



NEW MEXICO MORTGAGE FINANCE AUTHORITY

Board Meeting

344 4th St. SW, Albuquerque, NM

Wednesday, February 17, 2021 at 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 1/20/21 Board Meeting Minutes – Board Action
- Approval of 1/20/21 Board Training – Draft Strategic Plan – Board Action
- Executive Director Updates
- New Employee Introductions:
 - Daniel Porter digital content manager (Leann Kemp)
 - Reginald Stamps IT support technician (Joseph Navarrete)
 - Benjamin Kennedy accounting intern (Doris Clark)

Board Action Items

Action Required?

Finance Committee

- | | | |
|---|--|-----|
| 1 | 12/31/20 Quarterly Financial Statements (Gina Hickman) | YES |
| 2 | 12/31/20 Quarterly Investment Review (Cooper Hall) | YES |

Contracted Services/Credit Committee - New Mexico Affordable Housing Charitable Trust

- | | | |
|---|---|-----|
| 3 | Approval to release the HOME Investment Partnership Rehabilitation Program NOFA (Amy Gutierrez/John Garcia) | YES |
| 4 | Approval to release the Veterans Housing Rehabilitation and Modification Program (VHRMP) NOFA through the Affordable Housing Charitable Trust (Amy Gutierrez/John Garcia) | YES |
| 5 | San Roque Apartments HOME, NMHTF, NHTF Loan Requests (Jacobo Martinez/George Maestas and Thomas C. Mannschreck, President - Thomas Development Company) | YES |
| 6 | Approval of Executive Director for Northern Regional Housing Authority (Gina Bell) | YES |

Other

- | | | |
|----|--|-----|
| 7 | 2021-2025 Strategic Plan (Rebecca Velarde) | YES |
| 8 | Annual Real Estate Owned (REO) Portfolio Update (Teresa Lloyd) | NO |
| 9 | MFA Portfolio Delinquency Update (Jeff Payne & Teresa Lloyd) | NO |
| 10 | Multifamily Project Completion Pipeline Report (Shawn Colbert) | NO |
| 11 | Legislative Update (John Anderson) | NO |

Other Board Items

Information Only

12 (Staff is available for questions)

- Staff Action Requiring Notice to Board
- COVID Staff Actions
- Disclosure of Conflict of Interest for COVID-19 Housing Cost Assistance Program as Required by 24 CFR 570.611 (Rebecca Velarde)

Monthly Reports

No Action Required

13 (Staff is available for questions)

- Northern Regional Housing Monthly Update Reports
- ESG Cares Act Shelter Expenditure Report

Quarterly Reports

No Action Required

14 (Staff is available for questions)

- Quarterly Board Report (Q1)

Announcements and Adjournment

Discussion Only

Confirmation of Upcoming Board Meetings – until further notice all Board Meetings & Committees will be held Virtually

- March 9, 2021- Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- March 17, 2021 – Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
- March 17, 2021 – Wednesday- following the board meeting (MFA Board of Directors Training Session - Homeless Program Overview)April 13, 2021 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- April 21, 2021 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
- May 11, 2021 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- May 19, 2021 – Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)



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Summary Agenda

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Board Action Items

Action Required?

Consent Agenda

Finance Committee

- | | | |
|---|--|-----|
| 1 | 12/31/20 Quarterly Financial Statements (Gina Hickman). Ongoing. | YES |
| 2 | 12/31/20 Quarterly Investment Review (Cooper Hall). Ongoing. | YES |

Contracted Services/Credit Committee - New Mexico Affordable Housing Charitable Trust

- | | | |
|---|---|-----|
| 3 | Approval to release the HOME Investment Partnership Rehabilitation Program NOFA (Amy Gutierrez/John Garcia). Staff recommends approval to release the HOME Rehabilitation NOFA to the public on February 17, 2021 upon Board approval. The NOFA will then be awarded to the agencies that met minimum qualifications for this funding on March 10, 2021. | YES |
| 4 | Approval to release the Veterans Housing Rehabilitation and Modification Program (VHRMP) NOFA through the Affordable Housing Charitable Trust (Amy Gutierrez/John Garcia). Staff recommends approval to release the VHRMP NOFA to the public on February 17, 2021 upon Board approval. The NOFA will then be awarded to the agencies that met minimum qualifications for this funding on March 10, 2021. | YES |
| 5 | San Roque Apartments HOME, NMHTF, NHTF Loan Requests (Jacobo Martinez/George Maestas and Thomas C. Mannschreck, President - Thomas Development Company). A HOME loan request in the amount of \$800,000, a New Mexico Housing Trust Fund (NMHTF) loan request in the amount of \$2,622,031 and a National Housing Trust Fund (NHTF) loan request in the amount of \$1,325,000 for the San Roque Apartments, located in NW Albuquerque, NM. San Roque Apartments is new construction of a 136-unit multifamily project serving workforce housing and families with children. Fifteen units are income restricted for households earning at or below 30% of area median income (AMI), Eight units are income restricted for households earning at or below 40% AMI, Forty-Six units are income restricted for households earning at or below 50% AMI, Three units are income restricted for households earning 60% AMI, Twenty units are income restricted for households earning at or below 70% AMI, Forty-Three units are income restricted for households earning at or below 80% AMI, and 1 unit to be used for an employee. | YES |
| 6 | Approval of Executive Director for Northern Regional Housing Authority (Gina Bell). Staff recommends approval for Mr. Terry Baca to the position of Executive Director at the Northern Regional Housing Authority. | YES |

Other

- | | | |
|---|---|-----|
| 7 | 2021-2025 Strategic Plan (Rebecca Velarde). MFA staff seeks approval of the proposed 2021-2025 Strategic Plan, including goals, objectives, initiatives and benchmarks. | YES |
| 8 | Annual Real Estate Owned (REO) Portfolio Update (Teresa Lloyd). The purpose of this memo is to provide an annual update to the Board regarding MFA's Real Estate Owned portfolio. MFA anticipates three foreclosures later in | |

FY 2021 which may create an REO portfolio. MFA's exposure will be assessed at that time, but staff anticipates the financial impact to MFA will not be material. NO

9 MFA Portfolio Delinquency Update (Jeff Payne & Teresa Lloyd). Provide the Board an update on delinquency trends for MFA's loan portfolio as of December 31, 2020. Corona Virus Relief Fund Mortgage Assistance provided nearly \$11 million in assistance to over 2,100 borrowers who are in COVID payment forbearance plans in New Mexico for past due payments from April through November 2020. This assistance has moved these borrowers from being seriously delinquent to 30 days past due. MFA's subserviced portfolio delinquency was 9.36% in March 2020 and 18.39% in December 2020 reflecting the impacts of the health crisis. MFA's in-house serviced portfolio has seen steady improvement from a high of 13.89% in March 2017 to 10.30% as of December 2020. NO

10 Multifamily Project Completion Pipeline Report (Shawn Colbert). For informational purposes, staff will provide an overview of the format of the new report on the construction progress for multifamily projects and present information on any upcoming loan closings and ribbon cuttings. NO

11 Legislative Update. (John Anderson). An update will be provided on the status of the New Mexico 2021 Legislative session to date. NO

Other Board Items

Information Only

12 (Staff is available for questions)

- Staff Action Requiring Notice to Board
- COVID Staff Actions
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Monthly Reports

No Action Required

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Minutes

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Board Meeting Minutes

344 4th St. SW, Albuquerque, NM

Wednesday, January 20, 2021 at 9:30 a.m.

Chair Reyes convened the meeting on January 20, 2021 at 9:32 a.m. Secretary Hernandez called the roll. Members present: Chair Angel Reyes, Vice Chair Derek Valdo, Sally Malavé (designee for Attorney General Hector Balderas), Martina C'de Baca, (designee for Lieutenant Governor Howie Morales), Diana Rosales-Ortiz (designee for state Treasurer Tim Eichenberg), Rebecca Wurzburger and Rosalyn Nguyen Chafey. Absent: None. Hernandez informed the Board that everyone had been informed about today's meeting in accordance with the New Mexico Open Meetings Act.

Chair Reyes welcomed Board members and staff. He began by stating that today's meeting is being webcast. He reminded the members of the protocol for today's webcast meeting. All members must identify themselves before they speak; this includes asking questions or making a motion. If at any time anyone loses their connection, please text Izzy and we will stop the meeting to wait for you to reconnect. There will be a roll call vote for all approvals.

Approval of Agenda – Board Action. Motion to approve the January 20, 2021 Board agenda as recommended: Malavé. Second: Rosales-Ortiz. Roll call vote: Chair Reyes-yes, Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzburger-yes, Nguyen Chafey-yes. Vote: 7-0.

Approval of December 16, 2020 Board Meeting Minutes – Board Action. Motion to approve the December 16, 2020 Board Meeting Minutes as presented: Malavé. Second: Nguyen Chafey. Roll call vote: Chair Reyes-yes, Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzburger-yes, Nguyen Chafey-yes. Vote: 7-0.

Hernandez provided the Board with an update on the following topics: **Significant meetings/presentations:** 12/18: CYFD: Programs for Youth Aging out of foster care system. 1/6: City of Albuquerque Bernalillo County, MFA: Rental Housing Program Coordination. 1/14: HopeWorks - TANF Funding for Homeless Families with Children. **Activities and Actions:** 12/23: LIHTC/QAP 9 letters of Intent to Submit application received compared to 14 last year. We received a total of 9 applications this year. 1/5: NM – HTF Bills Pre-Filed (Appropriation & Act Changes). NMHTF – RAP: Round 1 – 7: Total: \$196K – 89 Households (program on pause). Hernandez went over the Homeless Served: March: 318/ December: 195. Delinquencies: Total Delinquencies March: 866/9.36%, Total Delinquencies December: 1962/18.39% (Nov: 1946/18.52%), Forbearance 16.41% (1751 loans) as a % of total portfolio (1/11/21). Mortgage Operations – ahead of last year's production 2020 - \$10.5m and 2021 - \$11.m (as of 1/19/2021). CDBG - \$12.3M - Round 1 (2-13 November) (as of 1/19); Applications Received: 4530, Denied: 3054, Funded: 902/\$1.8M, Ready for Funding: 267/\$482K. Round 2 (12/10 to 1/8) 2071 Applications Received, 1595 Rental, 350 Mortgage, 105 MH, 21 Tribal. CRF - \$15M – Fully Expended - 3392 Assisted in 29 of 33 counties. Other information - Federal Stimulus; Emergency Rental Assistance: \$200M for State – Rebecca Velarde will provide additional information later in the agenda. 4% LIHTC Rate Lock. HB 111: Housing Discrimination Bill. Bill is focused on protections for tenants but also includes creation of a State Housing Council. MFA Exec. Director as Co-Chair and part of Executive Committee. **Upcoming Actions/Activities:** 1/19: Legislative Session Begins (ends 3/20), 1/22: City of Albuquerque Bernalillo County, MFA: Rental Housing Program Coordination, 1/28: Mtg w/CYFD – Youth Homelessness. 2/5: Nuevo Atrisco Ribbon Cutting (Virtual) – Tentative.

Consent Agenda

Executive Director, Izzy Hernandez provided a summary for the following item listed under the consent agenda.

- 1 Emergency Solutions Grant (ESG) Coronavirus Aid Relief and Economic Security Rental Assistance Program (RAP) Award Recommendation** (Shannon Tilseth). Hernandez informed the Board that this item was reviewed by the Finance Committee. Staff recommends awarding \$2,200,000 in ESG CARES Act funding to the four Offerors who met the minimum criteria in the NOFA. The funds will be used to help those that are homeless or most at-risk of becoming homeless with rent, security deposits, application fees, rental arrears, housing stability case management and housing search and placement subsequently reducing the number of people in shelters and on the streets, which will help reduce the spread of COVID-19. With the addition of the four service providers, MFA can expand this program to 32 counties in the state of New Mexico.

- 2 2021 Open Meetings Resolution** (Eleanor Werenko). Hernandez informed the Board that this item was reviewed by the Finance Committee. The New Mexico Mortgage Finance Authority Open Meetings Resolution is submitted for MFA Board of Directors approval pursuant to Section 10-15-1 (B) and (D) of the New Mexico Open Meetings Act (Sections 10-15-1 to 10-15-4 NMSA 1978), and the MFA Bylaws, Section 7.4, which require that the MFA determine annually, in a public meeting, what constitutes reasonable notice of its public meetings. He reviewed the changes in the attached redline version of the Open Meetings Resolution located behind tab two, which will become a part of the official board packet.

Member Valdo made the motion to approve the consent agenda as presented: Second: C de'Baca. Roll call vote: Chair Reyes-yes, Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen Chafey-yes. Vote: 7-0.

Finance Committee

- 3 9/30/20 Report of Independent Auditors, Financial Statements and Supplemental Schedules (Clifton, Larson, Allen (CLA) - Mandy Merchant & Gina Hickman).** Merchant thanked the Board for the opportunity to present the results of the audit on behalf of MFA as of September 30, 2020. She began by providing background on CLA and the engagement team consisted of. She explained that as part of the review she would cover the following: auditor's report, management discussion and analysis, financial statements and footnotes, supplementary information and the single audit reports. These items are located behind tab three and will be a part of the official Board packet. MFA received unmodified opinions on all reports issued. She reviewed the other programs audited including the Single Audit of federal awards, which included the Section 8 Project Based Cluster, CDBG & NSP, Housing Trust Fund, Mortgage Insurance Program, Ginnie Mae MBS Program and Capital Magnet Fund. Merchant further reported that there was a Single Audit Report finding related to the Schedule of Federal Awards (SEFA) which resulted in additional testing. Staff will implement additional controls to assure this schedule is complete. There were no financial statement findings reported. She also referred to the Auditor communication letter. She expressed her gratitude to MFA staff stating that CLA enjoys working with everyone who puts in a lot of work which was all done remotely this year. Reyes commended CLA on their audit work. Hickman provided an overview of the Management's Discussion and Analysis (MD&A). She reminded the Board that MFA is a component unit of the state of New Mexico and spoke to the impacts during COVID-19. Hickman also highlighted information from the Schedule of Federal Awards. Hickman thanked staff stating that this is an organization wide reflection of all the excellent work, clean audit opinion and very strong performance. Chair Reyes stated that these are incredible results and just hearing the volume of activity and talking about transactions in the billions and having these types of results is just spot on and is an organization wide effort. He further offered his appreciation to everyone's commitment and expressed gratefulness for the leadership teams' standards and expectations to deliver such great results. It is a blessing to have these results and be associated with this type of environment and success. Motion to approve the 9/30/20 Report of Independent Auditors, Financial Statements and Supplemental Schedules as presented: Valdo. Second: Rosales-Ortiz. Roll call vote: Chair Reyes-yes, Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen Chafey-yes. Vote: 7-0.
- 4 Policies and Procedures Manual Revisions (Gina Hickman).** Hickman informed the Board that at least annually and as needed, MFA staff reviews and updates the Policies and Procedures Manual. The Policies and Procedures Manual is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices or policies. General Counsel reviews the manual as needed. During this review cycle General Counsel provided confirmed changes to the Business Meals and Inspection of Public Records sections. Hickman reviewed the proposed changes included in the redline document, located behind tab four, which will be made a part of the official Board packet. These updates have been incorporated into the manual. Motion to approve the Policies and Procedures Manual Revisions as recommended: Wurzbarger. Second: Nguyen Chafey. Roll call vote: Chair Reyes-yes, Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen Chafey-yes. Vote: 7-0.
- 5 Delegations of Authority Revisions (Gina Hickman).** Hickman stated that the Delegations of Authority is updated annually or on an as needed basis. She explained that the Delegations of Authority is Exhibit E in the

Policies and Procedures and is always presented as a separate item for discussion. Hickman discussed the proposed changes included in the redline document, located behind tab five, which will be made a part of the official Board packet. Motion to approve the Delegations of Authority Revisions as recommended. Malavé. Second: Rosales-Ortiz. Roll call vote: Chair Reyes-yes, Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbürger-yes, Nguyen Chafey-yes. Vote: 7-0.

- 6 Employee Handbook (Dolores Wood).** Wood informed the Board that the MFA Employee Handbook is reviewed and updated annually. The Employee Handbook is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices. She further informed the Board that MFA's Attorney reviews the manual annually and last performed an evaluation of the manual in April 2020, stating that those changes have also been incorporated. Wood reviewed the summary of necessary changes incorporated for consideration, the memo includes the page number, policy and change, which are located behind tab six and will be made a part of the official board packet. Motion to approve the Employee Handbook Revisions as recommended. Wurzbürger. Second: Valdo. Roll call vote: Chair Reyes-yes, Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbürger-yes, Nguyen Chafey-yes. Vote: 7-0.

Contracted Services/Credit Committee

- 7 HOME & New Mexico Housing Trust Fund (HTF) loan requests – 550 Paseo Apartments (Tim Martinez and Eric Grodahl principal - DBG Properties LLC).** Martinez began his presentation with a HOME loan request in the amount of \$750,000 and a NMHTF loan request in the amount of \$2mm for 550 Paseo Apartments, located in Rio Rancho, NM. 550 Paseo is a proposed new construction of a 240-unit multifamily project with all 240 units income restricted to households earning 60% or less of Area Median Income. At least 25% of all units are reserved for households with children. The HOME loan is a 40-year loan based on an 80-year amortization, 0% interest, no payment during construction period, not to exceed 24 months. The NMHTF loan is a 1% fixed interest rate; monthly no payments during interest only payments during construction period, not to exceed 24 months; 30-year loan with 360 equal principal and interest payments. Eric Grodahl thanked Martinez for the introduction and the background information provided on the project. He spoke about DBG Properties LLC and their experience as well as providing information on 550 Paseo Apartments regarding its location and the need for multifamily projects in that area. Motion to approve the HOME & New Mexico Housing Trust Fund (HTF) loan requests – 550 Paseo Apartments as recommended: Wurzbürger Second: Malavé. Roll call vote: Chair Reyes-yes, Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbürger-yes, Nguyen Chafey-yes. Vote: 7-0.

Other

- 8 Appointment of Low-Income Housing Tax Credit (LIHTC) Allocation Review Committee (ARC) Members (Kathryn Turner).** Turner began her presentation by explaining that currently there are five members on the LIHTC ARC Committee. It is staff's recommendation to expand the committee by two, to make the overall size of the committee seven, which is still below the limit of nine. She further explained that this would be helpful in easing the ability of the Allocation Review Committee to meet the timeline of the LIHTC process and maintain a quorum of members. Nicole Martinez and Adelmo "Del" Archuleta have both expressed interest and availability, staff believes they would provide valuable experience, knowledge and backgrounds to the Allocation Review Committee. Motion to approve the Appointment of Nicole Martinez and Adelmo "Del" Archuleta as Members to the Low-Income Housing Tax Credit (LIHTC) Allocation Review Committee (ARC) as recommended: Malavé. Second: Wurzbürger. Roll call vote: Chair Reyes-yes, Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbürger-yes, Nguyen Chafey-yes. Vote: 7-0.
- 9 Emergency Rental Assistance Program Framework Update (Rebecca Velarde).** Velarde began her presentation with a Program Overview of the Emergency Housing Assistance Program explaining that on December 27, 2020, President Trump signed into law the Consolidated Appropriations Act of 2021, which included \$25 billion for emergency rental and utility assistance to assist households impacted by the coronavirus outbreak. New Mexico is expected to receive \$200 million. As the state's housing finance agency, MFA has voiced its willingness to administer the statewide rental assistance portion of the funds. MFA proposes to provide rental assistance for up to twelve months (or up to 15 months if it is necessary to ensure the household remains stably housed) to New Mexican rental households. Velarde went over the application and

review process, Geographic Distribution and Marketing, Prioritization, Documentation Requirements (which are more stringent than expected) and Staffing Structure, Use of Funds Timeframe, Administrative Fees and the Monitoring Process. Non-Action Item

Other Board Items - Information Only

10 Comments regarding bullet 3 (Izzy Hernandez) - Disclosure of Conflict of Interest for COVID-19 Housing Cost Assistance Program as Required by 24 CFR 570.61.

- Staff Action Requiring Notice to Board
- COVID Staff Actions
- Disclosure of Conflict of Interest for COVID-19 Housing Cost Assistance Program as Required by 24 CFR 570.61. Hernandez explained that he would like to make a comment with regards to the Disclosure of Conflict of interest for COVID-19 Housing Cost Assistance Program. This funding source is funded through CDBG which is a HUD funding source that has specific conflict of interest requirements. We have two employees (Leann McDonald and Amalynda Hill) who disclosed a potential conflict of interest and removed themselves from any approval process for this particular program. We are including this in the Board packet as well as the minutes of the meeting to satisfy the requirements of HUDs conflict of interest.

Monthly Reports - No Action Required

11 There were no questions asked of staff

- 11/30/20 Financial Statements
- Northern Regional Housing Monthly Update Reports
- ESG Cares Act Shelter Expenditure Report

Quarterly Board Reports - No Action Required

12 There were no questions asked of staff

- Quarterly Board Report

Announcements and Adjournment. Chair Reyes adjourned the MFA Board of Directors meeting at 11:17 a.m. He informed the Board and staff that we would take a 10-minute break and resume at 11:30 a.m. for the Board Training – Draft Strategic Plan.

There being no further business the meeting was adjourned at 11:17 a.m.

Approved: February 17, 2021

Chair, Angel Reyes

Secretary, Isidoro Hernandez

NEW MEXICO MORTGAGE FINANCE AUTHORITY
MFA Board of Directors Minutes - Study Session
Draft Strategic Plan
344 4th St. SW, Albuquerque, NM
Wednesday, January 20, 2021

Chair Reyes convened the meeting on January 20, 2021 at 11:31 a.m. Members present: Chair Angel Reyes, Vice Chair Derek Valdo, Sally Malavé (Designee for Attorney General Hector Balderas), Martina C'de Baca (Designee for Lt. Governor Howie Morales), Diana Rosales-Ortiz (Designee for Treasurer Tim Eichenberg), Rebecca Wurzbarger and Rosalyn Nguyen Chafey. Members Absent: none. The public has been informed about today's meeting, in accordance with the New Mexico Open Meetings Act.

Staff included: Izzy Hernandez, Gina Hickman, Donna Maestas-De Vries, Rebecca Velarde, Dolores Wood, Yvonne Segovia, Joseph Navarrete, Jeff Payne, René Acuña, Olivia Martinez, Gina Bell, Shawn Colbert, Leann Kemp, Patrick Ortiz, Robyn Powell, Teresa Lloyd and Sandra Marez.

General Counsel: Eleanor Werenko.

On Wednesday, February 19, 2020 the Board of Directors of the New Mexico Mortgage Finance Authority ("MFA") conducted a study session following the MFA Board of Directors meeting to provide the MFA Draft Strategic Plan 2021-2025. There will be no action taken by the Board at this time.

Hernandez began by thanking staff for moving forward with the strategic planning process despite competing priorities due to COVID-19. He commented that great feedback has been received from staff, stakeholders and the board in the process. Prior to finalizing we would like to receive additional feedback from the board on where we are so far. Once feedback is received, we will finalize for the approval at next month's board meeting. We must remind ourselves that this is a five-year plan and need to prioritize to see what we want to put in the first year. Hernandez stated he would envision adding staff to move forward with the initiatives.

Velarde began by reviewing the agenda to prepare for today's meeting. She began with a review of the strategic plan process and framework, including the timeline, themes, prior board comments and five proposed goals: 1) Create affordable housing opportunities that support and strengthen New Mexico's communities, 2) Build a network of advocates and partners that work to create and promote affordable housing in the state, 3) Maintain judicious financial stewardship and principled, efficient business practices, 4) Provide robust technological solutions, and 5) Foster a healthy, dynamic and team-oriented work environment. She then reviewed proposed strategic plan initiatives and benchmarks and provided time for board comments; feedback including additions/clarifications/wordsmithing were suggested. She concluded her presentation with next steps, which included making adjustments based on today's feedback, working on plans to execute initiatives and presenting a proposed final strategic plan at the February board meeting for approval.

Chair Reyes inquired into the prioritization of the initiatives and how staff would balance competing priorities; he also inquired into how the initiatives will be incorporated into employees' goals. Hernandez stated that it is a very aggressive plan and stated MFA needed to prioritize and keep in mind that this is a 5-year plan and not a 1-year plan. He also stated MFA would explore additional resources that are needed to ensure success. Hickman stated that MFA needed to go through another prioritization exercise, and Maestas-Dr Vries reiterated it was an important process. Hernandez stated MFA's new research and development function could help staff accomplish the initiatives. He also stated that MFA could look at contracting out some work. Malavé asked that the draft be provided with as much lead time as possible to the board prior to next month's board meeting.

Reyes thanked staff and the board for everyone's participation. He stated that MFA has a great foundation. He further stated that it is important to balance the urgent and the important. Taking time to look at the horizon and see what great things you can accomplish means dedicating time, resources and energy. Take a moment to reflect of what you have accomplished as a team; there are significant accomplishments. He stated prioritization is a healthy part of the discussion. He stated he was encouraged. Once the strategic plan is set, MFA can get to work and do our best to meet those objectives and if we need to adjust, we will make those adjustments. He commended staff. He acknowledged that the board gets to

Draft Strategic Plan
Board Study Session Minutes
January 21, 2021
Page 2

ask questions on work that has taken hours, weeks and months to create. Please know it comes from a perspective of just trying to play a role and help improve or offer different ideas to make the best plan. He stated MFA is a stalwart in what you do and further stated that the ambition and the goals you are trying to set are very good and at the end you will feel proud to know you are making a huge impact. Thank you so much for the time, energy and effort.

Hernandez thanked the Board for their support.

There being no further business the meeting was adjourned at 1:09 p.m.

Approved: February 17, 2021

Chair, Angel Reyes

Secretary, Izzy Hernandez

Tab 1



NEW MEXICO MORTGAGE FINANCE AUTHORITY
Finance/Operations Committee Meeting
Tuesday, February 9, 2021 at 1:30 p.m.

Webex - call-in information is 1-844-992-4726 (access code): (access code): 962 100 589
or you can join the call from the calendar item.

AGENDA ITEMS	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
<u>Recommended for Consent Agenda</u>		
<u>Agenda</u>		
1 12/31/20 Quarterly Financial Statements (Gina Hickman)	3-0	YES
2 12/31/20 Quarterly Investment Review (Cooper Hall)	3-0	YES

Committee Members present:

Derek Valdo, Chair ☐ present ☐ absent ☒ conference call

State Treasurer Tim Eichenberg or
Proxy Diana Rosales - Ortiz ☐ present ☐ absent ☒ conference call

Lt. Governor Howie Morales or
Proxy Martina C'de Baca ☐ present ☐ absent ☒ conference call

Didoro R. Hernandez

New Mexico Mortgage Finance Authority

Combined Financial Statements
and Schedules

December 31, 2020

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the three-months period ended December 31, 2020

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

	3 months <u>12/31/2020</u>	3 months <u>12/31/2019</u>	% Change <u>Year / Year</u>	Forecast <u>12/31/2020</u>	Actual to <u>Forecast</u>	Forecast/Target <u>9/30/21</u>
PRODUCTION						
1 Single family issues (new money):	\$55.0	\$120.0	-54.2%	\$55.0	0.0%	\$175.0
2 Single family loans sold (TBA):	\$88.7	\$27.4	223.7%	\$43.8	102.7%	\$175.0
3 Total Single Family Production	\$143.7	\$147.4	-2.5%	\$98.8	45.5%	\$350.0
4 Multifamily issues (new money):	\$0.0	\$0.0	0.0%	\$0.0	0.0%	\$20.0
5 Single Family Bond MBS Payoffs:	\$37.3	\$16.2	130.2%	\$40.4	-7.7%	\$161.6
STATEMENT OF NET POSITION						
6 Avg. earning assets:	\$1,413.9	\$1,355.3	4.3%	\$1,385.0	2.1%	\$1,428.7
7 General Fund Cash and Securities:	\$87.1	\$87.6	-0.6%	\$80.0	8.8%	\$72.1
8 General Fund SIC FMV Adj.:	\$1.0	\$1.2	-16.7%	\$0.0	N/A	\$0.0
9 Total bonds outstanding:	\$1,134.9	\$1,154.2	-1.7%	\$1,124.0	1.0%	\$1,130.8
STATEMENT OF REVENUES, EXPENSES AND NET POSITION						
10 General Fund expenses (excluding capitalized assets):	\$5.3	\$4.3	23.3%	\$5.1	3.9%	\$19.8
11 General Fund revenues:	\$10.9	\$7.5	45.3%	\$6.9	58.0%	\$28.4
12 Combined net revenues (all funds):	\$6.3	\$4.1	53.7%	\$1.6	287.7%	\$6.5
13 Combined net revenues excluding SIC FMV Adj. (all funds):	\$5.1	\$3.0	70.0%	\$1.6	213.8%	\$6.5
14 Combined net position:	\$269.6	\$249.5	8.1%	\$264.9	1.8%	\$269.8
15 Combined return on avg. earning assets:	1.78%	1.21%	47.2%	0.45%	295.8%	0.45%
16 Combined return on avg. earning assets exluding SIC FMV Adj. (all funds):	1.44%	0.88%	63.6%	0.45%	220.0%	0.45%
17 Net TBA profitability:	2.41%	1.11%	117.1%	1.75%	37.7%	1.75%
18 Combined interest margin:	0.67%	0.90%	-25.6%	0.41%	63.4%	0.41%
MOODY'S BENCHMARKS						
19 Net Asset to debt ratio (5-yr avg):	28.34%	28.63%	-1.0%	28.60%	-0.9%	28.60%
20 Net rev as a % of total rev (5-yr avg):	9.67%	8.62%	12.2%	10.65%	-9.2%	10.65%
SERVICING						
21 Subserviced portfolio	\$1,531.3	\$1,219.5	25.6%	\$1,507.6	1.6%	\$1,679.8
22 Servicing Yield (subserviced portfolio)	0.45%	0.40%	11.3%	0.40%	11.3%	0.40%
23 Combined average delinquency rate (MFA serviced)	9.51%	10.07%	-5.6%	10.00%	-4.9%	10.00%
24 DPA loan delinquency rate (all)	10.24%	10.78%	-5.0%	N/A	N/A	N/A
25 Default rate (MFA serviced-annualized)	0.32%	1.16%	-72.4%	1.30%	-75.4%	1.30%
26 Subserviced portfolio delinquency rate (first mortgages)	18.39%	10.60%	73.5%	N/A	N/A	N/A
27 Purchased Servicing Rights Valuation Change (as of 12/30)	\$0.1	\$1.4	-92.9%	N/A	N/A	N/A

Legend:

Positive Trend Caution Negative Trend Known Trend/Immaterial

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the three-months period ended December 31, 2020

SUMMARY OF NEW BOND ISSUES:

Single Family Issues:

\$55.0 mm 2020 Series B Bonds-New Money (October)

Multi-family Issues:

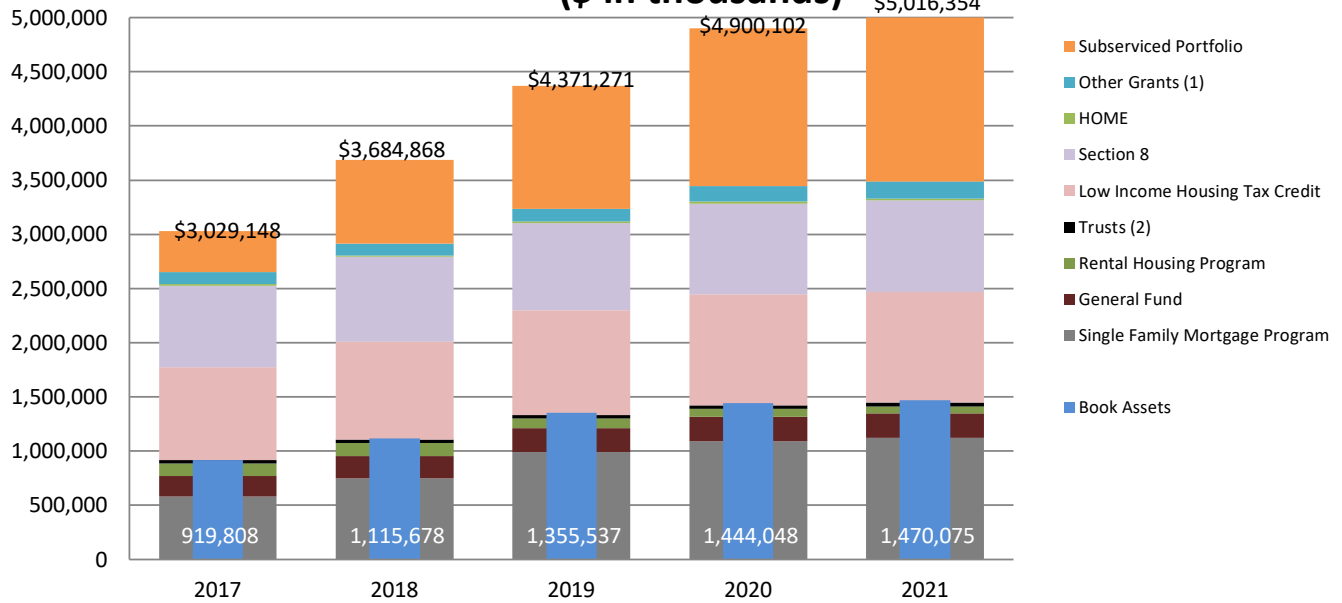
\$9.7 mm 2020 Series JLG North Multifamily-Refunding (October)

