers throughout New Mexico.

344 Fourth St. SW Albuquerque, NM 87102 505.843.6880 | housingnm.org



#### Albuquerque Journal Venue Plus

#### May 10



Did you know that MFA's HOME Rehabilitation Program can assist qualified homeowners with home repairs and accessibility modifications?

To learn more, visit: www.housingnm.org

May 24



Combat property
vacancy, improve
property value, and
boost affordable
housing with MFA's
Restoring Our
Communities program.

To learn more, visit: www.housingnm.org

#### Outreach

May 8: Presentation at Farmington Chamber of Commerce Educational Event (Farmington)

May 20: La Serena Groundbreaking Ceremony (Albuquerque)



**May 22:** Presentation at Southeastern New Mexico Economic Development District Housing Summit (Roswell)

May 22: Habitat for Humanity Volunteer Site Build (Albuquerque)



May 24: Presentation at Behavioral Health Services Division Supportive Housing Retreat (Albuquerque)

May 29: Community Advocacy Team Homelessness Forum (Belen)

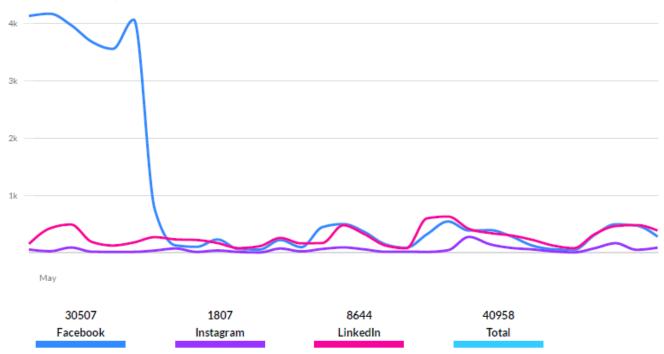
#### **Social Media**

Facebook and Twitter: @MFAhousingNM
Instagram: @MFAhousing
YouTube: @housingNM
LinkedIn: MFA Housing New Mexico

### Cross channel Report

May 1st 2024 - May 31st 2024

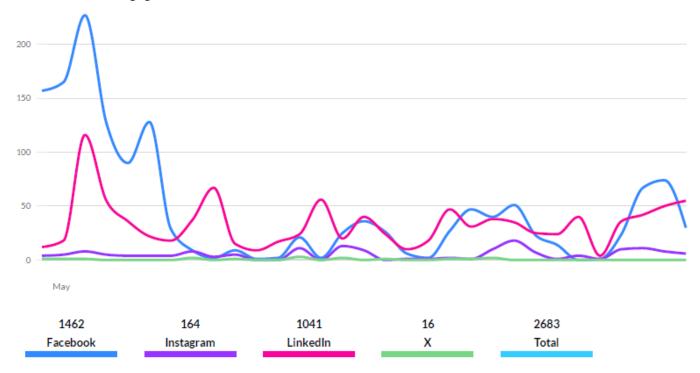
#### **Cross-Channel Impressions**



Impressions =

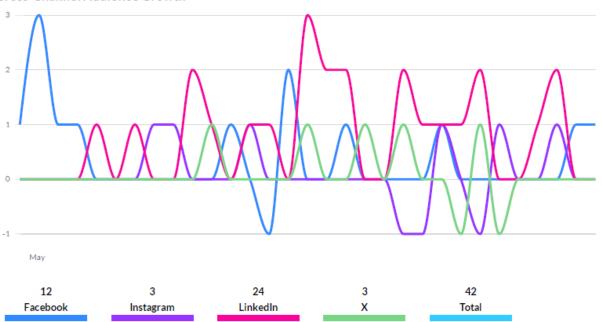
 ${\it The number of times MFA social media page content was displayed.}$ 

#### **Cross-Channel Engagements**



Engagements = Depending on platform, engagements include likes, comments, shares, clicking on links, saves, story replies, post clicks.