\$9.0 mm 2020 Series JLG South Multifamily-Refunding (October)

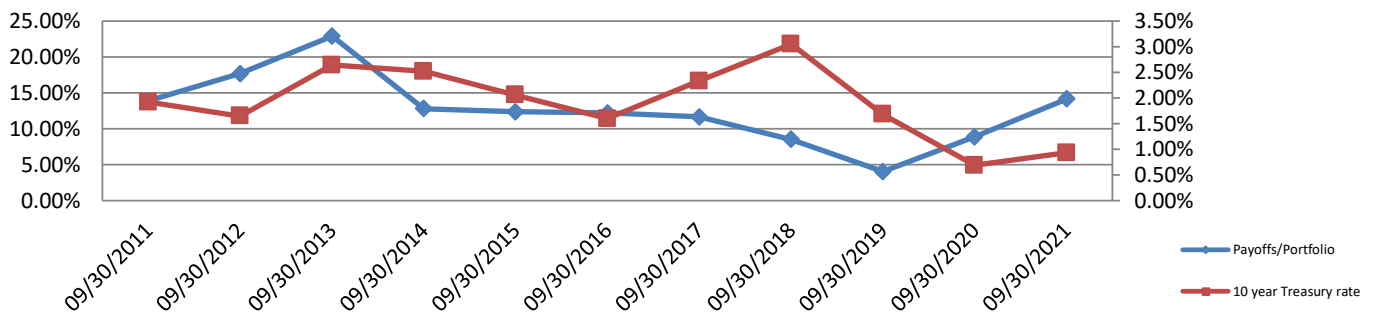
CURRENT YEAR FINANCIAL TRENDS & VARIANCES:

- ▶ Due to decreases in mortgage rates, prepayments are trending higher than last year.
- ▶ Federal interest rate policy as a result of the health crisis is driving yields and margins down in comparison to last year at this same time; overall much lower interest rate environment.
- ▶ Due to market conditions related to the health crisis, the State Investment Council (SIC) General Fund portfolio continues to experience significant volatility. Valuations increased \$2.1 million in November. While these market movements are non-operating in nature, they impact General Fund revenues, combined net revenues and return on average earning assets. Just a reminder that the accounting records are one month in arrears due to SIC reporting timeframes.
- ▶ MFA is still primarily using the TBA loan sale program as best execution for the Single Family Mortgage first-time homebuyer program. While the bond market has improved significantly since the beginning of the pandemic, the loan sale execution is still providing the best economics for MFA and low interest rates for first-time homebuyers. For the bond program the majority of the revenue is earned over time and with TBA loans sales all revenue is received upfront, thus currently creating a positive net revenue variance. Staff forecasted a 50 percent split this year for the two executions; that strategy will continue to be evaluated ongoing as markets change.
- ▶ Incurred approximately \$.5 million in cost of issuance for Single Family Mortgage program bond issuance (\$55 million); expense was paid for through bond premium.
- ▶ The subservicing oversight position reports to the Director of Servicing and provides full-time monitoring of loss mitigation activities, collections and foreclosure services provided by MFA's servicer. They coordinate with the Compliance Officer on risk management strategies and reporting. Staff actively analyzes default trends, quality control reports and portfolio profile characteristics to understand reasons for higher than expected delinquency rates. These delinquencies have an effect on the credit risk associated with MFA's down payment assistance portfolio as well as the financial impacts associated with defaults on the first mortgages themselves. Staff is actively engaged with the servicer to identify additional delinquency reduction strategies, particularly early intervention strategies to prevent loans from becoming seriously delinquent. As risk has increased significantly since the pandemic the management of this portfolio has become even more of a priority. MFA staff continues to receive weekly forbearance information to analyze trends at the portfolio level. MFA's subservicing oversight team is receiving regular and improved reporting to better monitor and reconcile portfolio activities related to delinquencies. Additionally, MFA's servicer has increased staff and implemented improved technology to support forbearance and delinquency trends as well as loss mitigation activity. The foreclosure moratorium continues to impact delinquencies as we are unable to move seriously delinquent loans through the judicial and claims process. Of the 18.39 percent portfolio delinquency rate, 14.36 percent represents delinquent loans in forbearance. As of December 31st, 14 percent of MFA loans on forbearance plans are current. The subserviced portfolio is approx. 85 percent FHA insured loans. The Mortgage Bankers Association quarterly survey as of September 30, 2020 indicates that the delinquency rate for FHA loans nationally is 15.80 percent and for New Mexico 12.80 percent. FHA Single Family Loan Performance Trends for December 2020 show 19.12 percent delinquency (for purchase loans only) up from 11.98 percent in February 2020 reflecting the impact of COVID-19 forbearance agreements.
- ▶ Fair market value for purchased servicing rights as of December 31, 2020 is \$15.5 million, an increase of approximately \$.1 million over cost. GASB requires MFA to utilize "lower of cost or market" accounting for this asset. FMV decreases resulting from the health crisis have been recovered. Current purchased servicing rights are recorded at a cost of \$15.4 million. Valuations are obtained on a quarterly basis.
- ▶ Based on Moody's issuer credit rating scorecard, MFA's 28.34 percent net asset 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 percent). The net revenue as a percent of total revenue measures performance and profitability and MFA's 9.67 percent ratio (5-year average) points to satisfactory profitability with consistent trends (5-10 percent range).
- ▶ Moody's Investor Services completed an updated credit opinion on MFA in June 2020. They reaffirmed the Aa3/stable rating. Comments included high asset to debt ratio, good profitability and low risk profile due to mortgage-backed security structure, multifamily Risk Sharing Program and no exposure to variable rate debt. Additionally, Moody's reaffirmed the Aaa/stable rating on the single family indenture in the spring of 2019.

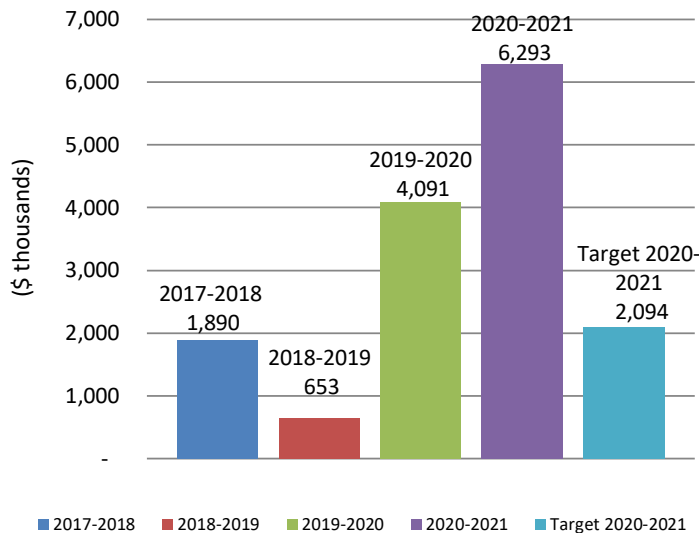
Assets Under Management as of 9/30/2021 (\$ in thousands)



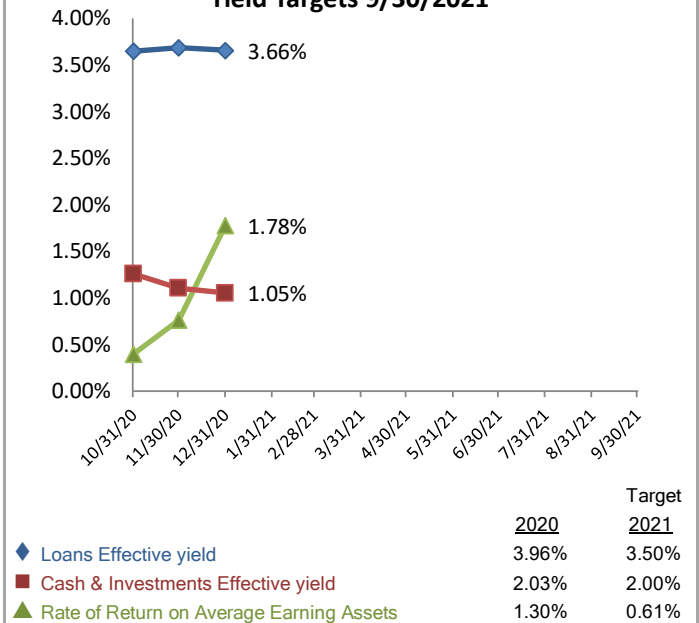
YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2021



YTD Excess Revenues over Expenses as of 12/31/2020

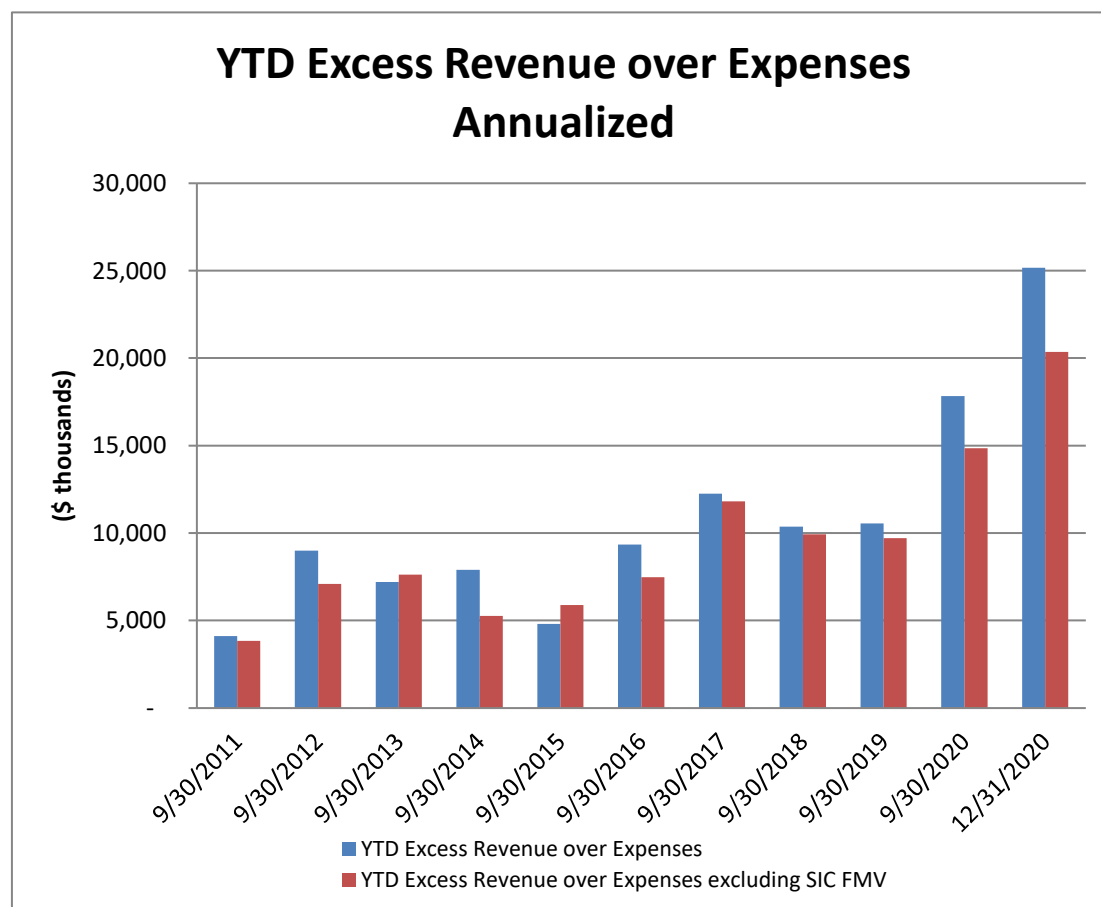
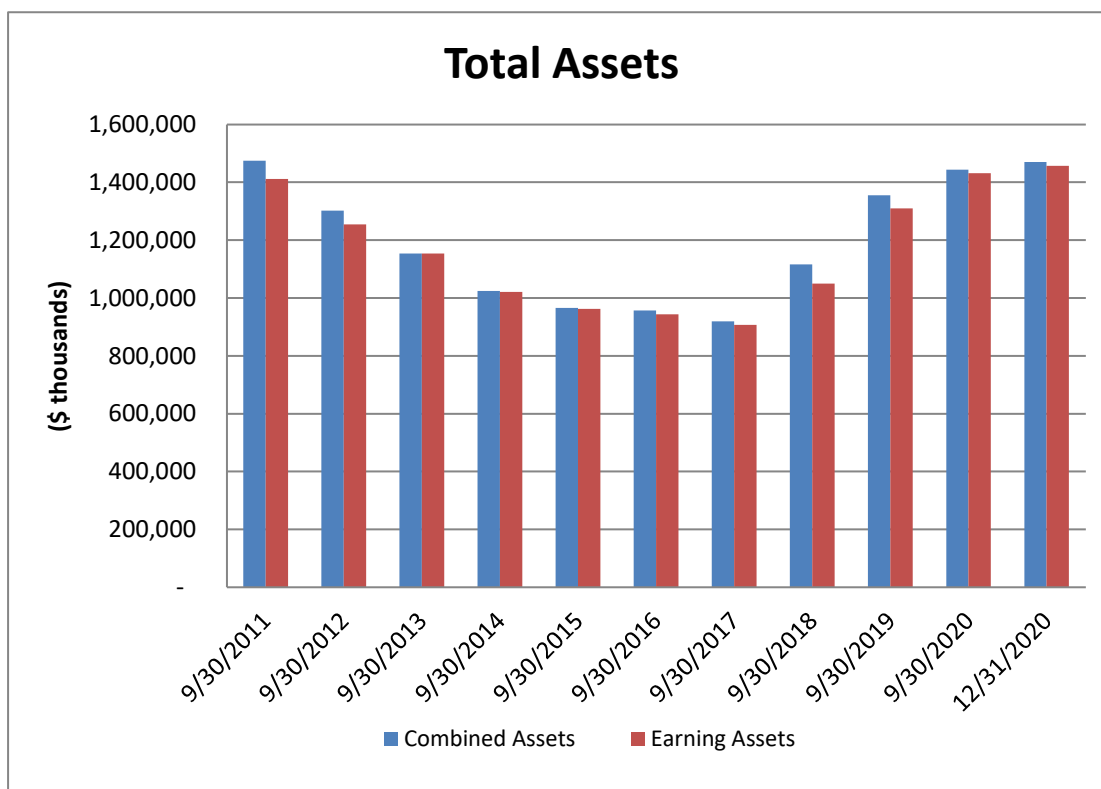


Yield Targets 9/30/2021

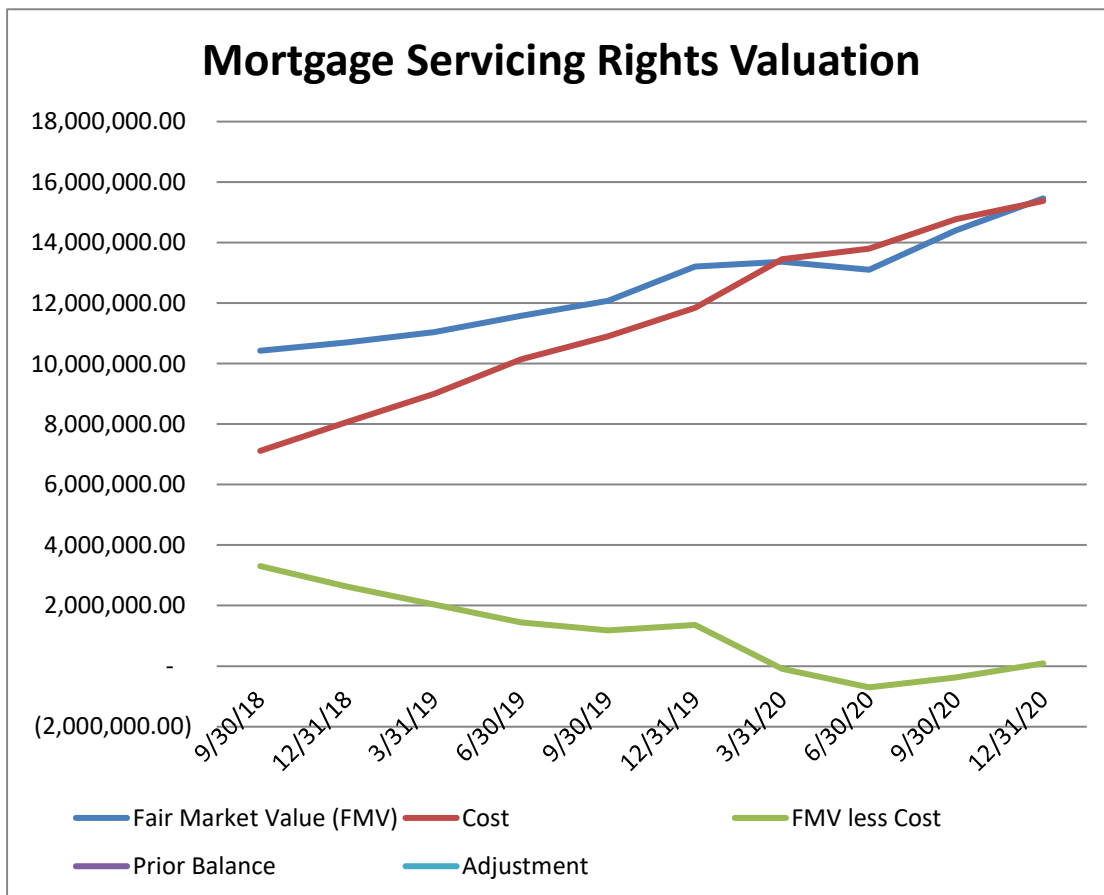
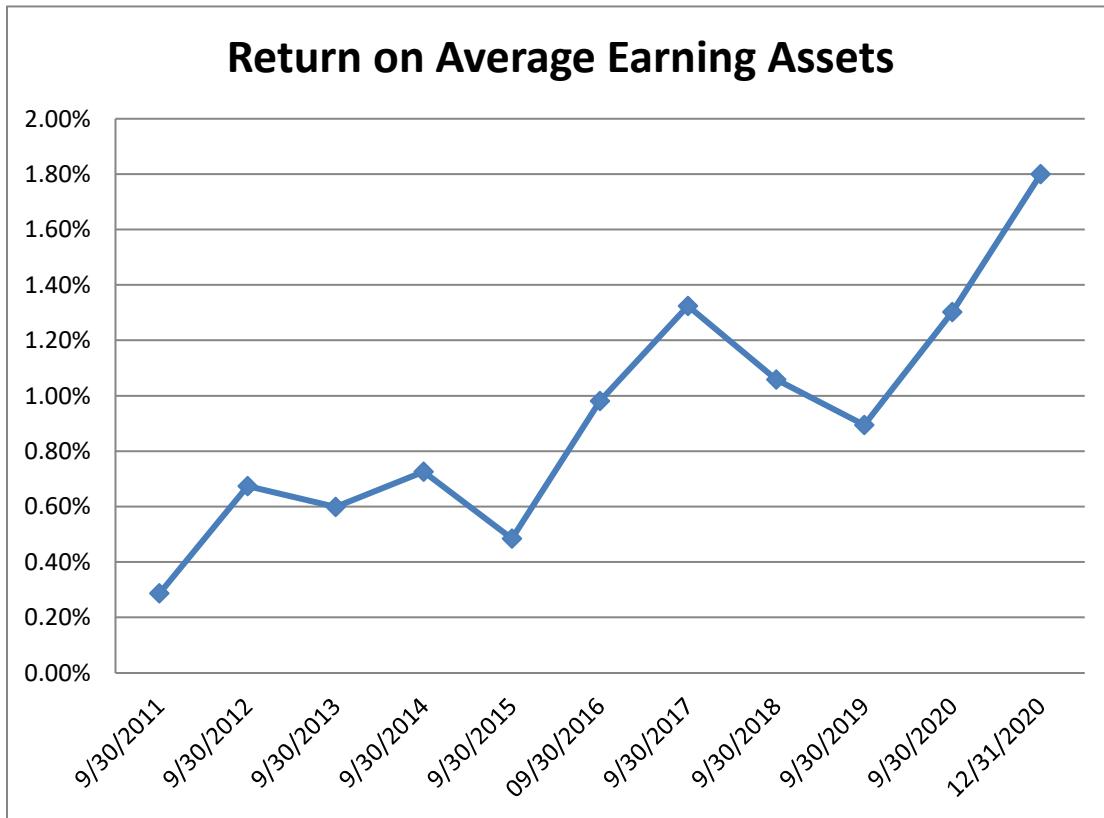


(1) Weatherization Assistance Programs; Emergency Shelter Grant; State Homeless; Housing Opportunities for People With Aids; NM State Tax Credit; Governor's Innovations; EnergySaver; Tax Credit Assistance Program; Tax Credit Exchange; Neighborhood Stabilization Program; Section 811 PRA; Homeownership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

QUARTERLY FINANCIAL GRAPHS



QUARTERLY FINANCIAL GRAPHS



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

	<u>YTD 12/31/20</u>	<u>YTD 12/31/2019</u>
<u>ASSETS:</u>		
<u>CURRENT ASSETS:</u>		
CASH & CASH EQUIVALENTS	\$36,947	\$32,104
RESTRICTED CASH HELD IN ESCROW	8,761	10,670
SHORT-TERM INVESTMENTS	-	-
ACCRUED INTEREST RECEIVABLE	4,315	4,334
OTHER CURRENT ASSETS	4,129	2,454
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	0
INTER-FUND RECEIVABLE (PAYABLE)	0	-
TOTAL CURRENT ASSETS	<u>54,151</u>	<u>49,562</u>
CASH - RESTRICTED	74,787	125,789
LONG-TERM & RESTRICTED INVESTMENTS	67,943	72,015
INVESTMENTS IN RESERVE FUNDS	-	326
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,044,889	991,832
MORTGAGE LOANS RECEIVABLE	217,218	230,787
ALLOWANCE FOR LOAN LOSSES	(6,540)	(3,980)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	1,570	1,197
OTHER REAL ESTATE OWNED, NET	740	-
OTHER NON-CURRENT ASSETS	-	-
INTANGIBLE ASSETS	15,057	11,901
TOTAL ASSETS	<u>1,469,815</u>	<u>1,479,429</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
REFUNDINGS OF DEBT	261	347
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>1,470,075</u>	<u>1,479,777</u>
<u>LIABILITIES AND NET POSITION:</u>		
<u>LIABILITIES:</u>		
<u>CURRENT LIABILITIES:</u>		
ACCRUED INTEREST PAYABLE	\$14,760	\$13,887
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	8,520	7,119
ESCROW DEPOSITS & RESERVES	8,618	10,595
TOTAL CURRENT LIABILITIES	<u>31,898</u>	<u>31,601</u>
BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	1,134,939	1,154,191
MORTGAGE & NOTES PAYABLE	33,509	44,276
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	148	163
TOTAL LIABILITIES	<u>1,200,495</u>	<u>1,230,232</u>
<u>NET POSITION:</u>		
NET INVESTED IN CAPITAL ASSETS	1,570	1,197
UNAPPROPRIATED NET POSITION (NOTE 1)	66,697	64,618
APPROPRIATED NET POSITION (NOTE 1)	201,314	183,729
TOTAL NET POSITION	<u>269,582</u>	<u>249,545</u>
TOTAL LIABILITIES & NET POSITION	<u>1,470,077</u>	<u>1,479,777</u>

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

	<u>YTD 12/31/20</u>	<u>YTD 12/31/2019</u>
<u>OPERATING REVENUES:</u>		
INTEREST ON LOANS	\$11,627	\$12,046
INTEREST ON INVESTMENTS & SECURITIES	472	957
LOAN & COMMITMENT FEES	571	885
ADMINISTRATIVE FEE INCOME (EXP)	4,607	1,654
RTC, RISK SHARING & GUARANTY INCOME	60	32
HOUSING PROGRAM INCOME	27	37
LOAN SERVICING INCOME	1,881	1,378
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	<u>19,245</u>	<u>16,990</u>
<u>NON-OPERATING REVENUES:</u>		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	1,534	1,094
OTHER NON-OPERATING INCOME	-	0
GRANT AWARD INCOME	31,799	11,622
SUBTOTAL NON-OPERATING REVENUES	<u>33,333</u>	<u>12,716</u>
TOTAL REVENUES	<u>52,578</u>	<u>29,706</u>
<u>OPERATING EXPENSES:</u>		
ADMINISTRATIVE EXPENSES	4,701	3,684
INTEREST EXPENSE	9,713	9,955
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(700)	(621)
PROVISION FOR LOAN LOSSES	0	11
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	35	35
AMORT. OF SERV. RIGHTS & DEPRECIATION	617	333
BOND COST OF ISSUANCE	535	993
SUBTOTAL OPERATING EXPENSES	<u>14,903</u>	<u>14,390</u>
<u>NON-OPERATING EXPENSES:</u>		
CAPACITY BUILDING COSTS	25	89
GRANT AWARD EXPENSE	31,122	11,136
OTHER NON-OPERATING EXPENSE	236	-
SUBTOTAL NON-OPERATING EXPENSES	<u>31,382</u>	<u>11,225</u>
TOTAL EXPENSES	<u>46,285</u>	<u>25,615</u>
NET REVENUES	6,293	4,091
OTHER FINANCING SOURCES (USES)	-	(0)
NET REVENUES AND OTHER FINANCING SOURCES(USES)	<u>6,293</u>	<u>4,091</u>
NET POSITION AT BEGINNING OF YEAR	<u>263,288</u>	<u>245,454</u>
NET POSITION AT 12/31/20	<u><u>269,581</u></u>	<u><u>249,545</u></u>

NOTES TO FINANCIAL STATEMENTS

(For Informational Purposes Only)
(Thousands of Dollars)

(Note 1) MFA Net Position as of December 31, 2020:

UNAPPROPRIATED NET POSITION:

\$ 32,509	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
\$ 33,718	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
\$ 470	held for New Mexico Affordable Housing Charitable Trust .
<u>\$ 66,697</u>	Total unappropriated Net Position

APPROPRIATED NET POSITION: GENERAL FUND

By actions of the Board of Directors on various dates, General Fund net assets have been appropriated as follows:

\$ 116,629	for use in the Housing Opportunity Fund (\$104,778 in loans plus \$11,851 unfunded, of which \$2,705 is committed).
\$ 34,165	for future use in Single Family & Multi-Family housing programs.
\$ 1,210	for loss exposure on Risk Sharing loans.
\$ 1,570	invested in capital assets, net of related debt.
\$ 15,408	invested in mortgage servicing rights.
<u>\$ 17,745</u>	for the future General Fund Budget year ending 9/30/21 (\$24,495 total budget less \$6,750 expended budget through 12/31/20.)
<u>\$ 186,727</u>	Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

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

\$ 16,157	for use in the federal and state housing programs administered by MFA.
<u>\$ 16,157</u>	Subtotal - Housing Program
<u>\$ 202,884</u>	Total appropriated Net Position
<u>\$ 269,581</u>	Total combined Net Position at December 31, 2020

Total combined Net Position, or reserves, at December 31, 2020 was \$269.6 million, of which \$66.7 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$202.9 million of available reserves, with \$87.1 million primarily liquid in the General Fund and in the federal and state Housing programs and 115.8 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 2020-2021 Budget
For the three months ended 12/31/2020

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Revenue							
Interest Income	516,962	1,663,535	1,841,629	7,366,516	178,094	5,702,981	22.58%
Interest on Investments & Securities	104,718	330,857	456,980	1,827,920	126,123	1,497,063	18.10%
Loan & Commitment Fees	15,832	37,012	2,500	10,000	(34,512)	(27,012)	370.12%
Administrative Fee Income (Exp)	2,294,872	5,507,884	2,889,219	11,556,874	(2,618,665)	6,048,990	47.66%
Risk Sharing/Guaranty/RTC fees	1,926	60,105	21,290	85,158	(38,815)	25,054	70.58%
Housing Program Income	12,936	26,854	53,607	1,104,920	26,753	1,078,066	2.43%
Loan Servicing Income	565,825	1,880,988	1,717,526	6,870,105	(163,462)	4,989,117	27.38%
Other Operating Income		-	-	500	-	500	0.00%
Operating Revenues	3,513,070	9,507,236	6,982,751	28,821,993	(2,524,485)	19,314,758	32.99%
Gain (Loss) Asset Sale/Debt Ex	2,126,336	1,374,472	(115,125)	(460,500)	(1,489,597)	(1,834,972)	-298.47%
Other Non-operating Income		-	40	160	40	160	0.00%
Non-Operating Revenues	2,126,336	1,374,472	(115,085)	(460,340)	(1,489,557)	(1,834,812)	-298.58%
Revenue	5,639,406	10,881,708	6,867,666	28,361,653	(4,014,042)	17,479,946	38.37%
Salaries	455,397	1,321,420	1,588,102	5,894,885	266,683	4,573,466	22.42%
Overtime	5,999	14,749	6,698	24,877	(8,051)	10,128	59.29%
Incentives	(347,337)	119,935	134,709	500,152	14,774	380,217	23.98%
Payroll taxes, Employee Benefits	127,961	612,706	739,846	2,870,269	127,140	2,257,562	21.35%
Compensation	242,021	2,068,809	2,469,354	9,290,183	400,545	7,221,373	22.27%
Business Meals Expense		-	1,340	5,360	1,340	5,360	0.00%
Public Information	111,521	132,177	67,724	270,895	(64,453)	138,718	48.79%
In-State Travel	(0)	(0)	30,722	122,888	30,722	122,888	0.00%
Out-of-State Travel		-	49,174	196,698	49,174	196,698	0.00%
Travel & Public Information	111,521	132,177	148,960	595,841	16,783	463,664	22.18%
Utilities/Property Taxes	5,868	18,215	18,538	74,150	323	55,936	24.56%
Leasehold Expense		-			-	-	
Insurance, Property & Liability	16,820	50,454	43,677	174,707	(6,777)	124,253	28.88%
Repairs, Maintenance & Leases	125,053	311,148	236,732	946,927	(74,416)	635,780	32.86%
Supplies	573	2,241	8,395	33,580	6,154	31,338	6.67%
Postage/Express mail	5,220	10,863	9,205	36,819	(1,658)	25,957	29.50%
Telephone	248	776	5,173	20,693	4,397	19,917	3.75%
Janitorial	3,776	10,137	10,069	40,276	(68)	30,139	25.17%
Office Expenses	157,559	403,833	331,788	1,327,153	(72,044)	923,320	30.43%
Dues & Periodicals	5,595	12,579	14,732	58,926	2,152	46,347	21.35%
Education & Training	2,903	8,707	32,845	131,380	24,138	122,673	6.63%
Contractual Services	13,123	207,640	319,730	1,272,421	112,090	1,064,781	16.32%
Professional Services-Program		-	9,600	38,400	9,600	38,400	0.00%
Direct Servicing Expenses	440,489	1,560,739	1,035,534	4,142,137	(525,204)	2,581,398	37.68%
Program Expense-Other		-	5,839	23,355	5,839	23,355	0.00%
Rebate Analysis Fees			-	-	-	-	

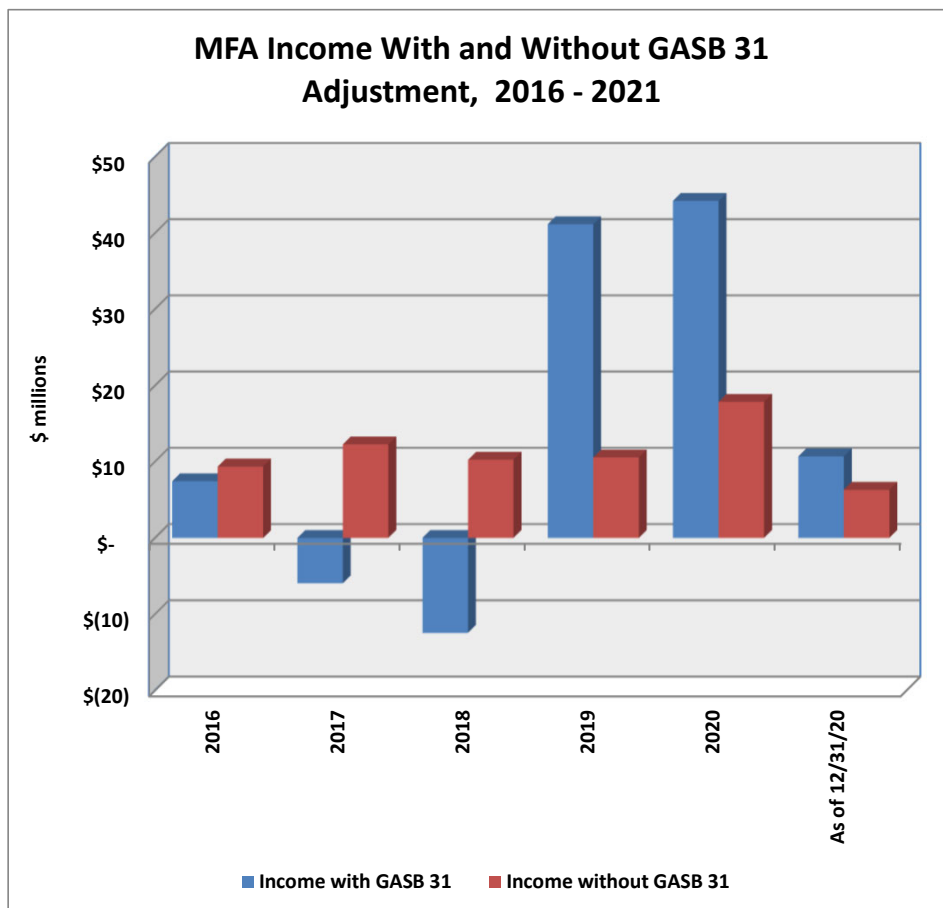
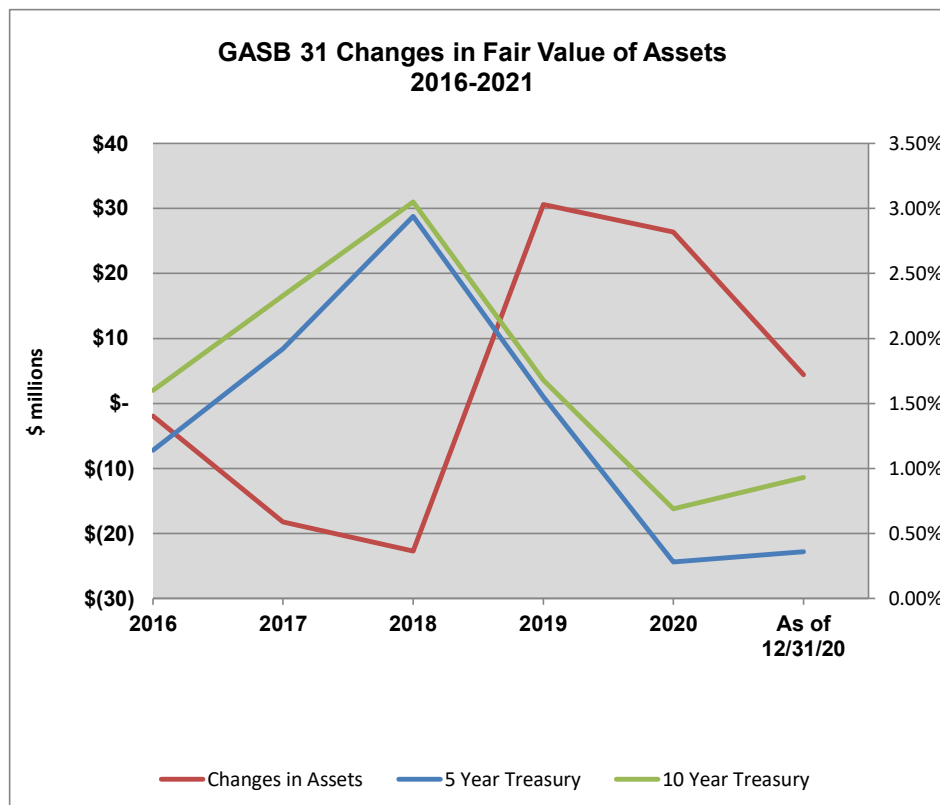
GENERAL FUND
Fiscal Year 2020-2021 Budget
For the three months ended 12/31/2020

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Other Operating Expense	462,109	1,789,665	1,418,280	5,666,619	(371,385)	3,876,954	31.58%
Interest Expense	37,215	112,933	88,452	353,809	(24,481)	240,876	31.92%
Non-Cash Expenses	214,161	616,678	531,902	2,127,607	(84,776)	1,510,929	28.98%
Expensed Assets	75,564	127,966	31,538	126,150	(96,429)	(1,816)	101.44%
Operating Expenses	1,300,150	5,252,060	5,020,274	19,487,362	(231,786)	14,235,301	26.95%
Program Training & Tech Asst	1,600	3,297	37,475	149,900	34,178	146,603	2.20%
Program Development	9,534	21,568	39,376	157,502	17,808	135,934	13.69%
Capacity Building Costs	11,134	24,865	76,850	307,402	51,985	282,537	8.09%
Non-Operating Expenses	11,134	24,865	76,850	307,402	51,985	282,537	8.09%
Expenses	1,311,284	5,276,926	5,097,125	19,794,764	(179,801)	14,517,838	26.66%
Excess Revenue over Expenses	4,328,122	5,604,782	1,770,541	8,566,890	(3,834,241)	2,962,107	65.42%

GENERAL FUND CAPITAL BUDGET
Fiscal Year 2020-2021 Budget
For the three months ended 12/31/2020

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
2690 PURCHASED SERVICING RIGHTS	381,838	1,149,230	961,187	3,844,750	(188,043)	2,695,520	29.89%
2950 COMPUTER HARDWARE	-	28,647	30,250	121,000	17,434	155,677	15.54%
2960 SOFTWARE LICENSES	-	-	-	-	-	-	
2920 FURNITURE & EQUIPMENT-10 YR	-	-	80,857	161,714	(80,857)	(161,714)	
2930 FURNITURE & EQUIP, 5 YR.	-	-	-	-	-	-	
2860 BUILDING	68,450	295,142	286,578	573,156	(79,383)	567,894	34.20%
Capital Budget	450,289	1,473,019	1,358,873	4,700,620	(330,849)	3,257,377	31.34%

New Mexico Mortgage Finance Authority
Effect of GASB31 on Financials



New Mexico Mortgage Finance Authority
Loan and Credit Line Activity
As of 12/31/2020

Lender	Purpose	Collateral	Board Authorization Date	Authority Limit	Outstanding 9/30/20	Advances	Repayments	Outstanding 12/31/20	Maturity	Interest Rate as of 12/31/20	Interest Payments this quarter
Community Banks	Fund DPA program and assist financial institutions meet CRA requirements	DPA portfolio	March 2018	5,000,000	-	-	-	-	n/a	n/a	
FHLB	Mortgage Backed Security Warehouse, Loans Held for Sale Program	Mortgage loan pipeline	October 2017	60,000,000	20,000,000	40,000,000	40,000,000	20,000,000	3/11/2021	0.70%	37,848
FHLB	Mortgage Backed Security Warehouse, Loans Held for Sale Program & operations	Securities	October 2017	25,000,000	10,000,000	-	-	10,000,000	3/26/2021	2.48%	62,000
USDA-RD	Preservation Revolving Loan Fund Demonstration Program	PRLF mortgage loans	September 2015	2,125,000	-	-	-	-	n/a	n/a	
SBIC	Capitalize Primero Loan Fund	None	April 2014, March 2019	2,500,000	-	1,000,000	-	1,000,000	11/30/2023	2.00%	-
FHLB	Mortgage Revenue Bond (MRB) Warehousing	MRB Mortgage backed securities	June 2013	30,000,000	-	-	-	-	n/a	n/a	
Wells Fargo	Capitalize Primero Loan Fund	None	October 2011	850,000	850,000	-	-	850,000	11/15/2023	2.00%	4,250
USDA-RD	Preservation Revolving Loan Fund Demonstration Program	PRLF mortgage loans	May 2011	2,000,000	1,659,165	-	-	1,659,165	1/20/2042	1.00%	-
TOTAL				122,475,000	32,509,165	41,000,000	40,000,000	33,509,165			104,098

Tab 2

**December 31, 2020 Quarterly Investment Review
Agenda for Discussion at Finance Committee Meeting
Meeting Date: February 9, 2021**

For reference:

Minutes of the February 9, 2021 investment discussion during the Finance Committee meeting.

For discussion:

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

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

**New Mexico Mortgage Finance Authority
Minutes of Quarterly Investment Review
(Taking place during the Finance Committee November 10, 2020)**

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

MFA Staff Present: Izzy Hernandez, Gina Hickman, Jeff Payne, Yvonne Segovia, Cooper Hall

- Report being presented is as of December 31, 2020.
- Compliance Report (Diversification and Asset Allocation): Hall reviewed the General Fund Investment Compliance Report. He informed the committee that all asset allocations were in compliance, but the long term and intermediate term asset class time horizons were in non-compliance with policy. MFA liquidated \$3.7 million from the SIC on October 1st to support short term cash. On January 1st MFA liquidated \$1.5 million from the SIC to bring the asset class time horizons into compliance.
- Hickman reviewed the updates to the compliance report to include asset class time horizon compliance.
- Portfolio Summary- Short & Intermediate Term Investments: Hall reviewed asset classes and yield/ returns. He also mentioned MFA purchased one new bond security during the quarter due to maturities. Hall informed the committee two bonds matured in December that were not reinvested until January.
- Portfolio Summary- Long Term Investments Including State Investment Council Investments: Hall reviewed market values, rates of returns and realized gain/loss data for the mortgage backed securities and the State Investment Council (SIC) funds.
- Portfolio Summary- Housing Trust Fund: Hall reminded the committee that the Housing Trust Fund is 100% invested in the SIC Core Plus Bond Fund. He also informed the committee of the Funds market value, rate of return and realized gain/loss data.
- Hall reviewed interest income detail, benchmarks and noted changes in economic indicators.
- Changes in the interest rate environment and related impacts were discussed during the presentation.

General Fund:

Asset Class	12/31/20 Balance	Yield/Rate of Return	Benchmark Rate of Return
Cash Held for Operations/Warehoused MBS	\$6,022,278	Various	n/a
Local Government Investment Pool	4,617,760	0.17%	n/a
Bond Ladder	14,051,053	1.41%	1.03%
MFA's Mortgage Backed Securities-Intermediate Term	6,860,938	5.18%	n/a
MFA's Mortgage Backed Securities-Long Term	4,773,598	3.67%	n/a
Core Plus Bond Fund-Active (SIC)	9,709,823	2.45%	0.67%
Large Cap Index Equity Fund (SIC)	10,392,048	12.23%	13.69%
Small/Mid Cap Fund (SIC)	2,955,697	22.25%	28.20%
Non-US Developed Markets Fund (SIC)	3,360,443	12.43%	17.81%
Non-US Emerging Markets Fund (SIC)	992,719	14.93%	19.70%

Housing Trust Fund:

Asset Class	12/31/20 Balance	Yield/Rate of Return	Benchmark Rate of Return
Core Plus Bond Fund-Active (SIC)	\$15,913,440	2.64%	0.67%

INVESTMENT REPORT – EXECUTIVE SUMMARY FOR THE FIRST QUARTER OF FISCAL YEAR 2021

1. On October 1st MFA liquidated \$3.7 million from the State Investment Council (SIC) portfolio to rebalance asset allocations and to support short-term cash. Currently two of the asset allocations by asset class time horizons (i.e., short, intermediate and long) are in non-compliance with the investment policy ranges. However, all individual asset classes are following policy. MFA continues to experience fluctuations in fair value of the SIC portfolio which makes it difficult to maintain asset class policy levels. A \$1.5 million liquidation from the SIC was initiated in December and processed by the SIC in January to rebalance short, intermediate, and long-term asset allocations impacted due to the \$2.1 million of SIC portfolio appreciation in November. Then again in December the portfolio experienced appreciation of approximately \$913 thousand. In addition, 2 bond ladder securities matured in late December and were not reinvested until early January. Staff is evaluating needs to rebalance each month, but the impact of those redemptions is delayed by a month due to the SIC reporting and withdrawal policies.
2. During the first quarter of FY 2021, staff purchased one security for the bond ladder due to a maturity.
3. Due to federal fiscal policy and the Federal Open Market Committee lowering the targeted range of the federal funds rate to 0%-.25% in March, we are continuing to experience low yields in our fixed income portfolios, however the bond ladder is performed above the benchmark.
4. The State Investment Council portfolio has started FY 2021 with strong performance. It is currently outperforming the target yield of 5%, with a yield of 10.14% as of December 31, 2020. Realized fair market value gains for the first quarter of the fiscal year were \$2,693,028. This strong performance in the portfolio was largely driven by MFA's allocations in equities. Domestic Large Cap Equities returned 12.23%. The Small- Mid Cap Fund returned 22.25%.
5. The Housing Trust Fund State Investment Council portfolio, which is 100% invested in a core bond fund experienced a return of 2.64%.

6. As of the first quarter of FY2021 interest income is 16% of total budgeted interest income. As anticipated, changes in the interest rate environment experienced in the second quarter of FY2020 have impacted yields. While interest income budgets were estimated to include the impacts of current federal fiscal policy, all asset classes except mortgage backed securities are experiencing negative budget variances.
7. Historically the State Investment Council portfolio has performed well when compared to established benchmarks. In the first quarter of FY 2021, equity funds underperformed benchmarks. The Core Plus Bond fund outperformed its benchmark.
8. As of December 31, 2020, MFA's General Fund and Housing Trust Fund balances are as follows:

General Fund:

Asset Class	12/31/20 Balance	Yield/Rate of Return	Benchmark Rate of Return
Cash Held for Operations/Warehoused MBS	\$6,022,278	Various	n/a
Local Government Investment Pool	4,617,760	0.17%	n/a
Bond Ladder	14,051,053	1.41%	1.03%
MFA's Mortgage Backed Securities-Intermediate Term	6,860,938	5.18%	n/a
MFA's Mortgage Backed Securities-Long Term	4,773,598	3.67%	n/a
Core Plus Bond Fund-Active (SIC)	9,709,823	2.45%	0.67%
Large Cap Index Equity Fund (SIC)	10,392,048	12.23%	13.68%
Small/Mid Cap Fund (SIC)	2,955,697	22.25%	28.20%
Non-US Developed Markets Fund (SIC)	3,360,443	12.43%	17.81%
Non-US Emerging Markets Fund (SIC)	992,719	14.93%	19.70%

Housing Trust Fund:

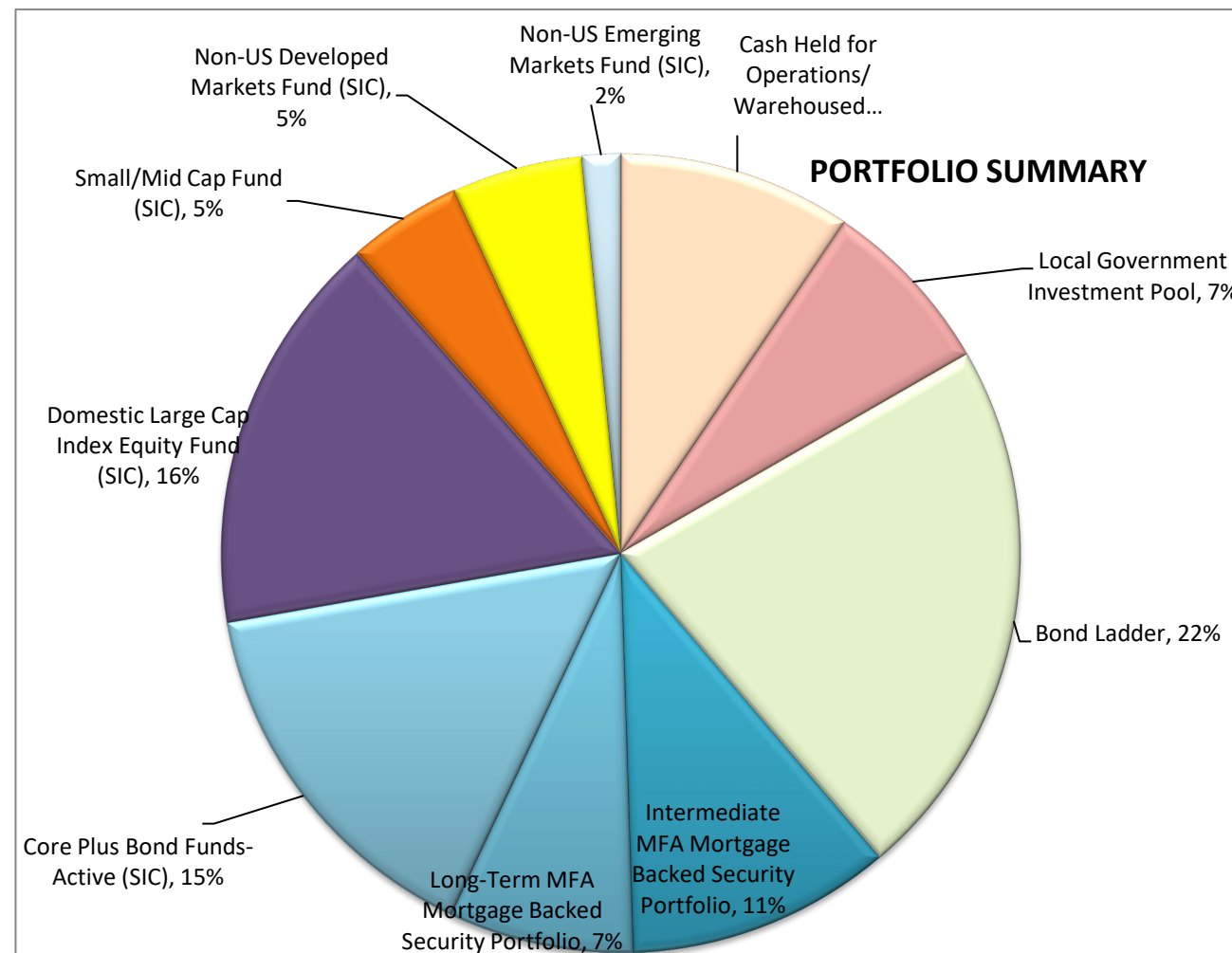
Asset Class	12/31/20 Balance	Yield/Rate of Return	Benchmark Rate of Return
Core Plus Bond Fund-Active (SIC)	\$15,913,440	2.64%	0.67%



GENERAL FUND INVESTMENT COMPLIANCE REPORT FOR QUARTER 1 (AS OF December 31, 2020)

ASSET CLASS	Policy Requirement Target	Policy Requirement Range	Current Portfolio Carrying Value	Portfolio Weighting by Investment Horizon	Portfolio Weighting by Asset Class	Within \$ Limit Range	Action Plan
Short-Term Investments (Less than 1 year)	20%	15%-25%	\$ 10,640,038	17%		Yes	
Cash Held for Operations/Warehoused MBS*	14%	9%-19%	\$ 6,022,278		9%	Yes	
Local Government Investment Pool	6%	1%-11%	\$ 4,617,760		7%	Yes	
Intermediate-Term Investments (1 to 10 years)	40%	35%-45%	\$ 20,911,990	33%		No	
Bond Ladder	27%	22%-32%	\$ 14,051,053		22%	Yes	
Intermediate MFA Mortgage Backed Security Portfolio	13%	8%-18%	\$ 6,860,938		11%	Yes	
Long-Term Investments (More than 10 years)	40%	35%-45%	\$ 32,184,329	50%		No	
Long-Term MFA Mortgage Backed Security Portfolio	4%	0%-9%	\$ 4,773,598		7%	Yes	
Core Plus Bond Funds-Active (SIC)	12%	7%-17%	\$ 9,709,823		15%	Yes	
Domestic Large Cap Index Equity Fund (SIC)	11%	6%-16%	\$ 10,392,048		16%	Yes	
Small/Mid Cap Fund (SIC)	5%	0%-10%	\$ 2,955,697		5%	Yes	
Non-US Developed Markets Fund (SIC)	6%	1%-11%	\$ 3,360,443		5%	Yes	
Non-US Emerging Markets Fund (SIC)	2%	0%-7%	\$ 992,719		2%	Yes	
			\$ 63,736,358		100.00%		

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



SIC FUND ALLOCATION

	Policy	Actual
SIC Core Plus Bond-Active	33%	35%
SIC Large Cap Index Equity	31%	38%
Small/Mid Cap Index	14%	11%
Non-US Developed Markets	17%	12%
Non-US Emerging Markets	5%	4%

BOARD ACTIONS

August 2005 - approved General Fund Investment
February 2008 - approved new Large Cap Index ETF Pool
January 2009 - approved Revision to Investment Policy
October 2010 - Approved Revision to Investment Policy
May 2011 - Approved revision to Investment Policy
April 2012 - Approved revision to Investment Policy
April 2013 - Approved revision to Investment Policy
April 2016 - Approved revision to Investment Policy
October 2017 - Approved revision to Investment Policy
December 2020-Board affirmed current Investment Policy



PORTFOLIO SUMMARY - Short & Intermediate Investments

General Fund

Short-Term

Cash Held for Operations/Warehoused MBS*
Local Government Investment Pool

Intermediate-Term

Bond Ladder
MFA Mortgage Backed Security Portfolio
Yield to Maturity for Intermediate-Term Investments

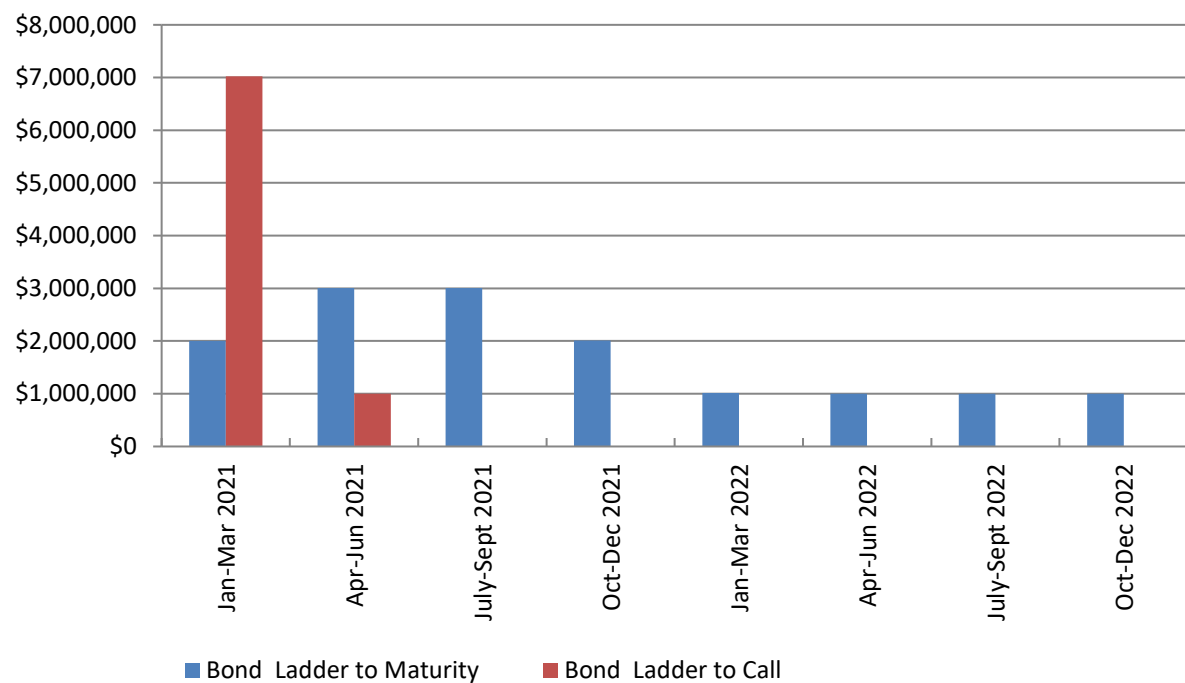
Total Short & Intermediate-Term

	Book Value YTD/Quarter 1 as of 12/31/2020	Book Value YTD/Quarter 1 as of 12/31/2019	Unrealized Gain/Loss YTD/Quarter 1 as of 12/31/2020	Yield to Maturity YTD/Quarter 1 as of 12/31/2020	Yield to Maturity YTD/Quarter 1 as of 12/31/2019
Cash Held for Operations/Warehoused MBS*	\$ 6,022,278	\$ 7,297,796	N/A	Various	Various
Local Government Investment Pool	\$ 4,617,760	\$ 4,689,758	N/A	0.17%	1.66%
Bond Ladder	\$ 14,051,053	\$ 19,070,166	\$ 90,167	1.41%	2.09%
MFA Mortgage Backed Security Portfolio	\$ 6,860,938	\$ 9,108,873	\$ 556,608	5.18%	5.20%
Yield to Maturity for Intermediate-Term Investments				2.83%	3.10%
Total Short & Intermediate-Term	\$ 31,552,028	\$ 40,166,593	\$ 646,775		

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

**Weighted average maturity.

BOND LADDER TO CALL AND MATURITY AS OF December 31, 2020



BOND LADDER SECTOR ALLOCATION

	Book Value	% of Total Dollars
Fannie Mae	\$ 2,027,037	14%
Federal Farm Credit Bank	\$ 2,002,728	14%
Federal Home Loan Bank	\$ 7,015,935	50%
Freddie Mac	\$ 3,005,353	21%
Total	\$ 14,051,053	100%

INVESTMENTS PURCHASED IN THE FOURTH QUARTER OF FY 2020

Date Purchased	Security	Interest Rate	YTM/YTC	Dollar Amount
12/15/2020	FHLMC	0.200%	0.200%	\$ 1,000,000

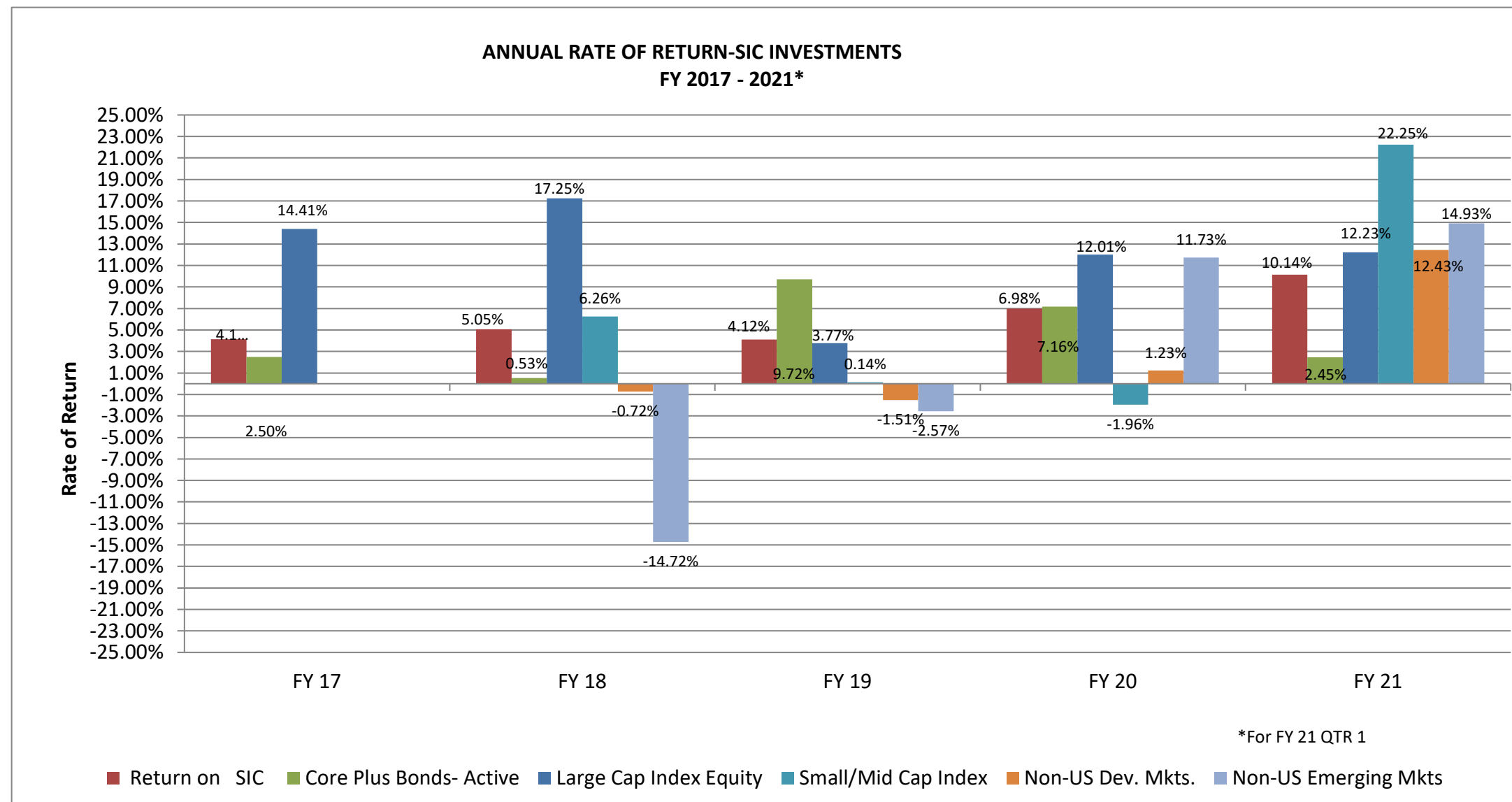


PORTFOLIO SUMMARY - Long Term Investments Including State Investment Council Investments

General Fund Long Term	Book/Market Value	Book/Market Value	Unrealized/Realized**	Rate of Return	Rate of Return
	YTD/Quarter 1 as of 12/31/2020	YTD/Quarter 1 as of 12/31/2019	Gain/Loss YTD/Quarter 1 as of 12/31/2020	YTD/Quarter 1 as of 12/31/2020 *	YTD/Quarter 1 as of 12/31/2019 *
MFA's Mortgage Backed Securities Portfolio	\$ 4,773,598	\$ 2,061,470	\$ 271,714	3.67%	5.19%
State Investment Council (SIC):					
Core Plus Bond Fund-Active	\$ 9,709,823	\$ 8,880,467	\$ 164,330	2.45%	0.68%
Domestic Large Cap Index Equity Fund	\$ 10,392,048	\$ 9,497,145	\$ 1,210,966	12.23%	8.64%
Small/Mid Cap Fund	\$ 2,955,697	\$ 3,869,755	\$ 702,049	22.25%	10.11%
Non-US Developed Markets Fund	\$ 3,360,443	\$ 4,365,814	\$ 452,470	12.43%	7.95%
Non-US Emerging Markets Fund	\$ 992,719	\$ 1,238,879	\$ 163,213	14.93%	12.16%
Total State Investment Counsel	\$ 27,410,731	\$ 27,852,060	\$ 2,693,028	10.14%	6.28%
Total Long-Term Investments	\$ 32,184,329	\$ 29,913,530	\$ 2,964,742		

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

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



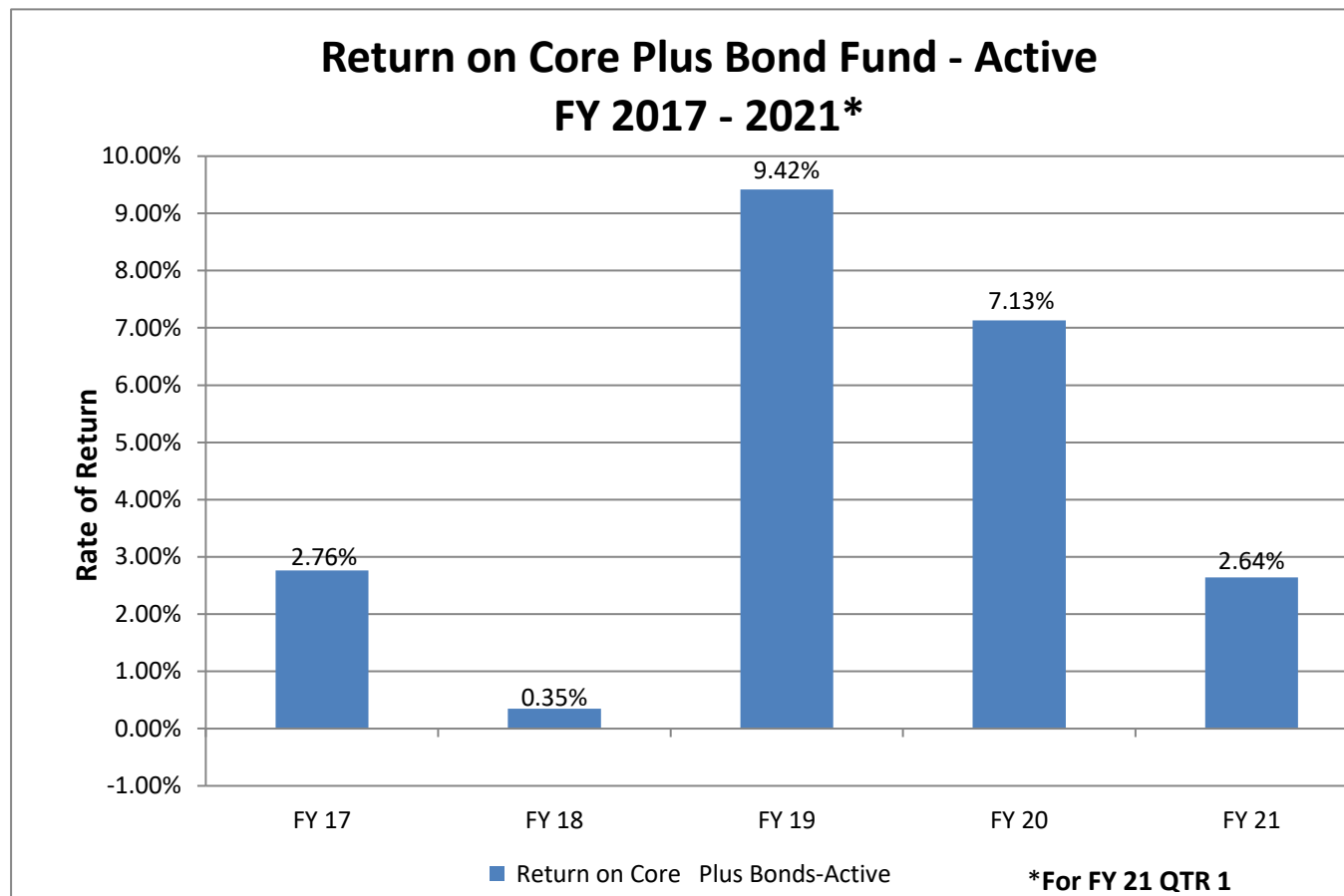


PORTFOLIO SUMMARY - Housing Trust Fund

	Market Value YTD/Quarter 1 as of 12/31/2020	Market Value YTD/Quarter 1 as of 12/31/2019	Realized Gain/Loss YTD/Quarter 1 as of 12/31/2020	Rate of Return YTD/Quarter 1 as of 12/31/2020	Rate of Return YTD/Quarter 1 as of 12/31/2019
Housing Trust Fund					
State Investment Council (SIC): Core Plus Bond Fund-Active	\$ 15,913,440	\$ 14,584,473	\$ 285,903	2.64%	0.68%
Total State Investment Council	\$ 15,913,440	\$ 14,584,473	\$ 285,903	2.64%	0.68%