#### Post Performance

#### MFA Housing New Mexico



#### MFA Housing New Mexi...

May 3, 2024 12:00 PM

MFA's Executive Director/CEO Isidoro Hernandez spoke at the



Clicks 125 Shares 40 Reach

Impressions 1043 1084

#### MFA Housing New Mexi...

May 29, 2024 12:01 PM

May is Affordable Housing Month, How does Kelly



Clicks Reactions Comments 37 43 13 Shares Reach Impressions 284 297



#### MFA Housing New Mexi...

May 30, 2024 8:00 AM

May is Affordable Housing Month, How does Olivia



Clicks 20 Shares

Reactions 36 Reach 259

Comments Impressions 273

#### MFA Housing New Mexico



#### MFA Housing New Mexi...

May 3, 2024 12:00 PM

MFA's Executive Director/CEO Isidoro Hernandez spoke at the



Likes Comments 17 0 Engagement Impressions Reach 100



#### MFA Housing New Mexi...

May 13, 2024 8:00 AM

May is Affordable Housing Month, How does Melissa

How do you help affordable housing in New Mexico?



12 0 0 Plays Reach Shares 0 168 87

Comments



#### MFA Housing New Mexi...

May 23, 2024 12:01 PM

May is Affordable Housing Month, How does Teresa

How do you help affordable housing in New Mexico?



Comments 11 0 0 Shares Plays Reach 130 64

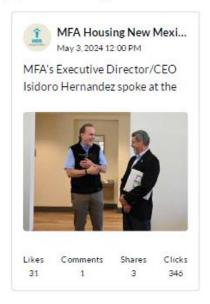
#### MFA Housing New Mexico

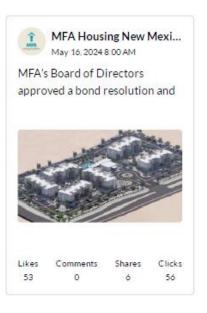






#### in MFA Housing New Mexico







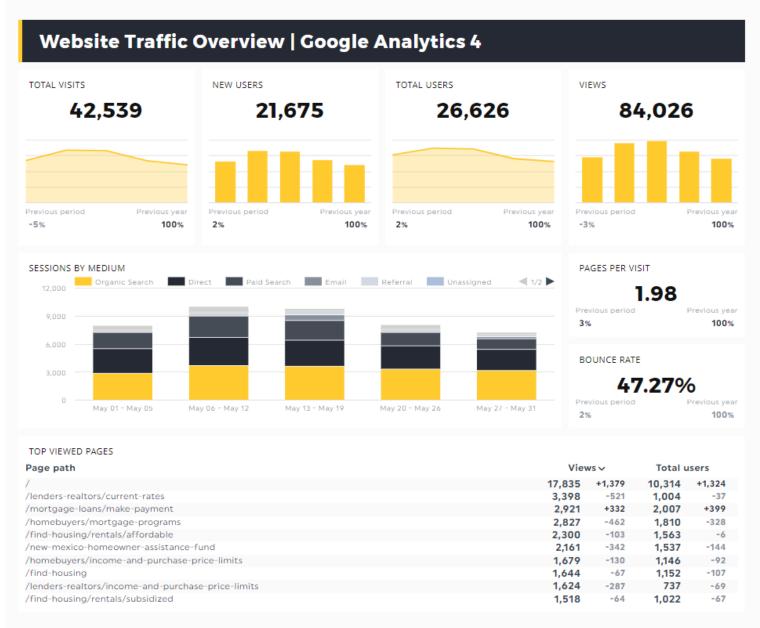
#### Website

#### https://housingnm.org/

(Top-Viewed Page "/" = home page)



#### **New Mexico MFA Monthly Dashboard**



of:

# New Mexico Housing Trust Fund Dashboard

					TEXICO HOUSING I					
Certified Uses	Certific	ed Use Allocation	Certified Use Procurement Totals	Certified Use Award Totals	Certfied Use Expenditures thru 5/31/24	Activity	Activity Allocation	Activity Procurement	Activity Award Totals	Activity Expenditures thru 5/31/24
Down payment assistance (DPA)	\$	11,625,000.00 \$	11,625,000.00	\$ 11,625,000.00	\$ 8,138,940.41	HomeForward DPA	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	1,194,440.45
						FirstDown Plus	\$ 9,625,000.00	\$ 9,625,000.00	\$ 9,625,000.00	6,944,499.96
Cingle family amorganov renaire						Housing Improvement Program (HIP)	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	271,262.79
Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	\$	1,775,000.00 \$	1,775,000.00	\$ 1,775,000.00	\$ 783,335.01	Weatherization	\$ 775,000.00	\$ 775,000.00	\$ 775,000.00	5 512,072.22
Single family acquisition and rehabilitation	\$	2,000,000.00 \$	2,000,000.00	\$ 2,000,000.00	\$	Restoring Our Communities (ROC)	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	-
						Gap Financing Loans	\$ 12,500,000.00	\$ 12,500,000.00	\$ 12,500,000.00	3,333,491.31
						Preservation Loans Single Family	\$ 1,630,000.00	\$ 1,630,000.00	\$ 1,000,000.00	-
Rental and single-family development	\$	22,130,000.00 \$	22,130,000.00	\$ 17,712,498.00	\$ 3,377,449.34	Development Pilot Program	\$ 3,000,000.00	\$ 3,000,000.00	\$ 1,000,000.00	
						Housing Innovation	\$ 5,000,000.00	\$ 5,000,000.00	\$ 3,212,498.00	43,958.03
Total State Fiscal Year 2024 Funds	\$	37,530,000.00 \$	37,530,000.00	\$ 33,112,498.00	\$ 12,299,724.76		\$ 37,530,000.00	\$ 37,530,000.00	\$ 33,112,498.00	12,299,724.76

# Summary

The certified uses above were approved by MFA Board of Directors and State Board of Finance. Within the certfied uses, the MFA activities are decided at the policy committee level.

- \$ 37,530,000.00 is the total State Fiscal Year (SFY) 2024 NMHTF Severance Tax Bond earmark allocation.
  - 100% of the total SFY24 allocation has been procured.
  - 88% of the total SFY24 allocation has been awarded.
  - 33% of awarded funds has been expended.
- 1. The Preservation team will recommending an award for Las Brisas Apartments for \$1,000,000.00 on page 7 of 9.
- 2. The Single Family Development team will recommending an award for Homewise for \$500,000.00 on page 8 of 9.
- 3. The Housing Innovation team will be recommending an award for Ohkay Owingeh for \$500,000 on page 9 of 9.
- 4. The Housing Innovation team will be recommending an award for NCNMEDD for \$500,000 on page 9 of 9.

### Down Payment Assistance

Certified Use	Certified Use Amount	Activity Allocation	Activity Allocation Amount	Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board	Procurement Amount	Procurement Approval Date	Grantee	Date of Approval	Level of Approval	A	ward Amount	Running Activity Award Total	Running Activity Unawarded Balance	Award Expenditures	Total Expenditures
Down payment	¢ 11.625.000	HomeForward DPA	\$ 2,000,000.00	HomeForward DPA Program Guidelines	2,000,000.00	1/18/2023	HomeForward DPA	9/14/23	PC	\$	2,000,000.00 \$	2,000,000.00	\$ 9,625,000.00	\$ 1,194,440.45	
assistance	\$ 11,625,000	FirstDown Plus	\$ 9,625,000.00	First <i>Down</i> Plus Program Guidelines	9,625,000.00	11/15/2023	FirstDown Plus	2/6/24	PC	\$	9,625,000.00 \$	11,625,000.00	\$ -	\$ 6,944,499.96	\$ 8,138,940.41
									Total	\$	11,625,000.00		\$ -		