SIC FUND ALLOCATION

SIC Core Plus Bond-Active	100%	100%
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GENERAL FUND INVESTMENT PORTFOLIO - METRICS

Asset Class	S&P Rating	Moody's Rating	Annual Interest Income (Budget) FY2021	Actual Annual Interest Income YTD/Quarter 1 9/30/2021	Interest Income Earned of Total Budget YTD/Quarter 1 9/30/2021
Cash Held for Operations/Warehoused MBS	N/R	N/R	\$ 75,760	\$ 562	1%
Local Government Investment Pool	AAAm	N/R	\$ 55,769	\$ 2,636	5%
Bond Ladder			\$ 190,620	\$ 35,803	19%
Fannie Mae	N/R	Aaa/Stable			
Federal Farm Credit Bank	N/R	Aaa/Stable			
Federal Home Loan Bank	N/R	Aaa/Stable			
Freddie Mac	N/R	Aaa/Stable			
MFA Mortgage Backed Security Portfolio	N/R	Aa3/Stable	\$ 443,273	\$ 109,993	25%
Intermediate Term	AA+	Aa3/Stable			
Long-Term	AA+	Aa3/Stable			
State Investment Council			\$ 1,050,000	\$ 138,489	13%
Core Plus Bond Fund-Active	N/R	N/R			
Large Cap Index Equity Fund	N/R	N/R			
Small/Mid Cap Fund	N/R	N/R			
Non-US Developed Markets Fund	N/R	N/R			
Non-US Emerging Markets Fund	N/R	N/R			
			<u>\$ 1,815,422</u>	<u>\$ 287,484</u>	<u>16%</u>

Asset Class Benchmarks	Yield to Maturity/ Rate of Return YTD/Quarter 1 9/30/2021	Benchmark Yield/Rate of Return	
State Investment Council			
Core Plus Bond Fund-Active	2.45%	0.67%	Barclays US Agg Total Return Value
Large Cap Index Equity Fund	12.23%	13.69%	Russell 1000 Index-US Large Cap Equity
Small/Mid Cap Fund	22.25%	28.20%	Average ⁽¹⁾
Non-US Developed Markets Fund	12.43%	17.81%	Average ⁽²⁾
Non-US Emerging Markets Fund	14.93%	19.70%	MSCI Emerging Markets Index (Net)
Cash Held for Operations/Warehoused MBS	Various	N/A	
Local Government Investment Pool	0.17%	N/A	
Bond Ladder	1.41%	1.03%	
MFA Mortgage Backed Security Portfolio			
Intermediate Term	5.18%		
Long-Term	3.67%		

(1) Average of the following benchmarks:

Russell Mid Cap Index
Russell 2000 Value Index
Russell 2000 Index

(2) Average of the following benchmarks:

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

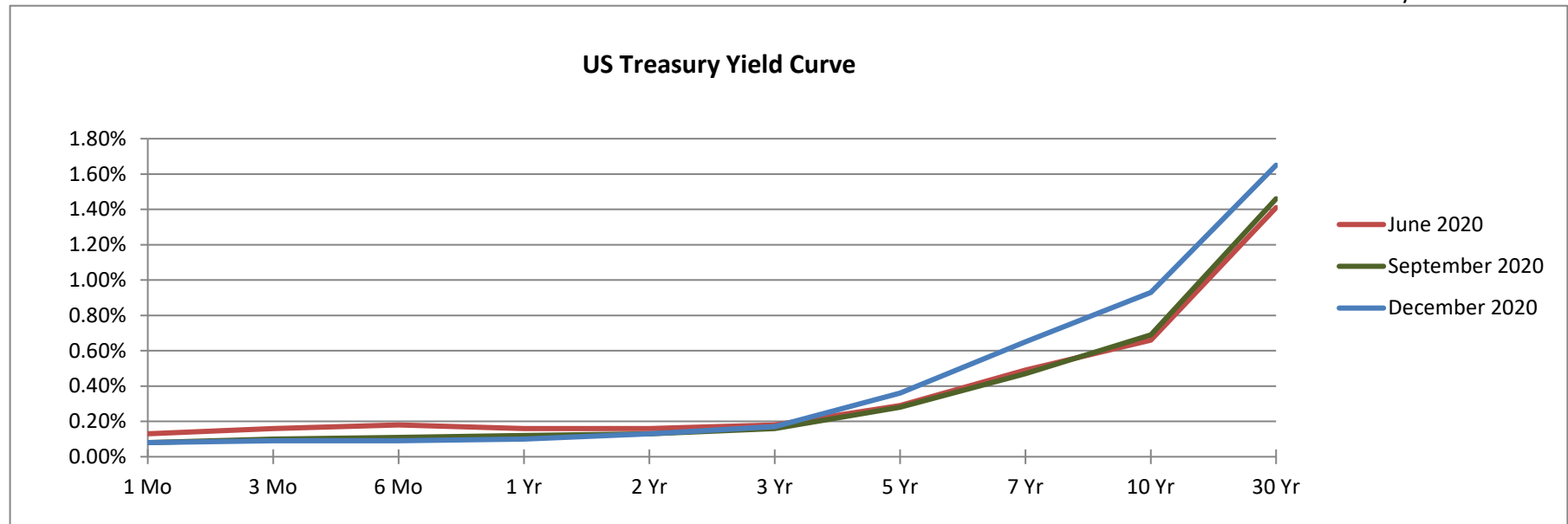


Economic Indicators

12/31/2020 12/31/2019

Federal Funds Rate	0.09%	1.55%
Consumer Price Index (yoy)	1.40%	2.30%
Unemployment Rate	6.70%	3.50%
Real GDP (yoy)	-2.50%	2.10%
DJIA*	10.73%	6.67%

*Cumulative return for the period 10/1 through 12/31 which is one quarter of each respective fiscal year.



	1 Mo	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	30 Yr
June 2020	0.13%	0.16%	0.18%	0.16%	0.16%	0.18%	0.29%	0.49%	0.66%	1.41%
September 2020	0.08%	0.10%	0.11%	0.12%	0.13%	0.16%	0.28%	0.47%	0.69%	1.46%
December 2020	0.08%	0.09%	0.09%	0.10%	0.13%	0.17%	0.36%	0.65%	0.93%	1.65%

Source: U.S. Department of the Treasury

Tab 3



NEW MEXICO MORTGAGE FINANCE AUTHORITY
Contracted Services/Credit Committee Meeting
Tuesday, February 9, 2021 @ 10:00 a.m.
MFA – Albuquerque

Webex join the meeting from the calendar or call
1-844-992-4726 (access code) 962 010 116

AGENDA ITEM	Time Allotted	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
<u>Recommended for consent agenda</u>	10:00 – 10:15		YES
1 Approval to release the HOME Investment Partnership Rehabilitation Program NOFA (Amy Gutierrez/John Garcia)		3-0	
2 Approval to release the Veterans Housing Rehabilitation and Modification Program (VHRMP) NOFA through the Affordable Housing Charitable Trust (Amy Gutierrez/John Garcia)	10:15 – 10:30	3-0	YES
<u>Agenda</u>	10:30 – 11:00		YES
3 San Roque Apartments HOME, NMHTF, NHTF Loan Requests (Jacobo Martinez/George Maestas)		3-0	
4 Approval of Executive Director for Northern Regional Housing Authority (John Garcia)	11:00 – 11:15	3-0	YES
Questions/Comments from Committee	11:15 – 11:30	✓	

Committee Members present:

Rebecca Wurzbarger, Chair	<input type="checkbox"/> present	<input type="checkbox"/> absent	✓ conference call
Attorney General Hector Balderas or Sally Malavé	<input type="checkbox"/> present	<input type="checkbox"/> absent	✓ conference call
Rosalyn Nguyen Chafey	<input type="checkbox"/> present	<input type="checkbox"/> absent	✓ conference call

Didoro R. Hernandez

TO: MFA Board of Directors

Through: Contracted Services – February 9, 2021

Through: Policy Committee – February 1, 2021

FROM: Amy Gutierrez, HOME Rehabilitation Program Manager

DATE: February 17, 2021

RE: Approval to release a Notice of Funding Availability (NOFA) for the HOME Investment Partnerships Program (HOME) Rehabilitation Program

Recommendation:

Staff recommends approval to release the HOME Rehabilitation Program NOFA to all counties throughout the State of New Mexico.

Background:

The New Mexico Mortgage Finance Authority ("MFA") has allocated a portion of the Federal HOME Investment Partnerships Program ("HOME") award for the HOME Rehabilitation program. The 2020 Department of Housing and Urban Development (HUD) HOME award allocations were approved by the MFA Board on March 18, 2020. The HOME Rehabilitation program received \$6,063,878 for the program year. The balance and the amount available for release under this NOFA is **\$4,804,398** which includes a ten (10) percent administrative award. Three (3) percent of the administrative award is issued to the agencies and a seven (7) percent administrative award remains at MFA.

Purpose:

The HOME Rehabilitation Program helps income eligible qualified homeowners who lack the resources necessary to make essential home repairs and improvements. This assistance can be used to make energy saving conservation improvements, eliminate health and safety hazards, enhance accessibility for a disabled or elderly person, structural alterations and reconstruction, repair or replacement of major housing systems, add or replace roofing, reconditioning of plumbing systems, install or replace a septic system, and general property improvements that are non-luxury in nature. The purpose of this program is to provide funding for the rehabilitation of homes occupied by qualified income eligible homeowners. Eligibility for the Homeowner Rehabilitation program requires that homeowners have an annual household income that does not exceed 80 percent of the area median income, adjusted for family size.

The purpose of this request is to release this NOFA to agencies, who are knowledgeable, skilled, and experienced in managing federal funding and that can provide HOME Rehabilitation services for essential home improvements to all income eligible qualified homeowners. Agencies will be selected based on their capacity, experience, and the ability to provide HOME Rehabilitation services.

Discussion:

Staff requests approval to release this NOFA as an outreach effort to encourage qualified, capable agencies, that can provide HOME Rehabilitation services to all counties across the State of New Mexico.

Final selection of applicants will be made by MFA pursuant to all requirements and guidelines specified in the NOFA. Once an Offeror has been approved as an eligible agency, reservations are on a first come, first served basis. If program funds have been fully committed, MFA may allocate additional HOME funds into this NOFA if they are available.

Veteran's Housing Rehabilitation & Modification Program (VHRMP)

A portion of the HOME Rehabilitation funding under this NOFA may be used as leverage funding in conjunction with the Veteran's Housing Rehabilitation and Modification Pilot Program (VHRMP) NOFA.

The VHRMP requires matching and leverage funding to participate. MFA will provide matching funds; however, the agency must provide the required leverage funding. The agency can use a portion of their HOME Rehabilitation award or any other allowable federal funding as leverage for the VHRMP program.

Summary:

Staff recommends approval to release the HOME Rehabilitation NOFA to the public on February 17, 2021 upon Board approval. The NOFA will then be awarded to the agencies that met minimum qualifications for this funding on March 10, 2021.

Thank you for your consideration of this proposal.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
NOTICE OF FUNDING AVAILABILITY (NOFA)

**HOME Investment Partnerships Program
(HOME) Rehabilitation Program**



February 17, 2021

**New Mexico Mortgage Finance Authority (MFA)
Notice of Funds Availability (NOFA)**

**HOME Investment Partnerships Program
(HOME) Rehabilitation Program**

February 17, 2021

Introduction and Background

New Mexico Mortgage Finance Authority (MFA) is a governmental instrumentality, separate and apart from the state, created by the Mortgage Finance Authority Act, N.M. Stat. Ann. Sections 58-18-1 1978 *et seq.* (1978) for the purpose of financing affordable housing for low- and moderate-income New Mexico residents.

The New Mexico Mortgage Finance Authority ("MFA") has allocated a portion of the Federal HOME Investment Partnerships Program ("HOME") funds administered by MFA for a HOME Rehabilitation Program (the "Program"). In the event of a conflict between the provisions of this NOFA and the provisions of the "Service/Performance Agreement", the provisions of the Service/Performance Agreement shall control. MFA may amend the provisions of this NOFA by Program Notice.

The 2020 Department of Housing and Urban Development (HUD) HOME award allocations were approved by the MFA Board on March 18, 2020. The HOME Rehabilitation Program received \$6,063,878 for the Program year. The balance and the amount available for release under this NOFA is **\$4,804,398** which includes a three (3) percent administrative award to the agencies and a seven (7) percent administrative award to MFA for a total of ten (10) percent.

Purpose

The purpose of this NOFA is to invite the submittal of qualification statements, in accordance with established MFA minimum qualifications, from qualified, capable agencies, who are knowledgeable, skilled, and experienced in managing federal funding and that can provide HOME Rehabilitation services for essential home improvements to all income eligible qualified homeowners. Agencies will be selected based on their capacity, experience, and the ability to provide HOME Rehabilitation services.

These improvements include but are not limited to making energy saving conservation improvements, eliminating health and safety hazards, enhancing accessibility for a disabled or elderly person, structural alterations and reconstruction, repair or replacement of major housing systems, adding or replacing roofing, reconditioning plumbing, installing or replacing a septic system, and general property improvements that are non-luxury in nature. The purpose of this program is to provide funding for the rehabilitation of homes occupied by qualified income eligible homeowners. Funding of up to \$85,000 may be available to homeowners whose annual household income does not exceed eighty percent (80%) of the area median income, adjusted for family size for the HOME Rehabilitation Program.

Contact Person

Applicants are encouraged to direct all questions regarding the **HOME Investment Partnerships Program (HOME) Rehabilitation Program** Notice of Funding Availability ("NOFA") and Funding Application Guidelines to the Ask A Question (AAQ) on the MFA website. Questions can be submitted through the Ask A Question (AAQ) on the MFA website at: www.housingnm.org

The AAQ will be open upon release of this initial round of funding under this NOFA and will close on **Monday, March 8th, 2021 at 4:00PM, MST**. All questions must be submitted through the AAQ and will be answered within 2 business days.

Any applicants applying to all other subsequent rounds of funding after the closing date of this NOFA are encouraged to contact:

Amy Gutierrez
HOME Rehabilitation Program Manager
New Mexico Mortgage Finance Authority
344 Fourth Street SW
Albuquerque, NM 87102
Toll Free Statewide 1.800.444.6880
E-mail: agutierrez@nmhousing.org

Application Submission and Due Date

To be considered for initial funding under this NOFA, completed applications must be received and electronically date stamped no later than **Wednesday, March 10th, 2021 at 4:00PM, MST**. Subsequent rounds of funding under this NOFA will only be held if funds are available.

If funds remain following the initial funding round, MFA will post an announcement on its website stating the amount of funds still available to be awarded. Thereafter, applications must be received no later than 45 days after the date the announcement was posted to the website. If sufficient funds are not available to fund all projects in a funding round, the first qualified project that is submitted by an eligible agency will be awarded funds, followed by the next qualified project, etc. until the remaining funds are no longer sufficient to fulfill the next project. For all subsequent funding rounds added to this NOFA, MFA will post an announcement on its website stating the amount of funds added to this NOFA that are currently available to be awarded.

Application forms will be provided electronically and may be downloaded from MFA's website at <http://www.housingnm.org/developers>.

Requested documentation must be provided, in order, according to the attached checklist. Forms provided by MFA must be used. All requested documents must be submitted as one electronic PDF document to kpatterson@housingnm.org no later than **Wednesday, March 10th, 2021 at 4:00PM, MST**. Proposals received after the deadline will not be considered. Submissions must state in the e-mail subject line "Response to HOME Rehabilitation NOFA". Submissions will be reviewed after the established deadline for submission receipt. Submissions will not be opened publicly and will not be available for public inspection until after the list of approved providers has been finalized.

Minimum Threshold Requirements

To be considered for funding, an applicant must first demonstrate that it meets each of the following threshold criteria:

Only those Offerors who meet the following minimum threshold qualification requirements are eligible to apply to this NOFA.

1. The application is complete and legible, including all attached [Exhibits](#), and is submitted by the application deadline.
2. The application complies with all applicable requirements established in this NOFA.
3. The applicant provides sufficient evidence of its ability to undertake and complete the proposal in the areas of financing, customer outreach, project outreach, rehabilitating, developing, and managing a HOME Rehabilitation project.
4. The application provides sufficient evidence that the proposed project is financially and technically feasible and includes a proposed budget and performance schedule for the proposed project.

Applications that do not meet all the threshold requirements will not receive further consideration for funding. The applicant will receive a letter by email and the U.S. Postal Service stating, why the application was ineligible.

Applicant Eligibility Requirements

Eligible applicants include non-profit organizations, for-profit organizations, governmental housing agencies, regional housing authorities, governmental entities, governmental instrumentalities, tribal governments, tribal housing agencies, builders, corporations, limited liability companies, partnerships, joint ventures, syndicates, associations, or other entities that can assume contractual liability and legal responsibility by executing one or more written agreements entered into with MFA. Participating recipients must be approved by MFA and must have demonstrated experience and capacity to conduct eligible activities that meet the requirements of *24 CFR 93.200*.

To be eligible to receive HOME Investment Partnerships Program (HOME) Rehabilitation Program funding, an Offeror must meet the following **Applicant Eligibility Requirements**:

For-profit organizations:

1. Offeror must be able to provide housing rehabilitation related services to persons of low or moderate income.
2. Offeror must be formed as an organization under state, local, or tribal laws and provide proof of such organization and that the applicant is in good standing with HUD or as applicable.
3. Offeror must have a functioning accounting system that is operated in accordance with Generally Accepted Accounting Principles (GAAP) or has designated an entity that will maintain such an accounting system that is consistent with GAAP. **Accounting Practices Certification - [Exhibit D](#)**
4. Offeror must provide one copy of an independent Certified Public Accountant (CPA)'s auditor's report (audit) conducted in accordance with Government Auditing Standards (GAS) or a recent approval audit letter from MFA. The GAS audit will include an independent auditor's report on the following: 1) financial statements; and 2) internal control over financial reporting and compliance. If Offeror receives \$750,000 in federal funds, a [single audit](#) is required pursuant to *2 CFR 200.501*. The following types of audit findings may disqualify Offeror from funding:
 - Repeat and unresolved audit findings or any pending investigations.
 - If Offeror has received greater than \$750,000 in funding and the single audit did not

meet the requirements of 2 CFR 200.500-520.

- For single audit, no proof of federal audit clearinghouse submission (FORM SF-SAC) and, if governmental entity, proof is not included of current audit submission to the Office of the New Mexico State Auditor.
- If referenced in audit as a separate communication, no submission of management response letter and/or management response to concerns noted in the management letter.
- If any findings, no submission of management response to findings.

Local public bodies (housing authorities, local governments) must conduct annual independent financial audits by a certified auditor that has been approved by the New Mexico State Auditor's Office and is on the State Auditor's list.

5. Offeror shall have no significant financial audit findings, and (b) no significant outstanding or unresolved monitoring findings from any governmental entity, or from the MFA as Trustee or otherwise; or if it has any such findings, it has a certified letter from the governmental entity, MFA as Trustee or otherwise, stating that the findings are in the process of being resolved.
6. Offeror shall not have been suspended, debarred, or otherwise restricted by any department or agency of the Federal Government or any State government from doing business with such department or agency because of misconduct or alleged misconduct.
7. Offeror shall have among its purposes, the staffing capacity to provide significant activities related to providing HOME Rehabilitation services to income qualified homeowners. **Offeror Capacity - Exhibit E**
8. Offeror must provide resumes of the executive director (or equivalent), accountant, program manager and case manager(s) who will be administering this grant. **Offeror Capacity - Exhibit E**
9. Offeror shall not have defaulted on any obligation covered by a surety or performance bond.
10. Offerors who have received HOME Rehabilitation funds from MFA in the past but discontinued providing these services due to capacity, compliance and/or programmatic issues will be evaluated on a case-by-case basis by MFA to determine their capacity for receiving this funding.
11. Offeror must have a minimum of two (2) years of demonstratable history and familiarity with operating the type of activity related to providing housing or housing services to persons or households of low or moderate income for which it may receive funding. **Experience - Exhibit C**
12. Offeror must be in "good standing" as of the date this NOFA was issued. To be in good standing, Offeror must not have "suspended," "debarred" or have had HUD's Limited Denial of Participation status conferred upon it by MFA and/or other funding sources. All applicants must have a Dun and Bradstreet Universal Numbering System (DUNS) number and an active registration in the System for Award Management (SAM), found at <https://www.sam.gov/portal/public/SAM/>
13. Offeror must provide a print screen from <https://www.sam.gov/portal/public/SAM/> and https://www5.hud.gov/ecpcis/main/ECPCIS_List.jsp documenting search for Offeror's name and executive director's name, as proof of compliance. The search must

be dated within 30 days of the proposal date.

14. Offeror must have the capacity to attend all trainings related to administering this grant.

Non-profit organizations:

In addition to the eligibility requirements listed above, the following items are also required for eligibility:

15. Offeror must provide proof of its 501(c)(3) non-profit tax status.

16. Offeror must provide proof that it follows the Charitable Solicitations Act NMSA 1978, §57-22-1, et seq. and with the filing requirements by the New Mexico Attorney General's Office under that Act; and must submit **proof of current registration as a charitable organization with the New Mexico Attorney General's Office** for fiscal year ending in 2020 or proof of exemption therefrom. Registration/verification may be obtained at <https://secure.nmag.gov/coros/> Verification should be in the form of the first page of the "NM Charitable Organization Registration Statement."

17. Offeror must have no part of its net earnings benefitting any member, founder, contributor or individual.

18. Offeror must have a Board of Directors or other governing body and provide information on its members (names, contact information, employer, and term).

19. Offeror must provide a Resolution of the Board of Directors or Governing Body authorizing Offeror to apply for the HOME Rehabilitation funding or where authority has been delegated, documentation of the same and proof of authority to apply for HOME Rehabilitation funding. If Tribal entity, submit a current tribal resolution showing approval for applying to the HOME Rehabilitation Program. (Does not apply to FOR profit entities)

20. Offeror must provide proof that they have been operating for a minimum of two (2) years.
Experience - Exhibit C

21. Nonprofit Offerors must provide proof of their business license.

Evaluation of Applicants and Documentation

Applications - Exhibit B will be evaluated by MFA staff using the criteria listed below with final selection to be made by MFA pursuant to the delegations of authority adopted by the MFA Board of Directors on January 20, 2021. Staff may contact Offerors for clarification of information provided. MFA shall enter into Service/Performance Agreements with Offerors selected for awards. The agreements shall include remedies and default provisions in the event of unsatisfactory performance by an awardee.

Award Criteria

Offerors meeting all threshold requirements will be considered for funding. In cases where more than one Offeror applies for a specific county, consideration will be given to each question on the checklist outlined in **Experience - Exhibit C** to determine which organization has the most experience and capacity.

Application Format and Instructions to Applicants

All proposals must include the items requested in the **NOFA Documentation Submission Checklist - Exhibit A**. The checklist includes, but is not limited to, such items as application, schedules, resumes, audits, narrative, certifications, and disclosures.

Award Notice

MFA shall provide electronic and written notice of the award within fifteen (15) days of the date of the award on **Monday, March 29th, 2021**. The award shall be contingent upon Offeror entering into a Service/Performance Agreement with MFA.

1. If your application is selected, MFA will notify you via email.
2. Award Letter - The notice of award letter is signed by the Deputy Director of Programs and will be delivered by email and the U.S. Postal Service.
3. Notification of Non-selection. If your application has been found to be ineligible you will receive a letter by email and the U.S. Postal Service stating, why the application was ineligible.
4. MFA will provide a final written notice of award by email and the U.S. Postal Service to all Finalists, whether you have been selected for funding.

Notifications will be e-mailed to the contact person indicated on the **Application - Exhibit B**.

Protest

Any Offeror who is aggrieved in connection with this NOFA or the notification of preliminary selection to this NOFA may protest to MFA. A protest must be based on an allegation of a failure to adhere to the evaluation process as designated in the NOFA, including MFA's evaluation of proposals. The protest must be written and e-mailed to:

Kelly Patterson
Administrative Assistant
New Mexico Mortgage Finance Authority
kpatterson@housingnm.org

Protests received after the deadline will not be considered. The protest must be delivered to MFA via e-mail within five business days after the preliminary notice of award. Upon the timely filing of a protest, the administrative assistant shall give notice of the protest to all Offerors who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The Offerors receiving notice may file responses to the protest within five business days of notice of protest. The protest and responses to the protest shall be reviewed by a committee appointed by the MFA Board Chair. In the discretion of the Board Chair, the committee shall either make a final determination, or shall make a recommendation to the MFA Board of Directors regarding the disposition of the protest.

No appeal of the determination shall be allowed. Offerors or their representatives shall not communicate with Members of MFA's Board of Directors, or any MFA staff member regarding any proposal under consideration, except when specifically permitted to present testimony to the Delegates. A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of the Offeror attempts to influence members of the MFA Delegates and/or Board of Directors or MFA staff during any portion of the NOFA review process or does not follow the prescribed proposal and protest process.

Services to be Performed

Services to be provided under this NOFA are for areas and Counties throughout the entire State of New Mexico. While the services to be performed are summarized in this document, the specific scope of work for each award will be detailed in an individual Service/Performance Agreement with that agency. Qualified, capable agencies, that do not currently provide Homeowner Rehabilitation services to New Mexico counties will also be considered. If more than one agency applies for an area (County), MFA will choose the most qualified agency for that area (County) based on capacity, experience, and the ability to serve all types of individuals/households in that County.

1. Existing eligible agencies may have up to five (5) projects open for funding at any one time. All new eligible agencies may not have more than one (1) project open for funding at any one time unless waived at the sole discretion of MFA.
2. If an eligible agency wishes to complete a project that is in a county that has no other eligible agencies participating in that county, the eligible agencies may have one (1) additional project open per underserved county unless waived at the sole discretion of MFA.
3. Eligible agencies that have not submitted projects for the past two (2) years (July 1, 2018 through June 30, 2020) must submit a new application.

Offeror Funding Terms and Conditions

Funding will be awarded based on Offeror responses to this NOFA. Offeror location and capacity to provide services locally or regionally will be considered when awarding funds. To be considered a qualified provider, an Offeror must meet all of the Applicant Eligibility requirements.

Funding not awarded through this NOFA may be awarded to existing Homeowner Rehabilitation agencies or other qualified providers in MFA's sole discretion.

If other funds become available to MFA during the contract period for activities like the work performed under the Program, additional funding may, at the option of MFA, be offered to the successful Offerors without a new NOFA. MFA retains sole discretion to make the judgment as to the need for additional NOFAs. Satisfactory performance will be a prerequisite for consideration of additional funding.

Agencies who received 2018 funding from MFA through the 2018 RFP process must have 80% of their 2018 award expended before a request can be approved to release any funding under this NOFA.

Funding is available beginning at contract execution through **November 5, 2022**.

Service/Performance Agreement Term

Once an Offeror has been approved as an eligible agency, MFA will re-affirm agencies on an annual basis just prior to the release of funding. Once funding levels are secured, re-affirmation letters will be sent to eligible agencies and will be effective from the day the funding is released for that Program year until the last remaining funds are used. Applications for eligible agency status may be submitted at any time; however, reservations are on a first come, first served basis. If Program funds have been fully committed, MFA may re-allocate additional HOME funds into this NOFA if they are available.

Upon receiving funding through this NOFA, if an agency is unable to expend their allocated funding, MFA reserves the right to transfer the funding to another qualified Homeowner Rehabilitation agency.

If compliance monitoring indicates deficiencies on any of the projects, funding may be immediately discontinued on all pending projects.

Subcontractors

Eligible Agencies shall not subcontract services for the management of the program performed under the Service Performance Agreement without the prior written approval of MFA. The only exceptions are for an EPA certified Risk and lead-based paint assessor, certified public accountant, and construction crews.

Leveraging and Match Resources

MFA realizes that it may take more than the “maximum” amount of HOME funds to adequately rehabilitate any single home. Our intent and priority under this Program, is to provide more HOME funds to the lower income borrowers (0-80% AMI). To increase the number of families assisted with the limited HOME funds, MFA highly encourages leveraging with other resources such as USDA-Rural Development loans. Whenever possible, Eligible agencies should coordinate with MFA’s NM EnergySmart Weatherization Program service providers to incorporate weatherization with all rehabilitation projects.

If applying for the Veteran’s Housing Rehabilitation & Modification Program (VHRMP) NOFA in conjunction with HOME Rehabilitation NOFA:

The VHRMP requires matching and leverage funding to participate. MFA will provide matching funds; however, the agency must provide the required leverage funding. The agency can use a portion of their HOME Rehabilitation award or any other allowable federal funding as leverage for the VHRMP program.

Homeowner Income Limits and Other Requirements

For a homeowner to be eligible to receive HOME Rehabilitation Program funding, the current annual household income of the borrower(s) must be at or below 80% of area median income (AMI) adjusted for family size as determined by the HUD and calculated pursuant to the HUD Part 5 (Section 8) guidelines. The incomes of all household members over 18 years of age are needed to determine income eligibility.

Owner-Occupied Housing - Beneficiary households residing in units rehabilitated by the HOME Rehabilitation Program must have incomes at or below 80% of area median income (AMI) adjusted for family size as determined by HUD. The home must be owned and occupied by the household as a principal residence.

The maximum purchase prices for newly constructed or acquired units and after rehabilitation value limits may not exceed 95% of HUD median purchase price for the county in which it is located. See the following HUD website: <https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>

The income limits to be used to determine eligibility shall be those established by HUD and published annually. See the following HUD website: https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_IncomeLmts_State_NM_2020.pdf

Eligible HOME Rehabilitation Activities

For the HOME Rehabilitation Program, the home must be owned and occupied by the applicants and be the primary residence as evidenced by a title search and a deed. Title to the property must be held as fee simple ownership or a 99-year leasehold. Homes located on Tribal Land may have a 50-year lease or alternative acceptable to MFA. Any person(s) whose name(s) appears on the title to the property, as well as all members of the household over the age of 18, must be included for income determination purposes. All property taxes must be current for non-tribal land.

The value of the home (as determined by appraisal or other method approved by MFA, such as a market analysis) cannot exceed the HUD published 95% after rehabilitation median values for the unit size, after rehabilitation. The

combination of an existing mortgage loan and HOME loan cannot exceed the after-rehabilitation value of the home. On Tribal/Pueblo land MFA will accept a property valuation in lieu of a third-party appraisal.

Properties with a home equity mortgage lien on the property and properties located within the city limits of Las Cruces and Albuquerque are not eligible for this Program.

Affordability Period

Each homeowner enters into a Loan and Restrictive Covenants Agreement or Tribal Land Loan Agreement. The terms of the agreement will vary depending on the household's income. The loan will be a non-amortizing, 0% interest loan that is due on sale, transfer, or refinance during the affordability period. If the total of the principal amount of the loan is from \$1 to \$40,000, then the affordability period is ten (10) years. If the total of the principal amount of the loan is greater than \$40,000, then the affordability period is fifteen (15) years.

Structure for Terms of Assistance

The form of assistance for households earning no more than 80% of area median income (AMI) will be a non-amortizing, 0% interest subordinate loan. **A lien will be placed on the property for actual hard construction costs only. Soft costs, administration fees and lead based paint activities will not be passed on to the homeowner.** The subordinate loan will be due on sale or refinance during the affordability period. The loan will be forgiven at a rate of 20% of the principal balance per year during the last 5 years of the affordability period (1/5th per year for 5 years).

Project Funding Standards

Interim Funding

Interim funding is subject to the following: (i) the submission of field inspection report including photos, (ii) copies of contractor payment request and/or material receipts, (iii) copy of print screen from <https://www.sam.gov/portal/public/SAM/> and HUD's Limited Denial of Participation for homeowner, agency, and contractor(s) and, (iv) if invoicing for project management as a soft cost, submission of employee timesheets. Invoices will not be paid until all required documents are received and approved by MFA. Projects that have not drawn any funds within 60 days of the reservation verification letter may be canceled by MFA. The project must be completed within 180 days from the receipt of a project number from MFA.

Final Funding

The final funding of each project is subject to the following: (i) the submission of a HOME Completion Report, (ii) the submission of a copy of the certificate of occupancy and/or final inspection from the proper code enforcement agency signed by the homeowner, (iii) the submission of the release of liens certification from the contractor, (v) the submission of the original recorded Loan and Restrictive Covenants Agreement or Tribal Land Loan Agreement (TLAA). Final invoices will be paid when all close-out documents are received and approved by MFA.

In addition to the documents noted above, the following documents must be maintained in the eligible agency's client file:

- Original recorded Loan and Restrictive Covenants Agreement
- Evidence of property ownership (Fee Simple or 99-year leasehold interest only)
- Print Screen of <https://www.sam.gov/portal/public/SAM/> search of homeowner, agency, and contractors
- Evidence of flood insurance (if applicable)
- Copy of bid documents and advertisement
- Copy of executed construction contract with scope of work attached as an exhibit
- Copies of lead-based paint risk assessment, notification certification(s), and clearance (if applicable)
- Resource efficiency checklist

Reservations

MFA will issue commitments for eligible funding as set forth in the Service/Performance Agreement, the procedural guide and related Program documents. Fund allocations for the Program will be reserved in accordance with the Program reservation procedures.

The reservation for the funding of each project by MFA is subject to submission of a project application package including a completed reservation request form. The project application package must be uploaded to the secure data transfer website which may be accessed at <http://local.housingnm.org/LoginPortal/>. MFA will not accept project application packages sent via U. S. mail, FedEx, UPS or physically delivered to the MFA office. Funding will be reserved on a first come, first served basis pending funds availability. Only complete project packages will be accepted. MFA may suspend Program participation if needed.

MFA's commitment to fund each rehabilitation project will be subject to MFA approval as evidenced by a project acceptance notice which must be signed and acknowledged by the eligible agency and returned to MFA via email, or U.S. mail. Once the project has been entered into HUD's IDIS system, a project number will be generated. The project number and Loan and Restrictive Covenants Agreement or Tribal Land Loan Agreement will be forwarded via email to the eligible agency. Eligible agencies may then begin invoicing MFA for reimbursable expenses related to the project.

Buyer Equity

The pre-rehabilitation value of the home must be determined by appraisal or MFA accepted method before any rehabilitation work is performed. Loan and Restrictive Covenants Agreement or Tribal Land Loan Agreement will be placed on the property that permits the homeowner's investment to be recovered from the proceeds of sale or transfer of the property prior to any repayment of the HOME loan.

Maximum Value Limits

The value of the home (as determined by appraisal or other method approved by MFA such as a market analysis) cannot exceed the HUD published value for the unit size, after rehabilitation. Agencies must use the HUD 95% after rehabilitation median values which are available online at www.housingnm.org

Prior to any disbursement of funds, the Loan and Restrictive Covenants Agreement or Tribal Land Loan Agreement provided by MFA must be signed by the homeowner and notarized. At project completion, the agreement is to be recorded at the County Clerk's office where the property is located and delivered to MFA.

The amount of HOME funds invested in a project may not exceed maximum limits as established by HUD. Determination of the maximum limits for after rehabilitation value of the homes must be obtained by an appraisal or other method approved by MFA, such as a market analysis. The combination of an existing mortgage loan and HOME loan cannot exceed the after-rehabilitation value of the home.

Subsidy Amounts

The minimum subsidy per unit for each tier is \$1,500. The maximum average of the HOME subsidy amount is \$85,000 per project. Actual construction costs (hard costs) are recommended at \$75,000. Soft costs are recommended at \$10,000.

Administrative and Soft Costs

MFA may pay an eligible agency up to 3% of the total project cost (hard and soft costs) as administrative fees for all projects. Soft costs are recommended at \$10,000. The administrative costs for the program may be used for non-direct project related activities that contribute to the agency's rehabilitation Program. All direct project related activities such as the wages for the Project Manager or Administrative Assistant must be charged as soft costs and not to the administrative fees. The administrative costs and soft costs cannot be passed to the borrower.

Servicing

MFA will retain the original loan documents and maintain the loan records. All payments, if applicable, will be made directly to the MFA. Refinances are not eligible under this Program.

Housing/Property Standards

To meet MFA's construction standards and HOME regulatory requirement, the minimum subsidy per unit is \$1,500. The property must meet all construction standards upon final funding of the loan. Owners of properties located in floodplains or wetlands as identified by the Federal Emergency Management Agency shall be required to obtain and maintain flood insurance as a condition of receiving funding.

The eligible agency will be responsible for guaranteeing that the work is properly inspected and completed. It will be the obligation of the eligible agency to ensure that the property meets all code requirements, construction standards and other HOME requirements, including but not limited to those associated with HOME Housing Quality Standards (HQS) or Uniform Physical Condition Standards (UPCS), and lead-based paint.

Manufactured Homes

Mobile or manufactured homes are also eligible for rehabilitation under this Program. HOME funds may be used to purchase mobile or manufactured homes to replace homes that are too costly to rehabilitate. Under this Program eligible manufactured housing must comply with MFA's Resource Efficiency Standards. Mobile or manufactured home rehabilitations or replacements are eligible only if the land they are set on has a minimum 99-year ground lease or is owned by the homeowner. The mobile home is ineligible for this rehabilitation Program if it is in a mobile home park where a monthly lot fee is paid.

All work must meet MFA and HUD Construction Standards, local building code and manufacturer's warranty requirements, AND MUST BE PERFORMED BY A CONTRACTOR LICENSED FOR MANUFACTURED HOMES. Program funds can be used to secure a manufactured home to a permanent foundation.

Environmental Requirements

All projects are subject to an environmental review and must receive appropriate clearance prior to any fund's expenditure, including soft costs and lead based paint costs. MFA is the responsible entity for all projects being performed by non-profit organizations and tribal housing authorities. Local governments and tribal entities (not tribal housing authorities) are their own responsible entity and are required to perform their own environmental reviews which need to be included in all reservation requests. Local governments and tribal entities must submit their Request for Release of Funds to MFA for approval (not to HUD). MFA will issue the Authority to Use Grant Funds.

Flood Insurance

Owners of properties located in floodplains or wetlands as identified by the Federal Emergency Management Agency shall be required to obtain and maintain flood insurance as a condition of receiving funding. At initial intake, agencies must contact MFA for verification that a property is not located in a flood plain.

Lead-Based Paint

HUD has revised and consolidated its lead-based paint regulations, which are listed in *24 CFR Part 35* and can be found at <https://www.law.cornell.edu/cfr/text/24/part-35>. The changes enacted by the new regulation affect rehabilitation. Major changes under the new lead-based paint regulation include notification, lead hazard evaluation, lead hazard reduction, ongoing maintenance, and addressing children with Environmental Intervention Blood Lead Levels.

On April 22, 2008, EPA issued **a rule requiring the use of lead-safe practices** and other actions aimed at preventing lead poisoning. Under the rule, beginning in April 2010, contractors performing renovation, repair and painting projects that disturb lead-based paint in homes, childcare facilities, and schools built before 1978 must be certified and must follow specific work practices to prevent lead contamination.

All Eligible Agencies must certify and comply with applicable lead-based paint regulations listed in *24 CFR Part 35*. Fees for testing and abatement are invoiced to a separate set-aside fund specifically for lead based paint activities. These fees are not passed to the homeowner.

Exhibits

Exhibit A:	NOFA Documentation Submission Checklist.....	Page 14
Exhibit B:	Application.....	Page 15
Exhibit C:	Experience.....	Page 16-19
Exhibit D:	Accounting Practices Certification.....	Page 20
Exhibit E:	Offeror Capacity.....	Page 21
Exhibit F:	Current Funding Sources.....	Page 22
Exhibit G:	Additional NOFA Provisions.....	Page 23

Exhibit A

NOFA Documentation Submission Checklist

Offeror must submit this checklist with the application. Instructions pages and exhibits are referenced on the checklist, if applicable. Offeror _____

	Application (Exhibit B)
	Offeror is a (select 1): <input type="checkbox"/> for-profit organization or <input type="checkbox"/> non-profit organization with 501(c)(3) status, or <input type="checkbox"/> unit of general-purpose local government, or <input type="checkbox"/> tribal government
	Offeror Organization Mission Statement
	Proof of 501(c)(3) status (For Nonprofit Offerors ONLY)
	Proof of current registration as a charitable organization with the New Mexico Attorney General's Office for fiscal year ending in 2019 or proof of exemption therefrom (For Nonprofit Offerors ONLY)
	Proof of Entity Formation Documents. i.e., Articles of Incorporation (For-profit Offerors ONLY)
	Current business license
	Offeror Organization Chart
	Offeror Board of Directors or Governing Body Information
	Offeror must be in "good standing" as of the date the NOFA was issued (detailed on Page 5 Item 12)
	Offeror must provide one copy of an independent Certified Public Accountant (CPA)'s auditor's report (audit) conducted in accordance with Government Auditing Standards (GAS) or a recent MFA approved audit letter
	A Resolution of Offeror's Board of Directors or Governing Body authorizing Offeror to apply for the HOME Rehabilitation funding, or where authority has been delegated, documentation of the same and proof of authority to apply for HOME Rehabilitation funding
	Resumes of the executive director, accountant, program manager and case manager(s) who will be administering the grant
	Proof that Offeror has been operating as a for profit, non-profit, unit of local government or tribal government for a minimum of two years
	Experience Form (Exhibit C)
	Accounting Practices Certification (Exhibit D)
	Capacity Form (Exhibit E)
	Funders Form (Exhibit F)

I certify that the forms and documents submitted according to this checklist are true and correct.

Signature

Date

Exhibit B

Application

Notice of Funds Available (NOFA)

HOME Rehabilitation Program

New Mexico Mortgage Finance Authority
344 Fourth St. SW
Albuquerque, New Mexico 87102
(505)843-6880

Entity Type: ☐ For-Profit ☐ Non- Profit ☐ Unit of Local Government ☐ Tribal

Offeror _____ Application Date _____

Federal Tax ID _____ DUNS # _____

Address _____

City _____ State _____ Zip _____

Contact Person _____ Title _____

E-Mail _____ Phone _____ Fax _____

Offeror Website _____

Exhibit C

Experience

What populations does your organization primarily serve? Check all that apply.

- ☐ Elderly ☐ Disabled ☐ Youth ☐ Families/Individuals
☐ Other (please describe) _____

Describe the types of services your organization provides to the income qualified population.

Describe how your organization will prioritize the funds to assist populations experiencing the need for HOME Rehabilitation.

Describe how your organization will prioritize the funds to assist individuals over the age of 50, having health issues, minority, and indigenous populations) experiencing the need for HOME Rehabilitation.

Describe prior or current experience with providing HOME Rehabilitation services to individuals and families.

What is the primary mission of your organization? _____

What type of experience does your organization have with regards to assisting individuals with housing rehabilitation.

Exhibit C

Experience (continued)

Does the organization have experience with the following? Check all that apply.

- ☐ YES ☐ NO Experience administering federal grants – specifically those intended towards the Rehabilitation of homes
- ☐ YES ☐ NO Experience with Federally Funded assistance programs
- ☐ YES ☐ NO Experience with Federal Regulations
- ☐ YES ☐ NO Experience with the HOME Rehabilitation Program
- ☐ YES ☐ NO Experience with Contract Management
- ☐ YES ☐ NO Experience with Case management (targeted to the HOME Rehabilitation)
- ☐ YES ☐ NO Experience with Outreach (housing and qualified applicant search)
- ☐ YES ☐ NO Experience with Income Limits and Determination Calculation
- ☐ YES ☐ NO Experience with Eligible Borrowers and Buyer Equity (HOME Rehabilitation)
- ☐ YES ☐ NO Experience with Property Eligibility (HOME Rehabilitation)
- ☐ YES ☐ NO Experience with Structure for Terms of Assistance (HOME Rehabilitation)
- ☐ YES ☐ NO Experience with Eligible Program Costs
- ☐ YES ☐ NO Experience with Lead-based paint requirements (HOME Rehabilitation)
- ☐ YES ☐ NO Experience with Unit inspections – habitability, other, specify
- ☐ YES ☐ NO Experience with Environmental Reviews (targeted to the HOME Rehabilitation)
- ☐ YES ☐ NO Experience with Project Set Up/Completion and Invoicing Requirements (targeted to the HOME Rehabilitation)
- ☐ YES ☐ NO Experience with Financial Management Requirements (targeted to the HOME Rehabilitation)
- ☐ YES ☐ NO Experience with Construction Management Requirements (targeted to the HOME Rehabilitation)
- ☐ YES ☐ NO Is organization located in the county or tribal area being served

In cases where more than one Offeror applies for a specific county or tribal area, evaluation of each question on the checklist will be considered to determine which organization has the most experience.

List what other types of services/programs are currently offered by your organization? _____

Exhibit C

Experience (continued)

Where is your organization located? _____

Based on the program requirements, what counties does your organization have the capacity to serve?
Check all that apply.

- | | | |
|-------------------------------------|-------------------------------------|-------------------------------------|
| <input type="checkbox"/> Bernalillo | <input type="checkbox"/> Guadalupe | <input type="checkbox"/> Quay |
| <input type="checkbox"/> Catron | <input type="checkbox"/> Harding | <input type="checkbox"/> Rio Arriba |
| <input type="checkbox"/> Chaves | <input type="checkbox"/> Hidalgo | <input type="checkbox"/> Roosevelt |
| <input type="checkbox"/> Cibola | <input type="checkbox"/> Lea | <input type="checkbox"/> Sandoval |
| <input type="checkbox"/> Colfax | <input type="checkbox"/> Lincoln | <input type="checkbox"/> San Juan |
| <input type="checkbox"/> Curry | <input type="checkbox"/> Los Alamos | <input type="checkbox"/> San Miguel |
| <input type="checkbox"/> De Baca | <input type="checkbox"/> Luna | <input type="checkbox"/> Santa Fe |
| <input type="checkbox"/> Dona Ana | <input type="checkbox"/> McKinley | <input type="checkbox"/> Sierra |
| <input type="checkbox"/> Eddy | <input type="checkbox"/> Mora | <input type="checkbox"/> Socorro |
| <input type="checkbox"/> Grant | <input type="checkbox"/> Otero | <input type="checkbox"/> Taos |
| | | <input type="checkbox"/> Torrance |
| | | <input type="checkbox"/> Union |
| | | <input type="checkbox"/> Valencia |

Provide an explanation of the ability of your agency to assist clients by providing HOME Rehabilitation services.

If your organization proposes to serve counties outside of the county where you are located, describe how you will serve the targeted population in those counties with regards to outreach and capacity to serve these areas providing HOME Rehabilitation services.

Exhibit C

Experience (continued)

TRIBAL AREAS:

Based on the Program requirements, what Tribal Areas does your organization have the capacity to serve? Check all that apply.

- | | | |
|--|--|-------------------------------|
| <input type="checkbox"/> Acoma | <input type="checkbox"/> Ohkay Owingeh | <input type="checkbox"/> Ute |
| <input type="checkbox"/> Cochiti | <input type="checkbox"/> Picuris | <input type="checkbox"/> Zia |
| <input type="checkbox"/> Isleta | <input type="checkbox"/> Pojoaque | <input type="checkbox"/> Zuni |
| <input type="checkbox"/> Jemez | <input type="checkbox"/> Sandia | |
| <input type="checkbox"/> Jicarilla | <input type="checkbox"/> San Felipe | |
| <input type="checkbox"/> Kewa | <input type="checkbox"/> San Ildefonso | |
| <input type="checkbox"/> Laguna | <input type="checkbox"/> Santa Ana | |
| <input type="checkbox"/> Mescalero | <input type="checkbox"/> Santa Clara | |
| <input type="checkbox"/> Nambe | <input type="checkbox"/> Taos | |
| <input type="checkbox"/> Navajo Nation | <input type="checkbox"/> Tesuque | |

Provide an explanation of the ability of your agency to assist clients by providing HOME Rehabilitation services.

If your organization proposes to serve areas outside of the county or tribal area where you are located, describe how you will serve the targeted population in those counties or tribal areas with regards to outreach and capacity to serve these areas providing HOME Rehabilitation services.

Exhibit D

Accounting Practices Certification

Offeror: _____

Offeror has a functioning accounting system that is operated in accordance with Generally Accepted Accounting Principles (GAAP) or has designated an entity that will maintain such an accounting system that is consistent with GAAP and agrees to maintain the system if it administers the HOME Rehabilitation programs.

If Offeror uses another designated entity, provide the name of the agency/firm/individual.

Offeror Signature

Date

Exhibit E

Capacity

Offeror: _____

Please provide the following information regarding key staff positions that relate to this Program for your organization:

Title	Staff Member Name (print)	Years at Organization	Years in Current Position
Executive Director (or equivalent)			
Accountant/Fiscal Officer			
Program Manager			
Case Manager			

If the positions of program and/or case manager are dependent on the award of this funding, provide an explanation regarding how your organization plans to staff for the positions.

Exhibit F

Current Funding Sources

Offeror: _____

Please provide a complete list of all funding sources for your agency, **NOT including MFA**:

Funding Source/Grant	Amount Received	Purpose or Use of Funding	Last Date Monitored	List Outstanding Findings if any

Exhibit G

Additional NOFA Provisions

Use of Electronic Versions of this NOFA

This NOFA is being made available by electronic means. If accepted by such means, the Offeror acknowledges and accepts full responsibility to ensure that no changes are made to the NOFA. In the event of conflict between a version of the NOFA in the Offeror's possession and the version maintained by MFA, the version maintained by MFA shall govern.

Incurred Expenses

MFA shall not be responsible for any expenses incurred by an Offeror in applying for HOME Investment Partnerships Program (HOME) Rehabilitation Program funding. All costs incurred by an Offeror in the preparation, transmittal or presentation of any application or material submitted in response to this NOFA will be borne solely by the Offeror.

Application Confidentiality

After the application deadline and until awards are made and notice given to all Offerors, MFA will not disclose the contents of any application or discuss the contents of any proposal with an Offeror or potential Offeror, to make the contents of any offer available to competing or potential Offerors. After awards have been made and notice given to all Offeror, all applications shall be available and open to the public for review, pursuant to MFA's Policies and Procedures.

Irregularities in Applications

MFA, in its sole discretion, may waive technical irregularities in the form of proposal of any Offeror selected for award which do not alter the price, quality or quantity of the services offered. Provided, however that the date and time of application submission required hereunder cannot be waived under any circumstances.

Responsibility of Applicants

If an Offeror who otherwise would have been awarded funds is found not to be a responsible applicant, a determination, setting forth the basis of the finding, shall be prepared and the Offeror disqualified from receiving the award.

A responsible Offeror means an applicant who submits an application that conforms in all material respects to the requirements of this NOFA and who has furnished, when required, information and data to support that the Offeror's application, as shall be determined by MFA in its sole discretion, and to otherwise prove Offeror's ability to make satisfactory delivery of the services described in this NOFA.

Code of Conduct

Offeror shall warrant that it has no interest, direct or indirect, which would conflict in any manner or degree with the performance of services related to this application. Offeror shall always conduct itself in a manner consistent with the MFA Code of Conduct. A copy of the MFA Code of Conduct is posted on the MFA website for review at <https://www.housingnm.org/rfp> Upon request by MFA, Offeror shall disclose information MFA may reasonably request relating to conflicts or potential conflicts of interest.

Tab 4

New Mexico
AFFORDABLE HOUSING CHARITABLE TRUST

TO: MFA Board of Directors
Through: Contracted Services – February 9, 2021
Through: Policy Committee – February 1, 2021
FROM: Amy Gutierrez, Veterans Housing Rehabilitation Program Manager
DATE: February 17, 2021
RE: Approval to release a Notice of Funding Availability (NOFA) for the Veterans Housing Rehabilitation and Modification Program (VHRMP)

Recommendation:

Staff recommends approval to release the VHRMP NOFA to all counties throughout the State of New Mexico.

Background:

The Charitable Trust was established in 2007 to allow MFA to accept donations of cash and property to support MFA programs. Donors are eligible for the Affordable Housing Tax Credit and federal charitable deduction. In addition, MFA can apply for grant and foundation funding through the trust

In October 2018, the New Mexico Affordable Housing Charitable Trust (NMAHCT) was awarded funding from the Department of Housing and Urban Development (HUD) for the Veterans Housing Rehabilitation and Modification Pilot Program (VHRMP) in the amount of \$1,000,000. NMAHCT must provide a minimum of \$500,000 match and \$500,000 leverage funding to comply with the terms of the grant agreement for a total of \$2,000,000. The total funds available for release under this Notice of Funding Availability (NOFA) is **\$2,000,000**, which includes a ten percent administrative award. Five (5) percent of the administrative award is issued to the agencies and a five (5) percent administrative award remains at MFA.

Purpose:

The VHRMP helps income eligible qualified disabled Veterans who lack the resources necessary to make essential home repairs and improvements. This assistance can be used to modify and rehabilitate the primary residence of an eligible veteran, and may include but are not limited to: making physical modifications, such as installing wheelchair ramps, widening exterior and interior doors, reconfiguring and re-equipping bathrooms (which includes installing new fixtures and grab bars), lowering countertops and cabinets, or taking other measures to accommodate the functional limitations that result from having a disability, including not only motor impairment but also visual and hearing disabilities, and cognitive or psychological disabilities such as Traumatic Brain Injury or Post-Traumatic Stress.

The purpose of this request is to release this NOFA to agencies, who are knowledgeable, skilled, and experienced in managing federal funding and that can provide VHRMP services for essential home improvements to all income eligible qualified disabled Veterans. Agencies will be selected based on their capacity, experience, and the ability to provide VHRMP services.

Discussion:

Staff requests approval to release this NOFA as an outreach effort to encourage qualified, capable agencies, that can provide VHRMP services to all counties across the State of New Mexico.

Final selection of applicants will be made by MFA pursuant to all requirements and guidelines specified in the NOFA. Once an Offeror has been approved as an eligible agency, reservations are on a first come, first served basis. If program funds have been fully committed, MFA may allocate additional VHRMP funds into this NOFA if they are available.

A portion of the HOME Rehabilitation funding may be used as leverage funding in conjunction with the Veteran's Housing Rehabilitation and Modification Pilot Program (VHRMP) under this NOFA.

The VHRMP requires matching and leverage funding to participate. MFA will provide matching funds; however, the agency must provide the required leverage funding. The agency can use a portion of their HOME Rehabilitation award or any other allowable federal funding as leverage for the VHRMP program.

Summary:

Staff recommends approval to release the VHRMP NOFA to the public on February 17, 2021 upon Board approval. The NOFA will then be awarded to the agencies that met minimum qualifications for this funding on March 10, 2021.

Thank you for your consideration of this proposal.

NEW MEXICO AFFORDABLE HOUSING
CHARITABLE TRUST

NOTICE OF FUNDING AVAILABILITY

**Veterans Housing Rehabilitation
and Modification Pilot Program (VHRMP)**



February 17, 2021

**New Mexico Affordable Housing Charitable Trust
Notice of Funds Availability (NOFA)**

**Veterans Housing Rehabilitation and
Modification Pilot Program (VHRMP)**

February 17, 2021

Introduction and Background

New Mexico Mortgage Finance Authority (MFA) is a governmental instrumentality, separate and apart from the state, created by the Mortgage Finance Authority Act, N.M. Stat. Ann. Sections 58-18-1 1978 *et seq.* (1978) for the purpose of financing affordable housing for low- and moderate-income New Mexico residents.

The New Mexico Affordable Housing Charitable Trust (NMAHCT) was established in 2007 to allow MFA to accept donations of cash and property to support MFA programs. Donors are eligible for the Affordable Housing Tax Credit and federal charitable deduction. In addition, MFA can apply for grant and foundation funding through the Trust.

The NMAHCT was awarded funding from the Department of Housing and Urban Development (HUD) for the Veterans Housing Rehabilitation and Modification Pilot Program (Program or VHRMP) in the amount of \$1,000,000. NMAHCT must provide a minimum of \$500,000 match and \$500,000 leverage funding to comply with the terms of the grant agreement for a total of \$2,000,000. The total funds available for release under this Notice of Funding Availability (NOFA) is **\$2,000,000**, which includes a five (5) percent administrative award to the agencies and a five (5) percent administrative award to MFA for a total of ten (10) percent. In the event of a conflict between the provisions of this NOFA and the provisions of the "Service Agreement" for a rehabilitation loan, the provisions of the Service/Performance Agreement shall control. The NMAHCT may amend the provisions of this NOFA by Program Notice.

Purpose

The purpose of this NOFA is to invite the submittal of qualification statements, in accordance with established MFA minimum qualifications, from qualified, capable agencies, who by reason of their skill, knowledge, and experience can provide VHRMP services to qualified income eligible disabled veterans for essential home improvements. Modification and rehabilitation of the primary residence of an eligible veteran, may include but are not limited to: making physical modifications, such as installing wheelchair ramps, widening exterior and interior doors, reconfiguring and re-equipping bathrooms (which includes installing new fixtures and grab bars), removing doorway thresholds, installing special lighting, adding additional electrical outlets and electrical service, installing appropriate floor coverings, lowering countertops and cabinets, or taking other measures to accommodate the functional limitations that result from having a disability, including not only motor impairment but also visual and hearing disabilities, and cognitive or psychological disabilities such as Traumatic Brain Injury or Post-Traumatic Stress; or if the residence does not have modifications necessary to reduce the chances that an elderly person will fall in his or her home, reduce the risks of an elderly person from falling; or making physical modifications, such as adding a bedroom or bathroom, to allow the veteran's caregiver(s), which may include the parent(s) or other family member(s) of the veteran, to live with the veteran, if the veteran's disability prevents the veteran from living independently; rehabilitating the residence that is in a state of interior or exterior disrepair, including remedying identified safety hazards or ensuring adequate safety features (such as fire prevention); installing energy efficient features or equipment (i.e., features or equipment that help reduce the amount of electricity used to heat, cool, or ventilate the residence, including insulation, weather-stripping, air sealing, heating system repairs, duct sealing, Energy

Star appliances, or other measures) if the veteran's monthly utility costs for the residence is more than five percent of the veteran's monthly income; and an energy audit of the residence indicates that the installation of energy efficient features or equipment will reduce the costs by 10 percent or more; and carrying out other modification and rehabilitation activities to address the adaptive housing needs of the veteran, if adequately justified and approved by HUD.

The purpose of this program is to provide funding for the rehabilitation of homes occupied by qualified income eligible disabled veterans. Funding of up to \$85,000 may be available to homeowners whose annual household income does not exceed eighty percent (80%) of the area median income, adjusted for family size for the VHRMP.

Contact Person

Applicants are encouraged to direct all questions regarding the **HOME Investment Partnerships Program (HOME) Rehabilitation Program** Notice of Funding Availability ("NOFA") and Funding Application Guidelines to the Ask A Question (AAQ) on the MFA website. Questions can be submitted through the Ask A Question (AAQ) on the MFA website at: www.housingnm.org

The AAQ will be open upon release of this initial round of funding under this NOFA and will close on **Monday, March 8th, 2021 at 4:00PM, MST**. All questions must be submitted through the AAQ and will be answered within 2 business days.

Any applicants applying to all other subsequent rounds of funding after the closing date of this NOFA are encouraged to contact:

Amy Gutierrez
VHRMP Program Manager
New Mexico Mortgage Finance Authority
344 Fourth Street SW
Albuquerque, NM 87102
Toll Free Statewide 1.800.444.6880
E-mail: agutierrez@nmhousing.org

Application Submission and Due Date

To be considered for funding under this NOFA, completed applications must be received and electronically date stamped no later than **Wednesday, March 10th, 2021 at 4:00PM, MST**.

Requested documentation must be provided, in order, according to the attached checklist. Forms provided by MFA must be used. All requested documents must be submitted as one electronic PDF document to kpatterson@housingnm.org no later than **Wednesday, March 10th, 2021 at 4:00PM, MST**. Proposals received after the deadline will not be considered. Submissions must state in the e-mail subject line "Response to VHRMP NOFA". Submissions will be reviewed after the established deadline for submission receipt. Submissions will not be opened publicly and will not be available for public inspection until after the list of approved providers has been finalized.

Minimum Threshold Requirements

To be considered for funding, an applicant must first demonstrate that it meets each of the following threshold criteria:

Only those Offerors who meet the following minimum threshold qualification requirements are eligible to apply to this NOFA.

1. The application is complete and legible, including all attached [Exhibits](#), and is submitted by the application deadline.
2. The application complies with all applicable requirements established in this NOFA.
3. The applicant provides sufficient evidence of its ability to undertake and complete the proposal in the areas of financing, customer outreach, project outreach, rehabilitating, developing, and managing a HOME Rehabilitation project.
4. The application provides sufficient evidence that the proposed project is financially and technically feasible and includes a proposed budget and performance schedule for the proposed project.

Applications that do not meet all the threshold requirements will not receive further consideration for funding. The applicant will receive a letter by email and the U.S. Postal Service stating, why the application was ineligible.

Applicant Eligibility Requirements

Eligible applicants include non-profit organizations, for-profit organizations, governmental housing agencies, regional housing authorities, governmental entities, governmental instrumentalities, tribal governments, tribal housing agencies, builders, corporations, limited liability companies, partnerships, joint ventures, syndicates, associations, or other entities that can assume contractual liability and legal responsibility by executing one or more written agreements entered into with MFA. Participating recipients must be approved by MFA and must have demonstrated experience and capacity to conduct eligible activities that meet the requirements of *24 CFR 93.200*.

To be eligible to receive VHRMP funding, an Offeror must meet the following **Applicant Eligibility Requirements**:

For-profit organizations:

1. Offeror must be able to provide housing rehabilitation related services to persons of low or moderate income.
2. Offeror must be formed as an organization under state, local, or tribal laws and provide proof of such organization and that the applicant is in good standing with HUD or as applicable.
3. Offeror must have a functioning accounting system that is operated in accordance with Generally Accepted Accounting Principles (GAAP) or has designated an entity that will maintain such an accounting system that is consistent with GAAP. **Accounting Practices Certification - [Exhibit D](#)**
4. Offeror must provide one copy of an independent Certified Public Accountant (CPA)'s auditor's report (audit) conducted in accordance with Government Auditing Standards (GAS) or a recent MFA approved audit. The GAS audit will include an independent auditor's report on the following: 1) financial statements; and 2) internal control over financial reporting and compliance. If Offeror receives \$750,000 in federal funds, a [single](#) audit is required pursuant to *2 CFR 200.501*. The following types of audit findings may disqualify Offeror from funding:
 - Repeat and unresolved audit findings or any pending investigations.

- If Offeror has received greater than \$750,000 in funding and the single audit did not meet the requirements of 2 CFR 200.500-520.
- For single audit, no proof of federal audit clearinghouse submission (FORM SF-SAC) and, if governmental entity, proof is not included of current audit submission to the Office of the New Mexico State Auditor.
- If referenced in audit as a separate communication, no submission of management response letter and/or management response to concerns noted in the management letter.
- If any findings, no submission of management response to findings.

Local public bodies (housing authorities, local governments) must conduct annual independent financial audits by a certified auditor that has been approved by the New Mexico State Auditor's Office and is on the State Auditor's list.

5. Offeror shall have no significant financial audit findings, and (b) no significant outstanding or unresolved monitoring findings from any governmental entity, or from the MFA as Trustee or otherwise; or if it has any such findings, it has a certified letter from the governmental entity, MFA as Trustee or otherwise, stating that the findings are in the process of being resolved.
6. Offeror shall not have been suspended, debarred, or otherwise restricted by any department or agency of the Federal Government or any State government from doing business with such department or agency because of misconduct or alleged misconduct.
7. Offeror shall have among its purposes, the staffing capacity to provide significant activities related to providing VHRMP services to income qualified homeowners. **Offeror Capacity - Exhibit E**
8. Offeror must provide resumes of the executive director (or equivalent), accountant, program manager and case manager(s) who will be administering this grant. **Offeror Capacity - Exhibit E**
9. Offeror shall not have defaulted on any obligation covered by a surety or performance bond.
10. Offerors who have received HOME Rehabilitation or VHRMP funds from MFA in the past but discontinued providing these services due to capacity, compliance and/or programmatic issues will be evaluated on a case-by-case basis by MFA to determine their capacity for receiving this funding.
11. Offeror must have a minimum of two (2) years of demonstratable history and familiarity with operating the type of activity related to providing housing or housing services to persons or households of low or moderate income for which it may receive funding. **Experience - Exhibit C**
12. Offeror must be in "good standing" as of the date this NOFA was issued. To be in good standing, Offeror must not have "suspended," "debarred" or have had HUD's Limited Denial of Participation status conferred upon it by MFA and/or other funding sources. All applicants must have a Dun and Bradstreet Universal Numbering System (DUNS) number and an active registration in the System for Award Management (SAM), found at <https://www.sam.gov/portal/public/SAM/>
13. Offeror must provide a print screen from <https://www.sam.gov/portal/public/SAM/> and https://www5.hud.gov/ecpcis/main/ECPCIS_List.jsp documenting search

for Offeror's name **and** executive director's name, as proof of compliance. The search must be dated within thirty (30) days of the proposal date.

14. Offeror must have the capacity to attend all trainings related to administering this grant.

Non-profit organizations:

In addition to the eligibility requirements listed above, the following items are also required for eligibility:

15. Offeror must provide proof of its 501(c)(3) non-profit tax status.

16. Offeror must provide proof that it follows the Charitable Solicitations Act NMSA 1978, §57-22-1, et seq. and with the filing requirements by the New Mexico Attorney General's Office under that Act; and must submit **proof of current registration as a charitable organization with the New Mexico Attorney General's Office** for fiscal year ending in 2020 or proof of exemption therefrom. Registration/verification may be obtained at <https://secure.nmag.gov/coros/> Verification should be in the form of the first page of the "NM Charitable Organization Registration Statement."