Page 120 of 127

### Page 121 of

## Housing Improvement Program

	Certified Use	Certified Use Amount	Activity Allocation	Activity Allocation Amount	Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board	ΔΜΩΙΙΝΤ	Procurement Approval Date	Grantee	Date of Approval	Level of Approval	Award Amount	Running Activity Award Total	Running Activity Unawarded Balance	Aawrd Expenditures	Total Expenditures
	Single family							SWRHCDC	8/15/2023	PC	\$ 134,655.19	\$ 134,655.19	865,344.81	\$ 134,655.19	
	emergency repairs, ccessibility, energy	5 1,775,000.00	Housing Improvement	\$ 1,000,000.00	Single Family Repair and Rehab	\$ 1,000,000.00	5/17/2023	SWRHCDC	8/29/2023	PC	\$ 98,999.86	\$ 233,655.05	766,344.95	\$ 98,999.86	\$ 271,262.79
i	efficiency mprovements and rehabilitation		Program (HIP)	,	Guidelines			San Felipe Pueblo	9/19/2023	PC	\$ 37,607.74	\$ 271,262.79	728,737.21	\$ 37,607.74	
								HIP activity draw down allocation		PC	\$ 728,737.21	\$ 1,000,000.00	-		
										Total	\$ 1,000,000.00		-		

### Weatherization

Page 122 of 127

Certified Use	Certified Use Amount	Activity Allocation	Activity Allocation Amount	Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board	Procurement Amount	Procurement Approval Date	Grantee	Date of Approval	Level of Approval	Award An	nolint	nning Activity Award Total	Running Activity Unawarded Balance	Award Expenditures	Total Expenditures
Single family emergency							Central New Mexico Housing Corporation	11/15/2023	Board of Directors	\$ 475,	000.00 \$	475,000.00	\$ 300,000.00	\$ 355,329.01	
repairs, accessibility, energy efficiency improvements and rehabilitation	1,775,000.00	Weatherization	\$ 775,000.00	Weatherization	\$ 775,000.00		Southwest Regional Housing and Community Development	11/15/2023	Board of Directors	\$ 300,	000.00 \$	775,000.00	\$ -	\$ 156,743.21	\$ 512,072.22
									Total	\$ 775,	000.00		\$ -		

## **Restoring Our Communities**

Certified Use	Certified Use Amount	Activity Allocation	Activity Allocation Amount	Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board		Procurement Approval Date	( <sub>1</sub> rantee	Date of Approval	Level of Approval	Award Amount	Running Activity Award Total		Award penditures	Total Expenditures
				NOFA		4/19/2023	North Central NN Economic Development Divison	Dec-23	Board of Directors	\$ -	\$ -			
Single family acquisition and rehabilitation	\$ 2,000,000.00	ROC	\$ 2,000,000.00		\$ 2,000,000.00		Homewise Inc.	Dec-23	Board of Directors	\$ -	\$ -	\$ 2,000,000.00		\$ -
				Updated Guidelines to NOFA		12/13/2023	Sawmill Trust	Dec-23	Board of Directors	\$ -	\$ -			
							ROC Activity Draw down allocation		PC	\$ 2,000,000.00	\$ 2,000,000.00	\$ -		
									Total	\$ 2,000,000.00		\$ -		

Page 123 of 127

# **Gap Financing**

Certified Use	Certified Use Amount	Activity Allocation	Activity Allocation Amount	Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board	Procurement Amount	Procurement Approval Date	Grantee	Date of Approval	Level of Approval	Award Amount	Running Activity Award Total	Running Activity Unawarded Balance	Award Expenditures	Total Expenditures
							Three Sisters	6/21/2023	Board of Directors	\$ 3,500,000.00 \$	3,500,000.00 \$	9,000,000.00	\$ 500,000.00	
							La Serena Apartments	9/20/2023	Board of Directors	\$ 1,000,000.00 \$	4,500,000.00 \$	8,000,000.00	\$ 833,491.31	
Rental and single- family development	\$ 22,130,000.00	Gap financing Ioan	\$ 12,500,000.00	Gap Finanacing NOFA	12,500,000.00	5/17/2023	Pedrena Apartments	10/18/2023	Board of Directors	\$ 1,000,000.00 \$	5,500,000.00 \$	7,000,000.00		\$ 3,333,491.31
							Encino Senior Gardens	11/15/2023	Board of Directors	\$ 2,000,000.00 \$	7,500,000.00 \$	5,000,000.00	\$ 2,000,000.00	Ş 3,333,431.31
							Peachtree Canyon	4/17/2024	Board of Directors	\$ 3,000,000.00\$	10,500,000.00 \$	2,000,000.00		
							Elk Meadows Apartments	5/15/2024	Board of Directors	\$ 2,000,000.00 \$	12,500,000.00 \$	_		
									Total	\$ 12,500,000.00	\$	-		