17. Offeror must have no part of its net earnings benefitting any member, founder, contributor or individual.

18. Offeror must have a Board of Directors or other governing body and provide information on its members (names, contact information, employer, and term).

19. Offeror must provide a Resolution of the Board of Directors or Governing Body authorizing Offeror to apply for the VHRMP funding or where authority has been delegated, documentation of the same and proof of authority to apply for VHRMP funding. If Tribal entity, submit a current tribal resolution showing approval for applying to the VHRMP. (Does not apply to FOR profit entities)

20. Offeror must provide proof that they have been operating for a minimum of two (2) years.
Experience - [Exhibit C](#)

21. Nonprofit Offerors must provide proof of their business license.

Evaluation of Applicants and Documentation

Applications - [Exhibit B](#) will be evaluated by MFA staff using the criteria listed below with final selection to be made by MFA pursuant to the delegations of authority adopted by the MFA Board of Directors on January 20, 2021. Staff may contact Offerors for clarification of information provided. MFA shall enter into Service/Performance Agreements with Offerors selected for awards. The agreements shall include remedies and default provisions in the event of unsatisfactory performance by an awardee.

Award Criteria

Offerors meeting all threshold requirements will be considered for funding. In cases where more than one Offeror applies for a specific county, consideration will be given to each question on the checklist outlined in **Experience - [Exhibit C](#)** to determine which organization has the most experience and capacity.

Application Format and Instructions to Applicants

All proposals must include the items requested in the **NOFA Documentation Submission Checklist - [Exhibit A](#)**. The checklist includes, but is not limited to, such items as application, schedules, resumes, audits, narrative, certifications, and disclosures.

Award Notice

MFA shall provide electronic and written notice of the award within fifteen (15) days of the date of the award on **Monday, March 29th, 2021**. The award shall be contingent upon Offeror entering into a Service/Performance Agreement with MFA.

1. If your application is selected, MFA will notify you via email.
2. Award Letter - The notice of award letter is signed by the Deputy Director of Programs and will be delivered by email and the U.S. Postal Service.
3. Notification of Non-selection. If your application has been found to be ineligible you will receive a letter by email and the U.S. Postal Service stating, why the application was ineligible.
4. MFA will provide a final written notice of award by email and the U.S. Postal Service to all Finalists, whether you have been selected for funding.

Notifications will be e-mailed to the contact person indicated on the **Application - Exhibit B**.

Protest

Any Offeror who is aggrieved in connection with this NOFA or the notification of preliminary selection to this NOFA may protest to MFA. A protest must be based on an allegation of a failure to adhere to the evaluation process as designated in the NOFA, including MFA's evaluation of proposals. The protest must be written and e-mailed to:

Kelly Patterson
Administrative Assistant
New Mexico Mortgage Finance Authority
kpatterson@housingnm.org

Protests received after the deadline will not be considered. The protest must be delivered to MFA via e-mail within five business days after the preliminary notice of award. Upon the timely filing of a protest, the administrative assistant shall give notice of the protest to all Offerors who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The Offerors receiving notice may file responses to the protest within five business days of notice of protest. The protest and responses to the protest shall be reviewed by a committee appointed by the MFA Board Chair. In the discretion of the Board Chair, the committee shall either make a final determination, or shall make a recommendation to the MFA Board of Directors regarding the disposition of the protest.

No appeal of the determination shall be allowed. Offerors or their representatives shall not communicate with Members of MFA's Board of Directors, or any MFA staff member regarding any proposal under consideration, except when specifically permitted to present testimony to the Delegates. A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of the Offeror attempts to influence members of the MFA Delegates and/or Board of Directors or MFA staff during any portion of the NOFA review process or does not follow the prescribed proposal and protest process.

Services to be Performed

Services to be provided under this NOFA are for areas and Counties throughout the entire State of New Mexico. While the services to be performed are summarized in this document, the specific scope of work for each award will be detailed in an individual Service/Performance Agreement with that agency. Qualified, capable agencies, that do not currently provide Homeowner Rehabilitation services to New Mexico counties will also be considered. If more than one agency applies for an area (County), MFA will choose the most qualified agency for

that area (County) based on capacity, experience, and the ability to serve all types of individuals/households in that County.

1. Existing eligible agencies may have up to five (5) projects open for funding at any one time. All new eligible agencies may not have more than one (1) project open for funding at any one time unless waived at the sole discretion of MFA.
2. If an eligible agency wishes to complete a project that is in a county that has no other eligible agencies participating in that county, the eligible agencies may have one (1) additional project open per underserved county. For the agency to be able to have the extra project open, the county must not have had any eligible agencies serving that county for the last 24 months.
3. Eligible agencies that have not submitted projects for the past two (2) years (July 1, 2018 through June 30, 2020) must submit a new application.

Offeror Funding Terms and Conditions

Funding will be awarded based on Offeror responses to this NOFA. Offeror location and capacity to provide services locally or regionally will be considered when awarding funds. To be considered a qualified provider, an Offeror must meet all of the Applicant Eligibility requirements.

Funding not awarded through this NOFA may be awarded to existing Homeowner Rehabilitation agencies or other qualified providers in MFA's sole discretion.

If other funds become available to MFA during the contract period for activities like the work performed under the Program, additional funding may, at the option of MFA, be offered to the successful Offerors without a new NOFA. MFA retains sole discretion to make the judgment as to the need for additional NOFAs. Satisfactory performance will be a prerequisite for consideration of additional funding.

Agencies who received 2018 funding from MFA through the 2018 RFP process must have 80% of their 2018 award expended before a request can be approved to release any funding under this NOFA.

Funding is available beginning at contract execution through **November 6, 2023**.

Service/Performance Agreement Term

Once an Offeror has been approved as an eligible agency, MFA will re-affirm agencies on an annual basis just prior to the release of funding. Once funding levels are secured, re-affirmation letters will be sent to eligible agencies and will be effective from the day the funding is released for that Program year until the last remaining funds are used. Applications for eligible agency status may be submitted at any time; however, reservations are on a first come, first served basis. If Program funds have been fully committed, MFA may re-allocate additional VHRMP funds into this NOFA if they are available.

Upon receiving funding through this NOFA, if an agency is unable to expend their allocated funding, MFA reserves the right to transfer the funding to another qualified Homeowner Rehabilitation agency.

If compliance monitoring indicates deficiencies on any of the projects, funding may be immediately discontinued on all pending projects.

Subcontractors

Eligible Agencies shall not subcontract services for the management of the program performed under the Service Performance Agreement without the prior written approval of MFA. The only exceptions are for an EPA

certified Risk and lead-based paint assessor, certified public accountant, and construction crews.

Leveraging and Match Resources

MFA realizes that it may take more than the “maximum” amount of VHRMP funds to adequately rehabilitate any single home. Our intent and priority under this Program, is to provide more VHRMP funds to the lower income borrowers (0-80% AMI). To increase the number of families assisted with the limited VHRMP funds, MFA highly encourages leveraging with other resources such as USDA-Rural Development loans. Whenever possible, Eligible agencies should coordinate with MFA’s NM EnergySmart Weatherization Program service providers to incorporate weatherization with all rehabilitation projects.

If applying for the Veteran’s Housing Rehabilitation & Modification Program (VHRMP) NOFA in conjunction with HOME Rehabilitation NOFA:

The VHRMP requires matching and leverage funding to participate. MFA will provide matching funds; however, the agency must provide the required leverage funding. The agency can use a portion of their HOME Rehabilitation award or any other allowable federal funding as leverage for the VHRMP program.

Homeowner Income Limits and Other Requirements

For a homeowner to be eligible to receive VHRMP funding, the current annual household income of the borrower(s) must be at or below 80% of area median income (AMI) adjusted for family size as determined by the HUD and calculated pursuant to the HUD Part 5 (Section 8) guidelines. The incomes of all household members over 18 years of age are needed to determine income eligibility.

Owner-Occupied Housing - Beneficiary households residing in units rehabilitated by the HOME Rehabilitation Program must have incomes at or below 80% of area median income (AMI) adjusted for family size as determined by HUD. The home must be owned and occupied by the household as a principal residence.

The maximum purchase prices for newly constructed or acquired units and after rehabilitation value limits may not exceed 95% of HUD median purchase price for the county in which it is located. See the following HUD website:

<https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>

The income limits to be used to determine eligibility shall be those established by HUD and published annually. See the following HUD website:

https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_IncomeLmts_State_NM_2020.pdf

Eligible VHRMP Rehabilitation Activities

For the VHRMP, the home must be occupied by the applicants and be the primary residence as evidenced by a title search and a deed. "Primary residence" means a single-family house, a duplex, or a unit within a multiple-dwelling structure that is the principal dwelling of an eligible veteran and is owned by:

- a. The eligible veteran;
- b. The eligible veteran's spouse, child, grandchild, parent, or sibling;
- c. A spouse of the eligible veteran's child, grandchild, parent, or sibling; or
- d. Any individual related by blood or affinity whose close association

Title to the property must be held as fee simple ownership or a 99-year leasehold. Homes located on Tribal Land may have a 50-year lease or alternative acceptable to MFA. Any person(s) whose name(s) appears on the title to the property, as well as all members of the household over the age of 18, must be included for income determination purposes. All property taxes must be current for non-tribal land.

The value of the home (as determined by appraisal or other method approved by MFA, such as a market analysis) cannot exceed the HUD published 95% after rehabilitation median values for the unit size, after rehabilitation. The combination of an existing mortgage loan and VHRMP loan cannot exceed the after-rehabilitation value of the home. On Tribal/Pueblo land MFA will accept a property valuation in lieu of a third-party appraisal.

Properties with a home equity mortgage lien on the property and properties located within the city limits of Las Cruces and Albuquerque are not eligible for this program.

Affordability Period

Each homeowner enters into a Loan and Restrictive Covenants Agreement or Tribal Land Loan Agreement. The terms of the agreement will vary depending on the household's income. The loan will be a non-amortizing, 0% interest loan that is due on sale, transfer, or refinance during the affordability period. If the total of the principal amount of the loan is from \$1 to \$40,000, then the affordability period is ten (10) years. If the total of the principal amount of the loan is greater than \$40,000, then the affordability period is fifteen (15) years.

Structure for Terms of Assistance

The form of assistance for households earning no more than 80% of area median income (AMI) will be a non-amortizing, 0% interest subordinate loan. **A lien will be placed on the property for actual hard construction costs only. Soft costs, administration fees and lead based paint activities will not be passed on to the homeowner.** The subordinate loan will be due on sale or refinance during the affordability period. The loan will be forgiven at a rate of 20% of the principal balance per year during the last 5 years of the affordability period (1/5th per year for 5 years).

Project Funding Standards

Interim Funding

Interim funding is subject to the following: (i) the submission of field inspection report including photos, (ii) copies of contractor payment request and/or material receipts, (iii) copy of print screen from <https://www.sam.gov/portal/public/SAM/> and HUD's Limited Denial of Participation for homeowner, agency, and contractor(s) and, (iv) if invoicing for project management as a soft cost, submission of employee timesheets. Invoices will not be paid until all required documents are received and approved by MFA. Projects that have not drawn any funds within 60 days of the reservation verification letter may be canceled by MFA. The project must be completed within 180 days from the receipt of a project number from MFA.

Final Funding

The final funding of each project is subject to the following: (i) the submission of a VHRMP Completion Report, (ii) the submission of a copy of the certificate of occupancy and/or final inspection from the proper code enforcement agency signed by the homeowner, (iii) the submission of the release of liens certification from the contractor, (v) the submission of the original recorded Loan and Restrictive Covenants Agreement or Tribal Land Loan Agreement (TLAA). Final invoices will be paid when all close-out documents are received and approved by MFA.

In addition to the documents noted above, the following documents must be maintained in the eligible agency's client file:

- Original recorded Loan and Restrictive Covenants Agreement
- Evidence of property ownership (Fee Simple or 99-year leasehold interest only)
- Print Screen of <https://www.sam.gov/portal/public/SAM/> search of homeowner, agency, and contractors

- Evidence of flood insurance (if applicable)
- Copy of bid documents and advertisement
- Copy of executed construction contract with scope of work attached as an exhibit
- Copies of lead-based paint risk assessment, notification certification(s), and clearance (if applicable)
- Resource efficiency checklist

Reservations

MFA will issue commitments for eligible funding as set forth in the Service/Performance Agreement, the procedural guide and related Program documents. Fund allocations for the Program will be reserved in accordance with the Program reservation procedures.

The reservation for the funding of each project by MFA is subject to submission of a project application package including a completed reservation request form. The project application package must be uploaded to the secure data transfer website which may be accessed at <http://local.housingnm.org/LoginPortal/> MFA will not accept project application packages sent via U. S. mail, FedEx, UPS or physically delivered to the MFA office. Funding will be reserved on a first come, first served basis pending funds availability. Only complete project packages will be accepted. MFA may suspend Program participation if needed.

MFA's commitment to fund each rehabilitation project will be subject to MFA approval as evidenced by a project acceptance notice which must be signed and acknowledged by the eligible agency and returned to MFA via email, or U.S. mail. Once the project has been entered into HUD's IDIS system, a project number will be generated. The project number and Loan and Restrictive Covenants Agreement or Tribal Land Loan Agreement will be forwarded via email to the eligible agency. Eligible agencies may then begin invoicing MFA for reimbursable expenses related to the project.

Buyer Equity

The pre-rehabilitation value of the home must be determined by appraisal or MFA accepted method before any rehabilitation work is performed. Loan and Restrictive Covenants Agreement or Tribal Land Loan Agreement will be placed on the property that permits the homeowner's investment to be recovered from the proceeds of sale or transfer of the property prior to any repayment of the VHRMP loan.

Maximum Value Limits

The value of the home (as determined by appraisal or other method approved by MFA such as a market analysis) cannot exceed the HUD published value for the unit size, after rehabilitation. Agencies must use the HUD 95% after rehabilitation median values which are available online at www.housingnm.org

Prior to any disbursement of funds, the Loan and Restrictive Covenants Agreement or Tribal Land Loan Agreement provided by MFA must be signed by the homeowner and notarized. At project completion, the agreement is to be recorded at the County Clerk's office where the property is located and delivered to MFA.

The amount of VHRMP funds invested in a project may not exceed maximum limits as established by HUD. Determination of the maximum limits for after rehabilitation value of the homes must be obtained by an appraisal or other method approved by MFA, such as a market analysis. The combination of an existing mortgage loan and HOME loan cannot exceed the after-rehabilitation value of the home.

Subsidy Amounts

The minimum subsidy per unit for each tier is \$1,500. The maximum average of the HOME subsidy amount is \$85,000 per project. Actual construction costs (hard costs) are recommended at \$75,000. Soft costs are recommended at \$10,000.

Administrative and Soft Costs

MFA may pay an eligible agency up to 5% of the total project cost (hard and soft costs) as administrative fees for all projects. Soft costs are recommended at \$10,000. The administrative costs for the program may be used for non-direct project related activities that contribute to the agency's rehabilitation Program. All direct project related activities such as the wages for the Project Manager or Administrative Assistant must be charged as soft costs and not to the administrative fees. The administrative costs and soft costs cannot be passed to the borrower.

Servicing

MFA will retain the original loan documents and maintain the loan records. All payments, if applicable, will be made directly to the MFA. Refinances are not eligible under this Program.

Housing/Property Standards

To meet MFA's construction standards and HOME/VHRMP regulatory requirement, the minimum subsidy per unit is \$1,500. The property must meet all construction standards upon final funding of the loan. Owners of properties located in floodplains or wetlands as identified by the Federal Emergency Management Agency shall be required to obtain and maintain flood insurance as a condition of receiving funding.

The eligible agency will be responsible for guaranteeing that the work is properly inspected and completed. It will be the obligation of the eligible agency to ensure that the property meets all code requirements, construction standards and other HOME/VHRMP requirements, including but not limited to those associated with HOME/VHRMP Housing Quality Standards (HQS) or Uniform Physical Condition Standards (UPCS), and lead-based paint.

Manufactured Homes

Mobile or manufactured homes are also eligible for rehabilitation under this Program. VHRMP funds may be used to purchase mobile or manufactured homes to replace homes that are too costly to rehabilitate. Under this Program eligible manufactured housing must comply with MFA's Resource Efficiency Standards. Mobile or manufactured home rehabilitations or replacements are eligible only if the land they are set on has a minimum 99-year ground lease or is owned by the homeowner. The mobile home is ineligible for this rehabilitation Program if it is in a mobile home park where a monthly lot fee is paid.

All work must meet MFA and HUD Construction Standards, local building code and manufacturer's warranty requirements, AND MUST BE PERFORMED BY A CONTRACTOR LICENSED FOR MANUFACTURED HOMES. Program funds can be used to secure a manufactured home to a permanent foundation.

Environmental Requirements

All projects are subject to an environmental review and must receive appropriate clearance prior to any fund's expenditure, including soft costs and lead based paint costs. MFA is the responsible entity for all projects being performed by non-profit organizations and tribal housing authorities. Local governments and tribal entities (not tribal housing authorities) are their own responsible entity and are required to perform their own environmental reviews which need to be included in all reservation requests. Local governments and tribal entities must submit their Request for Release of Funds to MFA for approval (not to HUD). MFA will issue the Authority to Use Grant Funds.

Flood Insurance

Owners of properties located in floodplains or wetlands as identified by the Federal Emergency Management Agency shall be required to obtain and maintain flood insurance as a condition of receiving funding. At initial intake, agencies must contact MFA for verification that a property is not located in a flood plain.

Lead-Based Paint

HUD has revised and consolidated its lead-based paint regulations, which are listed in *24 CFR Part 35* and can be found at <https://www.law.cornell.edu/cfr/text/24/part-35>. The changes enacted by the new regulation affect rehabilitation. Major changes under the new lead-based paint regulation include notification, lead hazard evaluation, lead hazard reduction, ongoing maintenance, and addressing children with Environmental Intervention Blood Lead Levels.

On April 22, 2008, EPA issued **a rule requiring the use of lead-safe practices** and other actions aimed at preventing lead poisoning. Under the rule, beginning in April 2010, contractors performing renovation, repair and painting projects that disturb lead-based paint in homes, childcare facilities, and schools built before 1978 must be certified and must follow specific work practices to prevent lead contamination.

All Eligible Agencies must certify and comply with applicable lead-based paint regulations listed in *24 CFR Part 35*. Fees for testing and abatement are invoiced to a separate set-aside fund specifically for lead based paint activities. These fees are not passed to the homeowner.

Exhibits

Exhibit A:	NOFA Documentation Submission Checklist.....	Page 14
Exhibit B:	Application.....	Page 15
Exhibit C:	Experience.....	Page 16-19
Exhibit D:	Accounting Practices Certification.....	Page 20
Exhibit E:	Offeror Capacity.....	Page 21
Exhibit F:	Current Funding Sources.....	Page 22
Exhibit G:	Additional NOFA Provisions.....	Page 23

Exhibit A

NOFA Documentation Submission Checklist

Offeror must submit this checklist with the application. Instructions pages and exhibits are referenced on the checklist, if applicable. Offeror _____

	Application (Exhibit B)
	Offeror is a (select 1): <input type="checkbox"/> for-profit organization or <input type="checkbox"/> non-profit organization with 501(c)(3) status, or <input type="checkbox"/> unit of general-purpose local government, or <input type="checkbox"/> tribal government
	Offeror Organization Mission Statement
	Proof of 501(c)(3) status (For Nonprofit Offerors ONLY)
	Proof of current registration as a charitable organization with the New Mexico Attorney General's Office for fiscal year ending in 2019 or proof of exemption therefrom (For Nonprofit Offerors ONLY)
	Proof of Entity Formation Documents. i.e., Articles of Incorporation (For-profit Offerors ONLY)
	Current business license
	Offeror Organization Chart
	Offeror Board of Directors or Governing Body Information
	Offeror must be in "good standing" as of the date the NOFA was issued (detailed on Page 5 Item 12)
	Offeror must provide one copy of an independent Certified Public Accountant (CPA)'s auditor's report (audit) conducted in accordance with Government Auditing Standards (GAS) or a recent MFA approved audit letter
	A Resolution of Offeror's Board of Directors or Governing Body authorizing Offeror to apply for the VHRMP Rehabilitation funding, or where authority has been delegated, documentation of the same and proof of authority to apply for VHRMP Rehabilitation funding
	Resumes of the executive director, accountant, program manager and case manager(s) who will be administering the grant
	Proof that Offeror has been operating as a for profit, non-profit, unit of local government or tribal government for a minimum of two years
	Experience Form (Exhibit C)
	Accounting Practices Certification (Exhibit D)
	Capacity Form (Exhibit E)
	Funders Form (Exhibit F)

I certify that the forms and documents submitted according to this checklist are true and correct.

Signature

Date

Exhibit B

Application

Notice of Funds Available (NOFA)

VHRMP

New Mexico Mortgage Finance Authority
344 Fourth St. SW
Albuquerque, New Mexico 87102
(505)843-6880

Entity Type: ☐ For-Profit ☐ Non- Profit ☐ Unit of Local Government ☐ Tribal

Offeror _____ Application Date _____

Federal Tax ID _____ DUNS # _____

Address _____

City _____ State _____ Zip _____

Contact Person _____ Title _____

E-Mail _____ Phone _____ Fax _____

Offeror Website _____

Exhibit C

Experience

What populations does your organization primarily serve? Check all that apply.

- ☐ Elderly ☐ Disabled ☐ Youth ☐ Families/Individuals ☐ Disabled Veteran
☐ Other (please describe) _____

Describe the types of services your organization provides to the income qualified population.

Describe how your organization will prioritize the funds to assist populations experiencing the need for VHRMP Rehabilitation.

Describe how your organization will prioritize the funds to assist individuals over the age of 50, having health issues, minority, and indigenous populations) experiencing the need for VHRMP Rehabilitation.

Describe prior or current experience with providing HOME/VHRMP Rehabilitation services to individuals and families.

What is the primary mission of your organization?

What type of experience does your organization have with regards to assisting individuals with housing rehabilitation.

Exhibit C

Experience (continued)

Does the organization have experience with the following? Check all that apply.

- ☐ YES ☐ NO Experience administering federal grants – specifically those intended towards the Rehabilitation of homes
- ☐ YES ☐ NO Experience with Federally Funded assistance programs
- ☐ YES ☐ NO Experience with Federal Regulations
- ☐ YES ☐ NO Experience with the HOME and/or VHRMP Rehabilitation Program
- ☐ YES ☐ NO Experience with Contract Management
- ☐ YES ☐ NO Experience with Case management (targeted to HOME Rehab and VHRMP)
- ☐ YES ☐ NO Experience with Outreach (housing and qualified applicant search)
- ☐ YES ☐ NO Experience with Income Limits and Determination Calculation
- ☐ YES ☐ NO Experience with Eligible Borrowers and Buyer Equity (VHRMP)
- ☐ YES ☐ NO Experience with Property Eligibility (VHRMP)
- ☐ YES ☐ NO Experience with Structure for Terms of Assistance (VHRMP)
- ☐ YES ☐ NO Experience with Eligible Program Costs
- ☐ YES ☐ NO Experience with Lead-based paint requirements (VHRMP)
- ☐ YES ☐ NO Experience with Unit inspections – habitability, other, specify
- ☐ YES ☐ NO Experience with Environmental Reviews (targeted to HOME Rehab and VHRMP)
- ☐ YES ☐ NO Experience with Project Set Up/Completion and Invoicing Requirements (targeted to HOME Rehab and VHRMP)
- ☐ YES ☐ NO Experience with Financial Management Requirements (targeted to HOME Rehab and VHRMP)
- ☐ YES ☐ NO Experience with Construction Management Requirements (targeted to HOME Rehab and VHRMP)
- ☐ YES ☐ NO Is organization located in the county or tribal area being served

In cases where more than one Offeror applies for a specific county or tribal area, evaluation of each question on the checklist will be considered to determine which organization has the most experience.

List what other types of services/programs are currently offered by your organization? _____

Exhibit C

Experience (continued)

Where is your organization located? _____

Based on the program requirements, what counties does your organization have the capacity to serve?
Check all that apply.

☐ Bernalillo

☐ Catron

☐ Chaves

☐ Cibola

☐ Colfax

☐ Curry

☐ De Baca

☐ Dona Ana

☐ Eddy

☐ Grant

☐ Guadalupe

☐ Harding

☐ Hidalgo

☐ Lea

☐ Lincoln

☐ Los Alamos

☐ Luna

☐ McKinley

☐ Mora

☐ Otero

☐ Quay

☐ Rio Arriba

☐ Roosevelt

☐ Sandoval

☐ San Juan

☐ San Miguel

☐ Santa Fe

☐ Sierra

☐ Socorro

☐ Taos

☐ Tarrant

☐ Union

☐ Valencia

Provide an explanation of the ability of your agency to assist clients by providing HOME Rehabilitation services.

If your organization proposes to serve counties outside of the county where you are located, describe how you will serve the targeted population in those counties with regards to outreach and capacity to serve these areas providing VHRMP services.

Exhibit C

Experience (continued)

TRIBAL AREAS:

Based on the Program requirements, what Tribal Areas does your organization have the capacity to serve? Check all that apply.

- | | | |
|--|--|-------------------------------|
| <input type="checkbox"/> Acoma | <input type="checkbox"/> Ohkay Owingeh | <input type="checkbox"/> Ute |
| <input type="checkbox"/> Cochiti | <input type="checkbox"/> Picuris | <input type="checkbox"/> Zia |
| <input type="checkbox"/> Isleta | <input type="checkbox"/> Pojoaque | <input type="checkbox"/> Zuni |
| <input type="checkbox"/> Jemez | <input type="checkbox"/> Sandia | |
| <input type="checkbox"/> Jicarilla | <input type="checkbox"/> San Felipe | |
| <input type="checkbox"/> Kewa | <input type="checkbox"/> San Ildefonso | |
| <input type="checkbox"/> Laguna | <input type="checkbox"/> Santa Ana | |
| <input type="checkbox"/> Mescalero | <input type="checkbox"/> Santa Clara | |
| <input type="checkbox"/> Nambe | <input type="checkbox"/> Taos | |
| <input type="checkbox"/> Navajo Nation | <input type="checkbox"/> Tesuque | |

Provide an explanation of the ability of your agency to assist clients by providing VHRMP services.

If your organization proposes to serve areas outside of the county or tribal area where you are located, describe how you will serve the targeted population in those counties or tribal areas with regards to outreach and capacity to serve these areas providing VHRMP services.

Exhibit D
Accounting Practices Certification

Offeror: _____

Offeror has a functioning accounting system that is operated in accordance with Generally Accepted Accounting Principles (GAAP) or has designated an entity that will maintain such an accounting system that is consistent with GAAP and agrees to maintain the system if it administers the VHRMP program.

If Offeror uses another designated entity, provide the name of the agency/firm/individual.

Offeror Signature

Date

Exhibit E

Capacity

Offeror: _____

Please provide the following information regarding key staff positions that relate to this Program for your organization:

Title	Staff Member Name (print)	Years at Organization	Years in Current Position
Executive Director (or equivalent)			
Accountant/Fiscal Officer			
Program Manager			
Case Manager			

If the positions of program and/or case manager are dependent on the award of this funding, provide an explanation regarding how your organization plans to staff for the positions.

Exhibit F

Current Funding Sources

Offeror: _____

Please provide a complete list of all funding sources for your agency, **NOT including MFA**:

Funding Source/Grant	Amount Received	Purpose or Use of Funding	Last Date Monitored	List Outstanding Findings if any

Exhibit G

Additional NOFA Provisions

Use of Electronic Versions of this NOFA

This NOFA is being made available by electronic means. If accepted by such means, the Offeror acknowledges and accepts full responsibility to ensure that no changes are made to the NOFA. In the event of conflict between a version of the NOFA in the Offeror's possession and the version maintained by MFA, the version maintained by MFA shall govern.

Incurred Expenses

MFA shall not be responsible for any expenses incurred by an Offeror in applying for VHRMP funding. All costs incurred by an Offeror in the preparation, transmittal or presentation of any application or material submitted in response to this NOFA will be borne solely by the Offeror.

Application Confidentiality

After the application deadline and until awards are made and notice given to all Offerors, MFA will not disclose the contents of any application or discuss the contents of any proposal with an Offeror or potential Offeror, to make the contents of any offer available to competing or potential Offerors. After awards have been made and notice given to all Offeror, all applications shall be available and open to the public for review, pursuant to MFA's Policies and Procedures.

Irregularities in Applications

MFA, in its sole discretion, may waive technical irregularities in the form of proposal of any Offeror selected for award which do not alter the price, quality or quantity of the services offered. Provided, however that the date and time of application submission required hereunder cannot be waived under any circumstances.

Responsibility of Applicants

If an Offeror who otherwise would have been awarded funds is found not to be a responsible applicant, a determination, setting forth the basis of the finding, shall be prepared and the Offeror disqualified from receiving the award.

A responsible Offeror means an applicant who submits an application that conforms in all material respects to the requirements of this NOFA and who has furnished, when required, information and data to support that the Offeror's application, as shall be determined by MFA in its sole discretion, and to otherwise prove Offeror's ability to make satisfactory delivery of the services described in this NOFA.

Code of Conduct

Offeror shall warrant that it has no interest, direct or indirect, which would conflict in any manner or degree with the performance of services related to this application. Offeror shall always conduct itself in a manner consistent with the MFA Code of Conduct. A copy of the MFA Code of Conduct is posted on the MFA website for review at <https://www.housingnm.org/rfp> Upon request by MFA, Offeror shall disclose information MFA may reasonably request relating to conflicts or potential conflicts of interest.

Tab 5

2021 RENTAL AWARD SUMMARY

Project Name & Address	San Roque Apartments TBD Coors Boulevard NW, Albuquerque NM 87121			
Proposed Awards	\$800,000	HOME	Rate	0.00%
	\$2,622,031	NMHTF	Rate	3.00% Fixed
	\$1,325,000	NHTF	Rate	0.00%
Borrowers	<p><u>HOME and NMHTF</u></p> <p>San Roque Apartments LLC, a to-be-formed New Mexico limited liability company that will be owned 99.99% by the investor member (IM) CREA, LLC or one of its related funds. The .01% managing member (MM) interest will be owned 49% by San Roque-TDC Associates LLC (SR TDC) and 51% by San Roque-SHCNM LLC (SHCNM).</p> <p><u>NHTF</u></p> <p>Supportive Housing Coalition of New Mexico (SHCNM) is a New Mexico nonprofit corporation founded in 1996 to provide affordable and supportive housing to low-income families.</p>			
Management	<p>Supportive Housing Coalition of New Mexico (SHCNM) is a New Mexico nonprofit corporation founded in 1996 to provide affordable and supportive housing to low-income families. SHCNM currently manages 228 rental housing units, of which 126 are affordable, and of those affordable units, 102 are supportive housing units.</p>			
Developer	<p>Thomas Development Company (TDC) Thomas Development Company is a Boise, Idaho, based real estate development company founded in 1990 by Thomas Mannschreck. TDC has developed over 4,000 apartment homes, primarily in Idaho but also in Arizona, Utah, Montana, and New Mexico, of which dozens are LIHTC projects. San Roque is TDC's second project in New Mexico. The company employs four full time staff members. TDC's goal is to incorporate energy efficient, environmentally conscious, and durable design in all its developments.</p> <p>TDC's CPA-reviewed financial statements for the fiscal year ending in 12/31/19 show \$193K in Cash, \$6.6M in Total Assets (comprised primarily of Developer Fee Receivables), a Net Worth of \$5.1M, resulting in a debt-to-worth ratio of 0.30:1.00, a positive net income, and a positive traditional cash flow. CPA-reviewed financials for FYE 12/31/2018 show \$177K in Cash, \$6.0M in Total Assets, a Net Worth of \$4.5M, resulting in a debt-to-worth ratio of 0.32:1.00, a positive net income, and a positive traditional cash flow. TDC's company-prepared financials for the six months ending on 6/30/2020 show \$117K in Cash, \$5.0M in Total Assets, a Net Worth of \$3.7M resulting in a debt-to-worth ratio of 0.36:1.00, a positive net income, and a positive traditional cash flow. TDC is an experienced developer that has a proven history of obtaining LIHTC investors at good prices and large bank financing at favorable rates.</p> <p>Supportive Housing Coalition of New Mexico is a 501(c)(3) New Mexico nonprofit organization founded in 1996 and headquartered in Albuquerque. Led by Executive Director Steve Ross, SHCNM specializes in the development, ownership, and management of affordable and supportive housing. Formal collaboration has enabled SHCNM and its partnering agencies to pool resources, reduce competition, better coordinate service delivery, increase efficiencies, and embrace a broader strategy for creating affordable supportive housing. The company owns and manages six affordable multi-family properties consisting of 349 units. SHCNM currently manages 228 rental housing units, of which 126 are affordable units; of the affordable units, 102 are supportive housing units.</p> <p>SHCNM's Consolidated CPA-audited financials for fiscal year 12/13/19 are not yet available due to COVID related delays. However, SHCNM's Consolidated CPA-audited financials for FYE 12/31/2018 show \$74K in Cash, \$28M in Assets, a Net Worth of \$25M resulting in a debt-to-worth ratio of 0.12:1.00. SHCNM shows a negative net income for 2018, however, SHCNM shows a positive traditional cash flow for the same year.</p>			

Project Type & Size	New construction of a single 4-story multifamily building with 136 rental units for workforce housing and/or families with children. The project will consist of 24 one-bedroom, 90 two-bedroom and 22 three-bedroom units with 15 units for households earning at or below 30% of area median income (AMI), 8 units for households earning at or below 40% AMI, 46 units for households earning at or below 50% AMI, 3 units for households earning 60% AMI, 20 units for households earning at or below 70% AMI, 43 units for households earning at or below 80% AMI, and 1 unit to be used for an employee.
Project Description	<p>The San Roque project is a new multifamily development with a total of 136 apartments. The project is located on 5.5 acres and consists of a single 4-story building, including a rental/management office, with a total gross square footage of 164,835 square feet. There are 24 one-bedroom apartments, 90 two-bedroom apartments, and 22 three-bedroom apartments. The project's one-bedroom units are 633 square feet, the two-bedroom units are 933 square feet, and the three-bedroom are 1,078 square feet.</p> <p>A new architectural living concept will be introduced in the project with an apartment loft over each of the garage structures. The project will be energy efficient with Enterprise Green Building Standard and, upon completion, San Roque will have a HERS rating better than 65. The units will feature Energy Star efficient appliances. The in-unit amenities will include a balcony/patio, blinds, vinyl hardwood plank, central heating and air conditioning, coat closet, ceiling fans, walk-in closets, exterior/tenant storage, and an interior alarm. Appliances will include a dishwasher, garbage disposal, microwave, oven/range, refrigerator, and an in-unit washer/dryer.</p> <p>Supportive Housing Coalition of New Mexico, the co-developer, and co-owner of San Roque Apartments, will provide onsite support services. The project will also feature playground equipment, elevator, fitness room, business center, meeting room where support services or other counseling sessions can be conducted, and a large 4th floor patio with spectacular views. Other outdoor amenities include a dog park, raised community gardens, and a fenced perimeter with security gate.</p> <p>The MFA-ordered, Novogradac & Company market study, dated 6/10/2020, advises that the subject project is feasible as presented. Based upon the indications of the Demand Analysis, the occupancy rates and waiting lists at the LIHTC comparables, the Subject's excellent condition upon completion, and proposed completion date, the market study anticipates a positive response to the Subject. Therefore, the market study predicts the Subject will absorb at a rate of 20 units per month, reaching a stabilized occupancy rate of 95 percent within six months. Overall, the market study anticipates that the Subject will be well-received in the market.</p>
Affordability Requirements	<p>HOME: Total of 4 HOME units: 1 one-bedroom unit, 2 two-bedroom units, and 1 three-bedroom unit for households earning at or below 50% AMI restricted to LOW HOME rents; Subject to a Land Use Restriction Agreement (LURA) to be filed in Bernalillo County. Affordability period is 40 years: 20 years required by HOME rules & 20 years for MFA's extended period in concurrence with the loan term. The affordability period starts on the date of acceptance by HUD of a final HOME project completion report and ends 40 years later.</p> <p>NMHTF: Sixty-One units for households earning 60% or less of AMI for which a Land Use Restriction Agreement (LURA) will be filed in Bernalillo County. The NMHTF affordability period is 30 years; 20 as required by Affordable Housing Act Rules and 10 for MFA's extended affordability period (i.e., in concurrence with the loan term) and starts on the date the Certificate of Occupancy is issued.</p> <p>NHTF: Total of 7 NHTF units: One 1-bedroom unit, five 2-bedroom units, and 1 three-bedroom 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 Bernalillo 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.</p>

Repayment and Disbursement	<p>HOME: <u>Payments:</u> No payments during construction period, not to exceed 24 months; thereafter 479 equal principal payments (0% interest), based on an 80-year amortization, with a final payment of all outstanding principal due upon its maturity in 40 years. All outstanding principal due at the earlier of maturity, refinance, or sale of the project. <u>Disbursement:</u> Allow three draws, one at construction closing, one during the construction period, and final disbursement upon submission of a HUD project completion report.</p> <p>NMHTF: <u>Payments:</u> Interest only monthly during the construction period not to exceed 24 months; thereafter 360 equal Principal & Interest payments during the permanent loan period. All outstanding principal and interest due at the earlier of maturity, refinance, or sale of the project. <u>Disbursement:</u> Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.</p> <p>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.</p>
Special Conditions	<ol style="list-style-type: none"> 1. All loans are subject to MFA's final underwriting for project feasibility if needed. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e., interest rate & amortization) may be revised in line with projected cash flow at closing; 2. Any changes or additions to the following development team members listed in the loan application must be approved by MFA: developer, contractor, management company, consultant and architect; 3. Financing commitments acceptable to MFA prior to funding on all funding sources; 4. MFA approval of 2021 4% Low Income Housing Tax Credits (LIHTC); 5. 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; 6. Other conditions as may be determined by staff; and 7. Subject to availability of funds. <p>Additional Conditions: HOME</p> <ol style="list-style-type: none"> 8. Loan to be in second lien position; 9. If other than minimal funds are used during construction (i.e. \$50,000 or less), Thomas Development Company (TDC) and Thomas & Barbara Mannschreck must provide construction guarantees; and 10. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any ER approval conditions must be met. <p>Additional Conditions: NMHTF</p> <ol style="list-style-type: none"> 11. Loan to be in third lien position; 12. Thomas Development Company (TDC) and Thomas & Barbara Mannschreck must provide construction guarantees; 13. 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. <p>Additional Conditions: NHTF Loan</p> <ol style="list-style-type: none"> 14. Loan to be in fourth lien position; 15. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met; and 16. Thomas Development Company (TDC) must provide a guarantee during the construction period.

MFA Commitments to Other Projects	<p><u>Thomas Development Company (TDC):</u> 2019 LIHTC (4%) - Marbella Apartments - \$420,282 2019 HOME/Rental award - Marbella Apartments - \$720,000 2019 NMHTF loan - Marbella Apartments - \$500,000</p> <p><u>Supportive Housing Coalition of New Mexico:</u> 2006 LIHTC (9%) - Chuska - \$663,243 2006 HOME/Rental award - Chuska - \$240,000 2007 STC/Rental award - Chuska - \$125,000 2008 HOME/Rental award - Vista Gallinas - \$600,000 2008 LIHTC (9%) - Downtown@700-2nd - \$959,090 2008 LIHTC - Silver Gardens I - \$1,031,881 2008 Risk Share loan - Silver Gardens I - \$992,007 2009 TCAP loan - Downtown@700-2nd - \$392,132 2011 LIHTC (9%) - Silver Gardens II - \$747,130 2011 Risk Share loan - Silver Gardens II - \$203,498</p> <p>(1) Risk Share loans carry 10% MFA risk</p>		
MFA Exposure	\$3,647,637		
Prepared by	Jacobo Martinez – Development Loan Manager	Date	1/22/21
Reviewed by	George Maestas, Assistant Director of Housing Development		

PROJECT INFORMATION SUMMARY						
Project Name		City	NC, AR, or NC/AR	Total # Units	Sizes	Target AMIs
San Roque		Albuquerque				
Total Development Cost	\$ 33,666,784		NC	136	1-BED, 2-BED, & 3-BED	30% AMI, 40% AMI, 50% AMI, 60% AMI, 70% AMI, 80% AMI
Borrowers	San Roque Apartments, LLC- HOME & NMHTF Supportive Housing Coalition- NHTF					
Management	Supportive Housing Coalition of N.M.		YEAR BUILT (AR)		LIHTC ALLOC	4% or 9%
Developer	Thomas Development Company		NC		\$ 1,119,881	4%
			NC = New Construction AR = Acquisition/Rehab AMI = Area Median Income MR = Market Rate apartments			
HOME LOAN INFORMATION			NUMBER OF HOME UNITS:			4
Funds Available as of:	02/01/21	\$1,466,373				
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$800,000	\$800,000				
Rates	0.0% to 3.0%	0.00%				
Loan Fees	NA	NA				
Maximum Loan Term	2 yr construct, 40 yr perm	2 yr construct, 40 yr perm				
Loan Amortization	20 to 80 years	80 years				
Lien Position	Subordinate allowed	2nd lien position				
Affordability Requirements	Min 20 yrs, max 60% AMI	40 yrs, 4 units @ 60% AMI				
DSCR	1.2 to 1.4 to 1 on all must-pay debt	1.06 to 1 increasing to 1.31 by year 15	Below guidelines in first 8 years. DSCR is 1.20 by year 9. The DSCR increases yearly.			
Scoring Criteria	NA	NA				
NEW MEXICO HOUSING TRUST FUND LOAN INFORMATION			NUMBER OF NMHTF UNITS:			61
Funds Available as of:	01/31/21	\$8,938,074				
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$1,000,000	\$2,622,031	Loan request exceeds permanent period loan limit guidelines by \$1,622,031. Smaller 4% deals often need more debt to make the project work. The increased NMHTF loan is necessary for the project to be feasible.			
Rates	1.0% to 5.0%	3.0%				
Loan Fees	NA	NA				
Maximum Loan Term	2 yr construct, 30 yr perm	2 yr construct, 30 yr perm				
Loan Amortization	Mthly during perm	Mthly during perm				
Lien Position	Subordinate allowed	3rd lien position				
Affordability Requirements	Min 20 years, Max 60% AMI	30 yrs, 60% AMI				
DSCR	1.2 to 1.4 to 1 on all must-pay debt	1.06 to 1.0 increasing to 1.31 by year 15	Below guidelines in first 8 years. DSCR is 1.20 by year 9. The DSCR increases yearly.			
Scoring Criteria	50-100 points	68				

NATIONAL HOUSING TRUST FUND LOAN INFORMATION			NO OF NATIONAL HTF UNITS:
Funds Available as of:	02/01/21	\$1,325,000	HTF UNITS:
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES
Maximum Loan Amount	Maximum Per Unit Subsidy	\$1,325,000	
Rates	0%	0.0%	
Loan Fees	No Loan Fees	NA	
Maximum Loan Term	2 yr construct, no max on perm	2 yr construct, 35 yr perm	
Loan Amortization	cash-flow or forgivable	cash-flow	Borrower will have the option to make annual cash-flow payments or annual fixed payments of \$500.
Lien Position	Subordinate allowed	4th lien position	
Affordability Requirements	Min 30 yrs; NHTF restricted to at or below the greater of 30% AMI or federal poverty level	35 yrs; Units rent-restricted to the greater of 30% AMI or federal poverty level	
DSCR	1.2 to 1.4 to 1 on all must-pay debt	1.06 to 1 increasing to 1.31 by year 15	Below guidelines in first 8 years. DSCR is 1.20 by year 9. The DSCR increases yearly.
Scoring Criteria	40-115 points	93	

TOTAL DEVELOPMENT COST INFORMATION SUMMARY				
Project:	San Roque	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)		\$ 761,893	2%	\$ 4.62
Construction Hard Costs		\$ 19,051,159	57%	\$ 115.58
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)		\$ 5,483,311	16%	\$ 33.27
Professional Services/Fees (architect, engineer, real estate legal, etc)		\$ 928,355	3%	\$ 5.63
Construction Financing Costs (interest, insurance, inspections, fees, etc)		\$ 1,561,867	5%	\$ 9.48
Permanent Financing Costs (fees, title/recording, etc)		\$ 239,145	1%	\$ 1.45
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)		\$ 787,537	2%	\$ 4.78
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)		\$ 65,000	0%	\$ 0.39
Reserves (rent-up, operating, replacement, escrows, etc)		\$ 1,323,125	4%	\$ 8.03
Developer Fees (inc consultant fees)		\$ 3,465,392	10%	\$ 21.02
Total Development Costs (TDC)		\$ 33,666,784	100%	\$ 204.25
TDC w/o Land, Reserves & Commercial		\$ 31,581,766	94%	\$ 191.60

*Gross square footage: 164,835

CONSTRUCTION SOURCES				
Project:	San Roque	Total	% of Total	Per Unit
Construct. Lender - 1st Lien	Cedar Rapids Bank and Trust	\$ 24,586,019	73.0%	\$ 180,780
2nd Lien holder	MFA HOME Loan	\$ 720,000	2.1%	\$ 5,294
3rd Lien holder	MFA NMHTF Loan	\$ 2,622,031	7.8%	\$ 19,280
4th Lien holder	MFA NHTF	\$ 1,192,500	3.5%	\$ 8,768
Deferred Developer Fee	Thomas Development Company	\$ 2,306,440	6.9%	\$ 16,959
LIHTC Equity	CREA	\$ 2,239,794	6.7%	\$ 16,469
			0.0%	\$ -
			0.0%	\$ -
Total Construction Sources		\$ 33,666,784	100.0%	\$ 247,550

PERMANENT SOURCES				
Project:	San Roque	Total	% of Total	Per Unit
Construct. Lender - 1st Lien	Cedar Rapids Bank and Trust	\$ 15,414,465	45.8%	\$ 113,342
2nd Lien holder	MFA HOME Loan	\$ 800,000	2.4%	\$ 5,882
3rd Lien holder	MFA NMHTF Loan	\$ 2,622,031	7.8%	\$ 19,280
4th Lien holder	MFA NHTF	\$ 1,325,000	3.9%	\$ 9,743
Deferred Developer Fee	Thomas Development Company	\$ 2,306,470	6.9%	\$ 16,959
LIHTC Equity	CREA	\$ 11,198,818	33.3%	\$ 82,344
Total Permanent Sources		\$ 33,666,784	100.0%	\$ 247,550

Housing Development Underwriting Analysis of 2021 Rental Award Summary – San Roque

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

- A. Request:** Applicant requests and staff recommends, (1) a \$800,000 HOME construction/permanent loan, (2) a \$2,622,031 NMHTF construction/permanent loan, and (3) a \$1,325,000 HTF construction/permanent loan.

B. Market & Site/Environmental:

1. **Market Study:** The Award Summary provided information from the MFA-ordered Novogradac & Co. market study dated 6/10/20, which is not repeated here. In summary, Novogradac concludes that construction of the subject site, located at 401 Coors Boulevard NW in Albuquerque, Bernalillo County, New Mexico is feasible as proposed. The site is located within Census Tract 47.41, which is a 2020 Qualified Census Tract. The Primary Market Area (PMA) generally encompasses downtown and western Albuquerque. Novogradac concludes that the area around San Roque represents a more than adequate demand in the market to support both the Subject and the existing competitive supply. All major shopping, employment and recreational amenities are within reasonable proximity. Public transportation, medical services, groceries, and shopping are available.
2. **Site/Environmental:** A Phase I Environmental Site Assessment (ESA) prepared by Marron & Associates dated 9/17/20 concludes there is no evidence of recognized environmental conditions in connection with the property. However, the report has identified a finding at the adjoining property to the West as the property is registered on the CERCLIS database. Currently, there is no indication of this finding affecting soil or groundwater at the subject property. Additionally, the FEMA flood plain map that was submitted indicates the property is not in a flood plain. A HUD environmental Review will be required for the HOME and NHTF loans. Staff is now reviewing the submittal, and HUD approval is required before the property can be purchased.
3. **Site and Neighborhood Standards (HOME New Construction only):** A Site and Neighborhood Standards will be required for the HOME loan, staff is now reviewing the submittal, and approval is required before the property can be purchased. The subject property did receive a Zone Change from the City of Albuquerque dated 9/28/2020 case number #2020-004193. The Zone Change amended the zoning from NR-BP zoning category to MX-M zoning category which allows for multi-family residential development. The justification for the zone change provided by the City of Albuquerque Environmental Planning Commission (EPC) includes:
 - a. The zoning will allow for a more diverse range of uses that would support employment opportunities and compact development.
 - b. The subject site is an infill site because it is located in an area that is largely surrounded by developed land.
 - c. Existing infrastructure and public facilities are in place to serve the subject site.
 - d. The subject site is located in an area of change.

4. **Subsidy Layering Review (HOME & NHTF):** MFA's Housing Development Department's underwriting guidelines, which have been performed for both the HOME and NHTF loan requests, show this project is not over-subsidized per HUD regulations.

C. Town and County Characteristics:

Per 6/10/20 Novogradac market study the general population in the Primary Market Area (PMA) is forecast to continue to increase through 2024 as is that of the MSA (Albuquerque Metropolitan Statistical Area). The market study shows evidence that there is a significant level of demand for affordable housing in the area. The number of affordable housing developments maintain waiting lists for all unit types. The vacancy rate of comparable developments ranges from 0 percent to 6.6 percent with an average of 3.0 percent. The market study expects San Roque to maintain a vacancy rate of 3.0 percent or less upon completion of construction. Also, the outlook of the local economy appears to be favorable when the economy fully opens as only a small percentage of jobs have been affected.

D. Developer Capacity:

1. **Management:** This will be second project in New Mexico for Thomas Development Company (TDC). The company has a successful 20-year history of development in Idaho, Utah, Arizona, and Montana, with dozens of completed projects. We believe it has the capacity to manage this new construction.
2. **Financial:** TDC's CPA-reviewed financial statements for the fiscal year ending in 12/31/19 show \$193K in Cash, \$6.6M in Total Assets (comprised primarily of Developer Fee Receivables), a Net Worth of \$5.1M, resulting in a debt-to-worth ratio of 0.30:1.00, a positive net income, and a positive traditional cash flow. CPA-reviewed financials for FYE 12/31/2018 show \$177K in Cash, \$6.0M in Total Assets, a Net Worth of \$4.5M, resulting in a debt-to-worth ratio of 0.32:1.00, a positive net income, and a positive traditional cash flow. TDC's company-prepared financials for the six months ending on 6/30/2020 show \$117K in Cash, \$5.0M in Total Assets, a Net Worth of \$3.7M resulting in a debt-to-worth ratio of 0.36:1.00, a positive net income, and a positive traditional cash flow. It is not unusual for developers to have significant assets outside their development entities. This is the case for Barbara & Thomas Mannschreck, which is why we require their personal guarantees during the construction period (see below Guarantor analysis).
3. **Non-Profit Member Financial Capacity:** Supportive Housing Coalition of NM (SHCNM) (i.e. includes affiliates) CPA-audited financial statements for FYE 12/31/18 show Unrestricted Cash of \$74K, Total Assets of \$28M and a Net Worth of \$25M, resulting in a Debt-to Worth Ratio of 0.12:1.00. SHCNM shows a negative net income for 2018, however, SHCNM shows a positive traditional cash flow for the same year. There was a \$952K decrease in Net Assets (i.e. profit) primarily because of a decrease in grants and contracts and tax credit fees. However, there was a positive increase in rents receivable and a \$395K decrease of Liabilities which includes a \$296K decrease in deferred revenue.

- E. **General Partner/Managing Member Capacity:** Same as developers (TDC and SHCNM)
- F. **Guarantor:** TDC's financials (reviewed above) reflects a liquidity that may be insufficient to support the project in the event that a significant problem might arise during construction that would require cash. Therefore, we will not only require TDC's guaranty of the loans during construction but also those of its owners, Barbara & Thomas Mannschreck. We believe that the Mannschrecks have the financial & managerial ability to handle this new construction project.

G. **Project Financials & Projections:**

1. **Financial Statements:** N/A
2. **Projections & Assumptions –** The Borrower is a to-be formed LLC and the Developer has provided a detailed 15-year cash flow projection for the project. Additionally, the Novogradac market study reviewed the supplied expense projections and compared them with three LIHTC affordable housing projects within the market area. Novogradac concludes that the developer's overall total per unit expense estimate appears reasonable based upon the comparables, as it is well within the range. Less taxes, utilities, and reserves, the developer's total per unit expense is slightly below the range of the comparables, but not significantly so, and seems reasonable for a new construction development. Operating expenses were estimated at \$3,600 per unit per annum (PUPA) after reducing for Social Services (\$40) PUPA. These operating expenses are within MFA standards of \$3,300 to \$4,800. A 7% vacancy (MFA standard) was applied to our underwriting. However, the Novogradac market study maintains that the average vacancy for affordable housing in the PMA is 3%.

The fifteen-year Debt Service Coverage Ratio (DSCR) on all hard debt is projected to range from 1.06:1.00 in year one to 1.31:1.00 in year 15. Initially, this is outside the parameters of MFA's general underwriting standards of 1.20 to 1.40. However, there are two factors that should be considered 1) Vacancy rates in the PMA average much lower, at 3%, than our conservative underwriting rates of 7%, potentially understating the cash flow available to pay hard debt. 2) The first mortgage loan is assumed to be at a 4.10% interest rate, which reflects MFA's standard underwriting process of adding 50 basis points to the first mortgage lender's stated rate (in this case 3.6%) to adjust for potential increases in interest rates. However, we do not anticipate a major rate fluctuation before close (i.e. 3 - 6 months from now), so the rate quoted in the first mortgage lender's letter of interest will likely remain and reflect an higher debt service coverage. If, for any reason, the rate increases too much to accommodate required DSCR, then the perm loan can be reduced and replaced by additional deferred developer fee or a cash-flow only loan from TDC. Based on the investor's letter of interest, the project is currently underwritten using a credit price of 89 cents on the dollar, which is within the 2020 MFA guideline of 88 to 95 cents. Every one (1) cent drop in that price would create the need for an additional \$126K in deferred developer fee or cash flow loan.

- H. **Collateral:** An “as complete” appraisal report was not ordered for this transaction. However, MFA does not base its subordinate debt decisions on collateral but rather on cash flow, because, as New Mexico’s Housing Finance Agency, it is our mission to help provide such loans to cover gaps and make projects feasible.

I. **Risk Factors:**

1. **Market – Low** (existing project that is generally above 95% occupancy plus the market study shows continued strong demand)
2. **Construction – Medium** (developer/guarantors have experience with such LIHTC projects plus first mortgage lender’s construction representative will monitor and review all construction draws - Also, the construction company will be Erstad Architects, a well-known Idaho company with significant affordable housing experience)
3. **Developer – Low** (TDC has extensive experience in this field)
4. **Guarantor(s) – Medium** (TDC & the Mannschrecks have the financial capacity to cover small to medium cost overruns should they occur.)
5. **General Partner/Managing Member – Medium**(Supportive Housing Coalition has a long history of providing quality support and services.)
6. **Community Opposition – Low** (The project has completed a zone change and has significant outreach with the community with little to no opposition.)
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. MFA’s final underwriting is required before loan closing to ensure viability before final commitment)

- J. **Summary & Recommendation:** The proposed project presents a favorable risk profile and is recommended for approval.

Recommend

Concur

Jacobo Martinez
Development Loan Manager

George Maestas
Assistant Director of Housing Development

Dated as of January 22, 2021

Appendix A: Development Cost Budget		
San Roque Apartments	Gross Sq. Footage:	164,835
Albuquerque	TOTAL COST	COST/GSF
ACQUISITION COSTS		
Land Acquisition	\$ 761,893	\$ 4.62
Building Acquisition		\$ -
Other: Closing/Title Costs		\$ -
SUBTOTAL	\$ 761,893	\$ 4.62
CONSTRUCTION HARD COSTS		
Demolition		\$ -
Accessory Structures	\$ 216,710	\$ 1.31
Site Construction	\$ 1,786,785	\$ 10.84
Buildings and Structures	\$ 17,047,664	\$ 103.42
Off-Site Improvements		\$ -
Other:		\$ -
SUBTOTAL	\$ 19,051,159	\$ 115.58
OTHER CONSTRUCTION COSTS		
Contractor Overhead	\$ 285,182	\$ 1.73
Contractor Profit	\$ 615,460	\$ 3.73
General Requirements	\$ 1,073,257	\$ 6.51
Construction Contingency	\$ 1,617,294	\$ 9.81
Gross Receipts Tax (GRT)	\$ 1,806,668	\$ 10.96
Landscaping		\$ -
Furniture, Fixtures, & Equipment	\$ 85,450	\$ 0.52
Other: Builder's Risk Insurance, P&P Bond, Building Permits		\$ -
SUBTOTAL	\$ 5,483,311	\$ 33.27
PROFESSIONAL SERVICES/FEES		
Architect (Design)	\$ 756,900	\$ 4.59
Architect (Supervision)		\$ -
Attorney (Real Estate)	\$ 60,000	\$ 0.36
Engineer/Survey	\$ 96,455	\$ 0.59
Other : HERS Testing/ Phase 1/2, Geotechnical	\$ 15,000	\$ 0.09
SUBTOTAL	\$ 928,355	\$ 5.63
Hazard Insurance		\$ -
Liability Insurance	\$ 30,000	\$ 0.18
Performance Bond	\$ 538,862	\$ 3.27
Interest	\$ 645,383	\$ 3.92
Origination\Discount Points	\$ 245,860	\$ 1.49
Credit Enhancement		\$ -
Inspection Fees	\$ 21,000	\$ 0.13
Title and Recording	\$ 30,762	\$ 0.19
Legal	\$ 50,000	\$ 0.30
Taxes		\$ -
Other:	\$ -	\$ -
SUBTOTAL	\$ 1,561,867	\$ 9.48

Project: San Roque Apartments		
PERMANENT FINANCING COSTS		
Bond Premium	\$ -	\$ -
Credit Report	\$ -	\$ -
Origination\Discount Points	\$ 154,145	\$ 0.94
Credit Enhancement		\$ -
Title and Recording		\$ -
Legal	\$ 35,000	\$ 0.21
Pre-Paid MIP		\$ -
Reserves and Escrows		\$ -
Other:	\$ 50,000	\$ 0.30
SUBTOTAL	\$ 239,145	\$ 1.45
SOFT COSTS		
Market Study	\$ 8,500	\$ 0.05
Environmental		\$ -
Tax Credit Fees	\$ 73,943	\$ 0.45
Appraisal	\$ 8,000	\$ 0.05
Hard Relocation Costs		\$ -
Accounting/Cost Certification	\$ 20,000	\$ 0.12
Other: Soft Cost Contingency, Constr. Mngm	\$ 677,094	\$ 4.11
SUBTOTAL	\$ 787,537	\$ 4.78
SYNDICATION		
Organization	\$ 65,000	\$ 0.39
Bridge Loan		\$ -
Tax Opinion		\$ -
Other:		\$ -
SUBTOTAL	\$ 65,000	\$ 0.39
TDC before Dev. Fees & Reserves	\$ 28,878,267	\$ 175
RESERVES		
Rent Up	\$ -	\$ -
Operating	\$ 711,125	\$ 4.31
Replacement (inc. only if capitalized)	\$ 612,000	\$ 3.71
Escrows/Working Capital		\$ -
Other:		\$ -
SUBTOTAL	\$ 1,323,125	\$ 8.03
DEVELOPER FEES		
Developer Fee	\$ 3,465,392	\$ 21.02
Consultant Fee		\$ -
SUBTOTAL	\$ 3,465,392	\$ 21.02
Total Development Cost (TDC)	\$ 33,666,784	\$ 204.25
TDC w/o Land, Reserves & Commercial	\$ 31,581,766	\$ 191.60

Tab 6



MEMO

TO: MFA Board of Directors

Through: Policy Committee – February 1, 2021

FROM: Gina Bell, Director of Community Development

DATE: February 17, 2021

SUBJECT: Approval of Northern Regional Housing Authority Executive Director

Recommendation:

Staff recommends approval of Mr. Terry Baca as Executive Director of the Northern Regional Housing Authority (NRHA).

Background:

The Legislature of the State of New Mexico, during the 2009 Legislative session, enacted Senate Bill 20 (Laws of New Mexico 2009, Chapter 28) amending the Regional Housing Statute 11-3A-20 NMSA 1978, to redefine the activities of the regional housing authorities, to include MFA's Board of Directors to approve Executive Directors for all the Regional Housing Authorities.

Discussion:

On March 16, 2016, MFA's Board of Directors approved Richard Frey as Executive Director for the NRHA. Mr. Frey's employment ended on April 6, 2018 and Michael Cabral was assigned as Acting Executive Director by NRHA's Board. In August 2019 MFA's Board approved Judith Carlin as the Executive Director of NRHA however she did not ultimately take the position. In 2019, Terry Baca was assigned the acting Executive Director of Northern and has held that position until January 2021 when the NRHA Board of Directors approved him to be the official Executive Director of NRHA through the consolidation of Northern Regional, Raton and Las Vegas Housing Authorities.

On a monthly basis, MFA staff has been providing NRHA's monthly Board meeting minutes for your review. This month in preparation for MFA's February Board meeting staff became aware, through the minutes, that the reorganization of Northern Regional, Raton and Las Vegas Housing Authorities was approved and executed on January 1, 2020. Through that process NRHA's Board officially assigned Mr. Baca as Executive Director of NRHA. Staff immediately reached out to Rayetta Trujillo, the Board Chair and Julian Barela, the HUD Region 6 Manager informing them that Regional Housing Statute requires that Mr. Baca be approved by MFA's Board of Directors as well.

Staff was informed by Mr. Barela that based-on HUD regulation, any housing authority reorganization, also called a transfer, consolidates all assets and liabilities under one Public Housing Agency. Transfers may include employees and in this case all employees from Northern Regional, Las Vegas and Raton Housing Authorities were part of the transfer.

Mr. Terry Baca was already the Executive Director of Raton Housing Authority and since he is part of the reorganization of Northern Regional, Las Vegas and Raton Housing Authorities, the Board

did not believe that the requirement to have MFA's Board of Directors approve his official appointment was necessary.

Through this process it has become apparent that the Regional Housing Statute and the ability to put an Executive Director in place through a transfer do not coincide. Therefore, to be transparent, staff is coming to MFA's Board with a request for approval of Terry Baca as the Executive Director of NRHA.

Mr. Baca has been the Executive Director of Raton Housing Authority since 2008. In this role he has gained valuable knowledge in operations, finances, maintenance and staffing. He has also been responsible for complying with all HUD and state rules and regulations required for the operation of a Public Housing Agency. Mr. Baca has experience in mergers as Raton Housing Authority merged with Maxwell Housing Authority in 2017, and in January of this year Northern Regional, Las Vegas and Raton Housing Authorities merged with Mr. Baca overseeing the transfers.

Mr. Baca's resume is attached for your review. Highlights of his achievements include analyzing current compliance with NRHA and continuously addressing the utilization of policies and procedures. He evaluated the vacant unit situation at NRHA and increased occupancy. He has a good relationship with the HUD field office which helps ensure that the agency remains in compliance, and he supports the mission and goals of the HUD Public Housing Program. He has worked diligently to eliminate NRHA's prior year audit findings.

MFA and HUD agree that Mr. Baca's experience makes him a solid choice for the position of Executive Director for NRHA. His deep understanding of Housing Authorities, his relationship with HUD and his strong leadership qualities are what is needed for the future success of NRHA.

Summary:

Staff recommends approval for Mr. Terry Baca to the position of Executive Director at the Northern Regional Housing Authority.

Terry L. Baca

253 Francis Ave.

Raton, New Mexico 87740

Home Phone 575-445-2013

Cell Phone 575-447-7642

Email: terrylbaca@yahoo.com

Summary

I have over forty-five year of experience in the construction and construction management fields, with nineteen working for same employer, and nineteen years with my current employer. I have been a working musician for over forty-five years; with my experience and knowledge I feel that I would be an asset to any organization. I am a hands-on person doing what ever it takes to get the job done. I have strong problem solving and organizational skills to help achieve your goals.

Work History

Acting Executive Director-Northern Regional Housing Authority

11/22/2019 to Present

Responsible for the operations, financing, maintenance, staffing, and include responsibilities of Program Coordinator for 204 Public Housing units and 561 Section 8 Vouchers. Coordinating consolidation of the Raton Housing Authority adding an additional 178 Public Housing units and the Las Vegas Housing Authority adding an additional 266 Public Housing units. This to include transferring staff equipment and properties to Northern Regional Housing Authority

Executive Director-Maxwell Housing Authority

4/1/2017 to Merger with Raton Housing Authority

Responsible for the operations, financing, maintenance, staffing, and include responsibilities of Program Coordinator for 22 Public Housing units. The Maxwell Housing Authority has an annual operating and capital improvement budget more than \$50,000.00. Responsible for complying with all HUD and state rules and regulation required in operations of a Public Housing Agency

Terry L. Baca Consultant Services

2005 to 2015

Field Inspector for Sundance Field Service inspect homes in Colfax County that are pending foreclosure and secure and winterize vacant homes. Public Housing Physical Needs Assessment, Energy Audits and Utility Allowances, inspect public housing units for areas of improvement in safety, maintenance, ADA, energy conservation and general management.

Executive Director-Raton Housing Authority

11/1/2008 to Merger with the Raton Housing Authority

Responsible for the operations, financing, maintenance, staffing, and include responsibilities of Program Coordinator for 156 Public Housing units. The Raton Housing Authority has an annual operating and capital improvement budget more than \$1,000,000.00. Responsible for complying with all HUD and state rules and regulation required in operations of a Public Housing Agency. Under Contract as Executive Director the Cimarron Housing Authority through the Raton Housing Authority. Under Contract as Quality Control inspector with the Wagon Mound Housing Authority through the Raton Housing Authority.