Page 124 of 127

#### Page 125 of 1

### **Preservation Loan Program**

Certified Use	Certified Use Amount	Activity Allocation	Activity Allocation Amount	Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board	Procurement Amount	Procurement Approval Date	Grantee	Date of Approval	Level of Approval	Award Amount	Kijnning Activity	Running Activity Unawarded Balance	Award Expenditures	Total Expenditures
Rental and single- family development	5 22,130,000.00	Preservation Loan	\$ 1,630,000.00	NOFA	\$ 1,630,000.00	3/1/2023	Las Brisas Apartments	6/19/2024	Board of Directors	\$ 1,000,000.00	\$ 1,000,000.00	\$ 630,000.00		\$ -
									Total	\$ 1,000,000.00		\$ 630,000.00		

# Single Family Development Pilot Program

Certified Use	Certified Use Amount	Activity Allocation	Activity Allocation	Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board	Procurement Amount	Procurement Approval Date	Grantee	Date of Approval	Level of Approval	Award Amount	Running Activity Award Total	Running Activity Unawarded Balance	Award Expenditures	Total Expenditures
Rental and single-		Single Family	¢ 2,000,000,00	Single Family	¢ 2,000,000,00		Homewise (Sombra del Oeste)	a 3/20/2024	Board of Directors	\$ 500,000.00	\$ 500,000.00	\$ 2,500,000.00	\$	\$ -
family development	\$ 22,130,000	Development Grant Pilot Program	\$ 3,000,000.00	Development Grant Pilot Program NOFA		10/18/2023	Homewise (Miraflores)	6/19/2024	Board of Directors	\$ 500,000.00	\$ 1,000,000.00	\$ 2,000,000.00		
									Total	\$ 1,000,000.00		\$ 2,000,000.00		

Page 120 01 127

# **Housing Innovation**

Certified Use	Certified Use Amount	Activity Allocation	Activity Allocation Amount	Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board	Procurement Amount	Procurement Approval Date	(-rantaa	Date of Approval	Level of Approval	Av	vard Amount	Running Activity Award Total	Running Activity Unawarded Balance	Award Expenditure	Total Expenditures
							Town of Silver City	12/13/2023	Board of Directors	\$	500,000.00	\$ 500,000.00	\$ 4,500,000.00		
							NM Ramp Projec	t 12/13/2023	Board of Directors	\$	500,000.00	\$ 1,000,000.00	\$ 4,000,000.00	\$ 43,958.03	
					Sawmill CLT 2/21/2024 Board of Directors \$ 262,498.00	\$ 1,262,498.00	3,737,502.00								
Rental and single family	\$ 22,130,000.00	Housing	\$ 5,000,000.00	NOFA	\$ 5,000,000.00	9/20/2023	HagermanForward Inc.	r 4/17/2024	Board of Directors	\$	500,000.00	\$ 1,762,498.00	3,237,502.00		\$ 43,958.03
development	22,130,000.00	Innovation	φ 3,000,000.00		φ 3,000,000.00		San Felipe Pueblo	o 4/17/2024	Board of Directors	\$	450,000.00	\$ 2,212,498.00	2,787,502.00		13,330.03
							Ohkay Ohwingeh	6/19/2024	Board of Directors	\$	500,000.00	\$ 2,712,498.00	2,287,502.00		
							North Central New Mexico Economic Development District		Board of Directors	\$	500,000.00	\$ 3,212,498.00	\$ 1,787,502.00		
									Total	\$	3,212,498.00		\$ 1,787,502.00		

Page 127 of 127