Summer food Program form 2016-2020 CYFD" New Mexico Children Youth and Families Department" feed child from the age of 1 to 18 years of age during the summer school break In Colfax County

Program Coordinator/ Maintenance Supervisor

10/15/2001 to 11/1/2008

Responsible for all day-to-day maintenance of 156 public housing unit, including supervision of maintenance staff, scheduling, inspection, unit turnover, purchasing, capital improvements, establish 5-year agency plan, annual utility allowance calculations, energy audits, physical needs assessments, equipment maintenance, and maintain inventory of all appliance's, tools and equipment, and capital assets.

Plant Manager- Morgan Building and Spa's

1999 to 10/15/2001

Responsible for the Raton Manufacturing Plant directly or indirectly through supervisors in the plant and out in the field. Establish maintenance programs for equipment and over the road trucks and trailers that comply with D.O.T regulations. Direct all trucks shipping raw materials in and finished products out. Maintain levels of finished goods inventory at six company owned sales locations, produce inventory for twelve dealer locations in Colorado, Texas, and New Mexico. Establish monthly budgets for indirect expenses and stay within approved budgets along with approving all expenses for proper account coding. Travel to company owned sales locations quarterly to assure quality at manufacturing plant and sales locations are consistent within Morgan's standards.

Production Manager

1997 to 1999

I was responsible for planning the production schedule for the builder's, electricians, plumbers, service people along with small building assembly line supervisor, quality control manger, and material manager. I also handled

personnel issues which included interview, hire, train, discipline, terminations, and administer on site pre-employment drug screening. I also worked with state and private inspector's to insure our product would pass all building code's that pertained.

Lead Carpenter, Do It Right Construction

1993 to 1997

I was responsible for the laying out and building of custom homes, along with general maintenance and remodeling of older homes. Also supervised from one to five employees.

Parts Man, United Chevrolet and Toyota

1992-1993

Identify and supply auto parts to be replaced by technicians in the shop and walk in customers on a timely basis. Which included ordering, inventorying, warehousing, and sales of parts.

Morgan Buildings and Spas

1977 to 1992

Quality Control Inspector

Responsible for following check list and blue prints to insure buildings are built to quality standards in accordance with the blue prints.

Material Manager

I was responsible for the purchasing, shipping and selling materials. Which included the purchase of building materials, electrical, plumbing and equipment parts. Monitor inventory levels and replenish as needed. Developed layout of materials distribution throughout the manufacturing facility to allow for easy accessibility for production. Also supervise six employees.

Production Manager

I was responsible for the planning the production schedule for building assembly. Supervise production to insure the following production schedules and standards. Read blueprints to develop bill of material for each job. Monitor material utilization to minimize waste. Supervised between 40 to 60 employees, depending on production demands. Also worked with state and professional inspection companies to make any corrections to buildings to insure they pass all national, state, and local codes.

Consumption Accountant

Supervise quarterly inventory at three manufacturing plants in Texas and New Mexico. Audit production reports for six manufacturing plants to compare actual material usage to planned usage. Reported any irregular usage to Guy Morgan Corporate President.

Heavy Equipment Operator, John Atwater and Son Construction

1976 to 1977

Operated and maintained the following equipment: backhoe, bulldozer, scraper, front end loader, and dump trucks.

Education

1975: Graduated with a High School Diploma from Raton High School, Raton, New Mexico.

1980: Completed Dale Carnegie management course.

1981: Attended American Management Association Seminar

2002: New Mexico NAHRO "UPCS, work write-ups & cost estimates"

2003: U.S. Department of Housing and Urban Development "The Art and Science of Grant Writing"

2004: AGA Albuquerque Chapter "New Mexico Gross Receipts Tax"

2005: Luna Community College "Public Housing Manager"

2004: U.S. Department of Housing and Urban Development "Grant Writing Workshops for Faith-Based and Community Organizations"

2007: State of New Mexico "Requirements for Contracting and Conducting Audits of Agencies"

2008: The National Association of Housing and Redevelopment Officials "Workshop for Executive Directors"

2009: U.S. Department of Housing and Urban Development, Safety Awareness training EIV "Enterprise Income Verification"

2011: Santa Fe Community College: Lead Awareness Training Certification

2012: New Mexico NAHRO, Nan McKay "Grievance Procedure of Low-Income Public Housing" Hearing Officer

2013: New Mexico NAHRO, UPCS Certified Inspector "Uniform Physical Conditions Standards"

2015: New Mexico NAHRO, New Mexico Edge, Chief Procurement Officer Certification

2017: New Mexico NAHRO, New Mexico Edge, Chief Procurement Officer Re-Certification

2019: New Mexico NAHRO, New Mexico Edge, Chief Procurement Officer Re-Certification

2019: State Food Safety, New Mexico Food Handlers Card

Volunteer Work

Past

Raton Tiger Paws, Treasure

New Mexico State Modular Advisory Board

Raton Rodeo Association

Raton Elks Lodge, Exalted Ruler

New Mexico Elks Association, NM State Co-Chair Cerebral Palsy Charity, NM Chair Elks National Foundation Charity

City of Raton Parks and Rec. Advisory Board, Chairman

Present

Raton Elks Lodge, Trustee Chairman

City of Raton Personnel Advisory Board, Chairman

Raton Arts and Humanity Council Board of Directors, President

New Mexico NARHO, Immediate Past President

New Mexico Mortgage Finance Authority Housing Trust Fund Board

Tab 7



MEMO

TO: Board of Directors
Through: Strategic Management Committee – February 4, 2021
FROM: Rebecca Velarde
Director of Policy and Planning
DATE: February 17, 2021
RE: Proposed 2021-2025 Strategic Plan

Recommendation:

Staff recommends approval of the proposed 2021-2025 Strategic Plan.

Background:

In 2017 the MFA board adopted the 2018-2022 Strategic Plan. Though MFA always contemplated a mid-cycle update to its five-year plan, MFA decided to move forward with a new strategic planning process in 2020 due to extensive changes at MFA, including three new board members, a new board chair and a new executive director.

MFA started its 2021-2025 strategic planning process in February 2020 and held meetings with all MFA departments and board members. Additionally, staff completed a housing needs assessment to better understand the state's affordable housing needs. The strategic planning process was put on hold in April 2020 due to the onset of the coronavirus pandemic. Work on the strategic plan resumed in the summer of 2020 with partner listening sessions and meetings of MFA's Strategic Management Committee (the "SMC"). The SMC reviewed housing needs assessment data and meeting feedback, completed a Strengths, Weaknesses, Opportunities and Threats ("SWOT") analysis, identified themes and developed a strategic plan framework. MFA staff presented this framework, which included draft goals and objectives, to the board for their review and comment in September 2020. After obtaining board feedback, the SMC proceeded to develop the full strategic plan, including initiatives and benchmarks, and presented a full draft to the board at a training session on January 20, 2021. After receiving additional board feedback, MFA staff made further changes in preparation for the proposed 2021-2025 Strategic Plan to be considered at the February 17, 2021 board meeting.

Discussion:

MFA's strategic planning process has included dozens of meetings with the board, MFA staff and our partners. Through this process, several important themes emerged:

- New Mexico has a shortage of affordable housing units and a lack of resources required to meet the housing needs of its residents, including vulnerable and rural populations. In addition, much of New Mexico's housing stock is aging and

in poor condition. All of these factors have significant social and economic implications.

- In order for MFA programs to have a positive impact on communities throughout the state, it is imperative that partnerships with a variety of housing-related entities are developed, maintained and expanded.
- Although MFA has a strong reputation among its partners, there is a need to further educate the public about the value of quality affordable housing in general and, specifically, about MFA's products and programs.
- MFA must continue its tradition of strong financial management in order to weather changing and uncertain market and political conditions.
- Cybersecurity and state-of-the-art technology allow MFA to continually improve its business practices and customer service.
- Appropriate staffing levels and a dynamic, team-oriented and healthy work environment are critical to MFA's success.

Based on these themes, MFA staff are proposing the following goals and objectives:

- Goal 1: Create affordable housing opportunities that support and strengthen New Mexico's communities.
 - Objective 1: Promote health, safety and environmental efficiency through improvements to New Mexico's existing housing stock.
 - Objective 2: Reduce the personal and societal costs of homelessness through programs and housing opportunities for persons experiencing or at risk of homelessness.
 - Objective 3: Strengthen financial security and stability and improve long-term outcomes of low- to moderate-income households through new affordable multifamily housing development.
 - Objective 4: Increase wealth building opportunities through promoting sustainable, affordable homeownership programs and affordable single-family home development.
 - Objective 5: Address unmet housing needs for underserved populations including vulnerable and rural populations.
 - Goal 2: Build a network of advocates and partners that work to create and promote affordable housing in the state.
 - Objective 1: Provide education on the value of quality affordable housing and the social and economic impact of MFA's products and programs.
 - Objective 2: Strengthen partners' capacity to deliver MFA's affordable housing products and programs in every area of the state.
 - Objective 3: Expand the network of stakeholders that are committed to affordable housing and housing-related programs.
 - Goal 3: Maintain judicious financial stewardship and principled, efficient business practices.
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- Objective 1: Optimize existing financial strategies and evaluate new financial tools.
- Objective 2: Expand and diversify MFA's financial opportunities, grow current resources and establish new resources.
- Objective 3: Continuously improve processes and systems to ensure quality customer service and maximize programmatic impact.
- Goal 4: Provide robust technological solutions.
 - Objective 1: Implement and maintain state-of-the-art technology that will support MFA staff, partners and clients.
 - Objective 2: Maintain system reliability.
 - Objective 3: Protect MFA's data and systems.
- Goal 5: Foster a healthy, dynamic and team-oriented work environment.
 - Objective 1: Cultivate an environment that encourages the open exchange of ideas and accommodates an ever-changing work dynamic to attract and retain employees.
 - Objective 2: Offer opportunities for staff development and advancement and ensure the transfer of institutional knowledge.
 - Objective 3: Ensure appropriate staffing levels so that employees have a balanced workload.

MFA staff are proposing a number of initiatives as shown in the enclosed "2021-2025 Strategic Plan Goals, Objectives and Initiatives" document. This document is redlined to reflect changes made since the January 20, 2021 training session to incorporate board feedback. Finally, staff are proposing updated benchmarks as shown in the enclosed "2021-2025 Strategic Plan Benchmarks" document. This document is also redlined to reflect changes since the January board training session.

If the MFA board adopts the 2021-2025 Strategic Plan, MFA staff will create work plans to accomplish the initiatives and start reporting on the new benchmarks.

Summary:

MFA staff started its 2021-2025 strategic planning process in February 2020 and held dozens of meetings with board members, MFA staff and partners in addition to completing a housing needs assessment. Based on this information and board feedback, MFA is presenting a proposed 2021-2025 Strategic Plan, including goals, objectives, initiatives and benchmarks. Staff recommends approval of the proposed 2021-2025 Strategic Plan.

2021-2025 Strategic Plan Goals, Objectives and Initiatives

Goal 1: Create affordable housing opportunities that support and strengthen New Mexico’s communities

Objective 1: Promote health, safety and environmental efficiency through improvements to New Mexico’s existing housing stock

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none">• Neighborhood stabilization program (1.1)• Homeowner rehab program expansion (1.1)	<ul style="list-style-type: none">• *Expand and update weatherization and rehabilitation programs. Explore mechanisms to offer rehabilitation/weatherization improvements not currently or adequately funded (e.g. – air conditioning, emergency repairs, solar) and evaluate changes, such as raising income limits in certain counties, increasing unit cost limits, offering cash advances to contractors, creating flexibility in the number of units in different areas and providing technology solutions.• Increase rehabilitation of older single-family housing stock. Create a strategy to increase rehabilitation of older housing stock in New Mexico, <u>including both rental and owner-occupied housing</u>. Strategies could include, but are not limited to, exploring mechanisms to efficiently expend Veterans Rehabilitation funds and evaluating an incentive to increase usage of FHA 203(k) loans.

Objective 2: Reduce the personal and societal costs of homelessness through programs and housing opportunities for persons experiencing or at risk of homelessness

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none">• Homeless programs alignment (1.1)	<ul style="list-style-type: none">• <u>Connect more individuals experiencing homelessness with services.</u> Participate in collaboratives with other agencies that explore connecting housing and services. Then, utilizing these ideas, offer new ways for service providers to fund and provide services to individuals experiencing homelessness. Evaluate new ways to house individuals experiencing homelessness and prioritize integration of services. Evaluate new ideas to reduce homelessness in areas with affordable housing shortages (e.g. — subsidizing room rentals, smaller houses). <u>Prioritize integration of housing services with supportive services.</u>

Objective 3: Strengthen financial security and stability and improve long-term outcomes of low- to moderate-income households through new affordable multifamily housing development

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none">• Loan modification and restructuring (1.5)• Risk rating of properties (1.5)	<ul style="list-style-type: none">• *Evaluate current QAP and consider changes. Changes could include, but are not limited to: 1) prioritizing permanent supportive, tribal and rural housing; 2) further prioritizing 30% AMI units; 3) reevaluating supportive services requirements (including determination if they are effective for certain non-PSH properties); 4) prioritizing affordable housing preservation; 5) incentivizing 60% AMI units only in targeted areas; and 6) encouraging mixed-income communities.• Promote the utilization of 4% LIHTC. Explore methods to increase utilization, including, but not limited to, improving deployment statewide.• *Evaluate multifamily loan product changes. Changes could include, but are not limited to, mechanisms to more quickly deploy NMHTF and Primero, creating an option for HOME to be a no-pay loan and allowing for “straight” refinancing under NMHTF.• Prioritize LIHTC resyndication along with loan modification and restructuring. Implement these changes to preserve affordable housing stock.• Evaluate mechanisms to increase utilization of the 542(c) Risk Share program.

Objective 4: Increase wealth building opportunities through promoting sustainable, affordable homeownership programs and affordable single-family home development

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none">• Preferred lenders program (1.1)• Freddie Mac & Fannie Mae loan sales programs (1.1)• Homebuyer counseling enhancements (1.4)	<ul style="list-style-type: none">• *Explore methods to finance affordable single family housing development. Methods to explore could include, but are not limited to, utilizing HOME or Primero funds to encourage single family development.• *Evaluate refinancing opportunities. Evaluate opportunities for MFA to refinance loans, <u>including for loans -within and loans outside</u> our portfolio <u>that would have difficulty qualifying for another refinancing opportunity.</u>• *Explore methods to increase homeownership access. Methods to explore could include, but are not limited to, increasing the cap on down payment assistance and prioritizing HOME funds for down payment assistance.• *Evaluate options to improve borrower financial literacy and credit. Options could include, but are not limited to, cultivating and developing housing counseling agencies, offering more extensive housing counseling services and educating borrowers on first and second loans and where they are to be repaid. Efforts should prioritize improvement in rural areas.• Manage single family loan production concentration risk. Encourage single family loan production from a broader base of lenders while carefully monitoring the financial and operational health of our largest lenders to minimize risk.• *Manage mission-driven single family lending activities and level of risk. Determine best mission/risk balance for single family lending. Develop a comprehensive analysis of credit risk and quality control measures in relation to single family mortgage lending, <u>balancing MFA’s mission to assist low- and moderate-income homebuyers. This may include, which could include,</u> but is not limited to, evaluating potential changes to program requirements (e.g. – overlays), determining whether we are properly educating homebuyers on the front end and evaluating our quality control mechanisms.

Objective 5: Address unmet housing needs for underserved populations including vulnerable and rural populations

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none">• Specialty housing development programs (1.2)• Outreach to increase HOPWA referrals (3.1)• USDA Section 538 on tribal lands (1.1)• Tribal and Colonias homebuyer counseling program (1.4)• Manufactured home lending (1.2)• Comprehensive approach to homeownership expansion in rural areas (3.1)• Correspondent lending (1.2)	<ul style="list-style-type: none">• *Prioritize funding for permanent supportive, rural, tribal and senior housing.¹ <u>As part of the statewide housing strategy initiative, evaluate the needs for these types of housing and prioritize funding based on this analysis, particularly in rural areas.</u>• *Explore mechanisms to support housing options for children aging out of the foster care system.• *Evaluate barriers to develop manufactured housing and potential funding source(s). Barriers to evaluate could include, but are not limited to, evaluating the design standards for development financing.• *Effectively provide housing assistance to households experiencing financial hardship due to COVID-19.• Evaluate mechanisms to increase participation of rural and tribal borrowers. One mechanism could be providing incentives to lenders for Section 184 loans.

¹ Initiative covers both Housing Development and Community Development programs.

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

Objective 1: ~~Provide Educated education one stakeholders and the general public about~~ the value of quality affordable housing and the social and economic impact of MFA’s products and programs

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none">Enhanced public awareness of MFA (1.3)Single family marketing (1.3)	<ul style="list-style-type: none">*Continue to stay current with social media outreach strategies.*Create a comprehensive, multi-pronged communication and marketing plan. The plan will be designed to educate the public about MFA and <u>the value of</u> affordable housing, <u>share MFA’s and our clients’ successes</u>, address NIMBY-ism <u>and debunk affordable housing myths</u>, expand outreach to potential new end users and generate new target audiences. MFA will implement strategies and campaigns as laid out in the plan.*Improve MFA’s website. Improve MFA’s website to make it more easily accessible and understandable to the public.*Provide in-depth board sessions. Provide in-depth sessions along with potential site visits with the board, including “on the ground” work of partners, permanent supportive housing best practices and finance along with geographic reach limitations.

Objective 2: Strengthen partners’ capacity to deliver MFA’s affordable housing products and programs in every area of the state

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none">Maintain situational awareness with Regional Housing Authorities (3.2)Property manager training program (3.2)Service provider training program (3.2)Developer training (3.2)Strengthen the capacity of new service providers (3.1)Specialized training for key service providers (3.2)Lender training videos (3.3)Local government technical assistance (3.2)Tribal government technical assistance (3.2)	<ul style="list-style-type: none">*Evaluate mechanisms to increase partner capacity. Mechanisms could include, but are not limited to, increasing funding for operational costs and capacity building activities for service providers, creating an outreach and trainer role to support service providers, offering orientation training for new partners, centralizing some functions to increase partner capacity and allocating additional resources to continually provide training, education and capacity building assistance.

Objective 3: Expand the network of stakeholders that are committed to affordable housing and housing-related programs

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none">Builder outreach (1.3)	<ul style="list-style-type: none">*Evaluate options to seek and/or support development of new partners <u>in areas where MFA does not offer services to create a presence in MFA “white space”.</u>

	<ul style="list-style-type: none"> • *<u>Create-Lead a collaborative housing coalition.</u> Bring together housing providers across the housing spectrum to collaborate and advance affordable housing. • *<u>Increase knowledge of and support for affordable housing among decision makers.</u> Decision makers could include, but are not limited to, elected officials and government agencies. • *<u>Create a statewide housing strategy.</u> • <u>Evaluate the effect of housing programs on societal issues and consider future collaborations.</u> Consider the effect of our programs on societal issues and collaborate or partner with other New Mexico agencies trying to meet the basic needs of New Mexicans to maximize impact and expand our footprint (e.g. – consider the impact of our housing programs on the educator shortage, nursing shortage and rural decline).
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Goal 3: Maintain judicious financial stewardship and principled, efficient business practices

Objective 1: Optimize existing financial strategies and evaluate new financial tools

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none"> • Management strategies for oversight of MSRs and subserviced portfolio (2.1) • Industry awareness (2.1) • Best execution for financing single family mortgages (2.1) • Servicing expansion (2.2) • Community Reinvestment Act lending credit program (2.2) • Multifamily bond structures (2.2) • Develop private activity bond cap preservation program (2.2) 	<ul style="list-style-type: none"> • *<u>Evaluate the sale of individual single family mortgage loans.</u> <u>Evaluation to include selling individual loans to Fannie Mae and Freddie Mac to take advantage of opportunities for increased profitability to improve loan terms for low- and moderate-income homebuyers.</u>Evaluate a cash window loan sale model. • *<u>Move the review and purchase function of single family program loans to MFA from subservicer.</u>Move lender loan purchases in-house.

Objective 2: Expand and diversify MFA’s financial opportunities, grow current resources and establish new resources

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none"> • Renewal of HUD Section 8 PBCA contract (2.3) • Housing development outreach (2.4) • State tax credit and Charitable Trust contributions (2.3) • New funding opportunities (2.4) • Capital Magnet Fund (1.1) • State and federal policy engagement (2.3) 	<ul style="list-style-type: none"> • Expand utilization of currently underutilized funding opportunities. Funding opportunities could include, but are not limited to, New Mexico Housing Trust Funds and the New Mexico State Affordable Housing Tax Credit. • Seek new funding opportunities. Funding opportunities could include, but are not limited to: 1) funds to increase affordable single-family development; 2) resources from the legalization of cannabis; 3) non-traditional funding opportunities (e.g. – business incentives, energy credits, philanthropic funds, non-HUD federal funds, donations, fundraising, transfer tax); 4) eviction prevention resources; 5) funds that serve middle-income households; 6) resources to fill programmatic gaps (e.g. – undocumented immigrants, over-income households); 7) additional capital, housing assistance and supportive services funding to reduce homelessness in New Mexico; 8) additional Capital Magnet Funds; 9) new strategies to leverage 4% LIHTCs (e.g. – State LIHTC program); and 10) additional vouchers.

• State funding sources (2.4)	
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Objective 3: Continuously improve processes and systems to ensure quality customer service and maximize programmatic impact

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none">• Development program improvements (1.1)• Online applications (3.3)• Delinquency prevention strategies (1.4)• Streamlining of the affordable housing plan process (3.3)	<ul style="list-style-type: none">• *Improve multifamily housing resource application process. Improvements could include, but are not limited to, simplifying the application requirements and implementing the electronic submittal of applications.• Improve multifamily housing resource allocation process. Improvements could include, but are not limited to, clearly and precisely defining a good versus a bad transaction, creating a measurement of project impact and obtaining a more detailed breakout of costs that are frequently questioned.• *Explore and implement mechanisms to improve single family loan turn times.• *Evaluate and implement internal efficiency improvements. Consider increasing efficiencies by analyzing internal business practices, identifying and correcting bottlenecks, loosening some internal controls, reducing duplicative internal reporting, improving automation and efficiency in accounting processes and allowing departments to run with a wider range of discretion so change can be made more quickly.• *Explore providing services directly. Explore opportunities to provide services directly, or a portion of the services, in areas where services are lacking (e.g. – homeownership counseling, weatherization).• *Evaluate outsourcing opportunities. Review tasks and determine whether some would be better off outsourced (e.g. – printing, underwriting overflow in Homeownership).• Reach out to current and potential partners and innovate. Obtain feedback from partners and reach out to potential partners to determine why they do not participate in our programs in order to innovate and improve.

Goal 4: Provide robust technological solutions

Objective 1: Implement and maintain state-of-the-art technology that will support MFA staff, partners and clients

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none">• Software Improvements (4.3)• Document Management System (4.3)	<ul style="list-style-type: none">• Continue evaluating and implementing technology solutions. <u>Provide solutions to support MFA’s board, staff, partners and clients. Solutions could which could include</u>ee, but are not limited to, electronic mortgages, an organization-wide database system, cross-departmental software solutions, a phone system for the Servicing Department to reduce call volume, improvements to Asset Management’s systems, such as HDS, the Section 8 Database and Tracker, efficiency and customer service improvements to the Servicing Department systems, automation of accounting systems, online invoicing for Community Development and an online application for Housing Development.• *Address MITAS software capacity limits as servicing grows.

Objective 2: Maintain system reliability ~~and implement redundancy improvements~~

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none">• Disaster recovery site (4.2)	<ul style="list-style-type: none">• Implement new strategies to improve system reliability. *Implement a 3-2-1 back-up strategy. <u>This strategy would ensure MFA has three copies of data (production data and two backup copies) on two different media (disk and tape) with one copy off-site for disaster recovery.</u>

Objective 3: Protect MFA’s data and systems

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none">• Best practices in cybersecurity (4.1)	<ul style="list-style-type: none">• *Continually review and implement recommendations of security vendors. Vendor recommendations likely will include Continually evaluate the IT environment both internally and externally to adequately ensure appropriate cybersecurity and data protection. continuing staff training, evaluating penetration testing and vulnerability scanning and implementing required mitigation efforts.

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

Objective 1: Cultivate an environment that encourages the open exchange of ideas and accommodates an ever-changing work dynamic to attract and retain employees

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none">• Implement office space expansion plan (5.2)• Implement alternative work schedule (5.2)	<ul style="list-style-type: none">• *Maintain culture and encourage open exchange of ideas. Find new ways to maintain MFA’s culture and encourage the open exchange of ideas while continuing to offer telecommuting options (e.g. – suggestion box, staff events).• *Reward creativity, innovation and performance. Implement policies that ensure MFA rewards creativity, innovation and performance (e.g. – review evaluations to ensure they reward creativity and innovation, create an award for innovation).• *Improve communication and collaboration. Improve intradepartmental and interdepartmental communication and collaboration and the open exchange of ideas to reduce silos, ensure efficient processes and foster creativity. Additionally, improve the “feedback loop” so staff understand management’s decisions.

Objective 2: Offer opportunities for staff development and advancement and ensure the transfer of institutional knowledge

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none">• Compensation survey (5.1)• Web-based training opportunities (5.2)• Employee cross-training (5.3)• Succession planning (5.3)• External specialty training (5.3)• Robust on-boarding (5.3)	<ul style="list-style-type: none">• Improve and expand employee development programs. Formalize and improve the mentoring and management trainee programs, expand the internship program, and consider creating a leadership academy.• *Improve new hire training process. Address unfamiliarity with quasi-governmental work and provide new employees with specific skills they need to work at MFA.• Transfer institutional knowledge. Create a <u>detailed</u> plan to transfer institutional knowledge, <u>create a formally-defined succession process</u> and train on internal processes and systems, in particular those processes that involve other departments (e.g. – training on Accounting Department processing systems and Information Services (IS) systems, training on emergency management plan, training on VirPack).

Objective 3: Ensure appropriate staffing levels so that employees have a balanced workload

Previous Initiatives	Proposed 2021-2025 Initiatives
<ul style="list-style-type: none">• Evaluate staffing levels (5.3)	<ul style="list-style-type: none">• *Conduct staffing assessment. Initiative includes: 1) studying and correcting staffing issues in areas that need it, which can involve full-time employees, non-traditional employment models or consultants; 2) evaluating certain functions and determining if they are housed in the correct area (e.g. – Mortgage Electronic Registration System); 3) evaluating areas where “stacking the bench” is necessary for succession planning; 4) determining and correcting uneven workloads across individual employees; and 5) evaluating and correcting areas where responsibilities are dependent on a single employee.

** Indicates initiatives prioritized by the Strategic Management Committee that MFA will start working on in FY2021*

2021-2025 Strategic Plan Benchmarks

Goal 1: Create affordable housing opportunities that support and strengthen New Mexico’s communities

Previous Benchmarks	Proposed New Benchmarks
<ul style="list-style-type: none">• Provide mortgage financing for 2,250 homebuyers.• Maintain average mortgage product utilization of 25% of all FHA loans recorded in New Mexico.• Finance 600 rental units.• Achieve annual combined average loan delinquencies of MFA serviced portfolio below 14.00%.• Evaluate at least three new specialty products or significant program or product improvements.	<ul style="list-style-type: none">• Provide mortgage financing for 2,129 homebuyers.• Maintain average mortgage product utilization of 25% of all FHA loans recorded in New Mexico.• Finance the development and/or preservation of 900 rental and homeownership units.¹• Maintain a 35% exit rate of individuals experiencing homelessness served to permanent housing through EHAP.²• Achieve annual combined average loan delinquencies of MFA serviced portfolio below 10.0%.• Maintain subserviced portfolio delinquency percentage below the Federal Housing Administration Loan Performance Trend delinquency rate (purchase loans only).• Evaluate at least three new specialty products or significant program or product improvements.

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

Previous Benchmarks	Proposed New Benchmarks
<ul style="list-style-type: none">• Expand social media reach by 150 new followers across all three platforms.• Expand services of at least one program to an underserved area of the state.• Assist at least 15 local or tribal governments with affordable housing plans, implementation or programs.• Provide at least 10 formal training opportunities for property owners, developers and/or service providers.	<ul style="list-style-type: none">• Achieve an average of 750 social media engagements each quarter across all platforms.³• Expand services of at least one program to an underserved area of the state.• Conduct outreach to and/or assist at least 25 local governments, tribal governments, potential new program partners and/or elected officials.⁴• Provide at least 34 formal group training opportunities for property owners, developers, service providers and/or lenders.⁵

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

Previous Benchmarks	Proposed New Benchmarks
<ul style="list-style-type: none">• Obtain unqualified opinion on MFA financial statements and no material weakness in internal control over financial reporting or major programs, excluding first-time audits.• Maintain or improve credit rating.• Achieve operating performance and profitability equal to net revenues over total revenues of at least 10.1%, based on five-year average.	<ul style="list-style-type: none">• Obtain unqualified opinion on MFA financial statements and no material weakness in internal control over financial reporting or major programs, excluding first-time audits.• Maintain or improve credit rating.• Achieve operating performance and profitability equal to net revenues over total revenues of at least 10.7%, based on five-year average.

¹Updated to also include single family development financing.

²Added to create an outcome-based measure for homeless services programs.

³Updated as this is a better way to measure social media success.

⁴Expanded to include local government outreach by Policy and Planning, tribal outreach by Tribal Liaison, potential new program partner outreach by anyone in the organization and elected official outreach by Policy and Planning and/or the Executive Director.

⁵Expanded to include group lender training, which is an important part of our partner outreach.

<ul style="list-style-type: none">• Obtain balance sheet strength equal to net asset position over total bonds outstanding of at least change to 28.1%, based on five-year average.• Realize administrative fee of at least 18 basis points on all bond issues.• Realize profitability of 1.25% on TBA executions.• Maintain servicing fee yield at an average of 0.41% of the purchased servicing portfolio.• Earn 100% base fees for PBCA contract.• Yield a collection rate of 95% or greater for compliance monitoring fees.• Meet commitment and expenditure requirement of 95% of grant funding.• Generate at least \$500,000 in contributions through the state affordable tax credit program.• Evaluate at least one new business model or financial tool.• Increase funding by at least one new source.• Improve at least three MFA processes or resources.	<ul style="list-style-type: none">• Obtain balance sheet strength equal to net asset position over total bonds outstanding of at least change to 28.6%, based on five-year average.• Realize administrative fee of at least 18 basis points on all bond issues.• Realize profitability of 1.75% on TBA executions.• Maintain servicing fee yield at an average of 0.40% of the purchased servicing portfolio.• Earn 100% base fees for PBCA contract.• Yield a collection rate of 95% or greater for compliance monitoring fees.• Meet commitment and expenditure requirement of 95% of recurring grant funding.• Provide at least \$8,200,000 in resources for affordable housing through expenditure of New Mexico Housing Trust Funds, contributions through the state affordable tax credit program, and allocations of 4% LIHTCs.⁶• Evaluate at least one new business model or financial tool.• Increase funding by at least one new source.• Improve at least three MFA processes or resources.
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Goal 4: Provide robust technological solutions

Previous Benchmarks	Proposed New Benchmarks
<ul style="list-style-type: none">• Maintain a RS3 score greater than or equal to 700, averaged over four quarters• Maintain system availability at 99%• Implement new software solutions	<ul style="list-style-type: none">• Maintain a RS3 score greater than or equal to 725, averaged over four quarters.• <u>Achieve a Recovery Point Objective (RPO) for infrastructure servers at or below ten minutes and a Recovery Time Objective (RTO) at or below six hours.</u> Maintain system availability at 99%.• Implement new software solutions.

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

Previous Benchmarks	Proposed New Benchmarks
<ul style="list-style-type: none">• Achieve employee engagement survey participation of 90% and score of 82%• Complete compensation survey• In a prompt manner, adopt organizational and administrative changes to maintain business continuity in response to the COVID-19 crisis⁷	<ul style="list-style-type: none">• Achieve employee engagement survey participation of 90% and score of 82%.• Complete compensation survey.

⁶~~Broadened to incorporate the strategic planning theme of expending other types of funds in a timely manner.~~
⁷~~Deleted as we have already implemented changes and maintained business continuity in order to respond.~~

Tab 8



MEMO

TO: MFA Board of Directors

Through: Policy Committee – January 26, 2021

FROM: Teresa Lloyd, Director of Servicing

DATE: February 17, 2021

SUBJECT: Board Update-Real Estate Owned Portfolio

Background: MFA staff is providing this annual Real Estate Owned (REO) portfolio update to the Board for FY2021. MFA's REO portfolio typically consists of single family and multi-family loans that MFA services and has foreclosed. Most of the single family, first mortgage loans that MFA services were originated through our Partners program. As a result, most of the properties that come into our REO portfolio are Partners loans. MFA attempts to work with the borrowers and Habitat for Humanity affiliates to avoid taking these homes back.

Discussion: As of December 31, 2020, MFA holds no REO properties. Due to COVID-19 foreclosure and eviction moratoriums foreclosures were only processed on vacant and abandoned properties.

In last year's Board REO update, staff anticipated completion of foreclosure on six single family residences in 2020. These were four MFA Partner loans with combined principal balances of \$189,558.68 which included Home program subordinate loans and two first mortgages subserviced by Idaho Housing Finance Association (IHFA) with a balance of \$387,762.68. Disposition of these properties is as follows:

- Two White Sands Habitat for Humanity loans have foreclosure sales delayed due to COVID-19 moratoriums
- One Habitat for Humanity of Taos loan was redeemed¹ from foreclosure
- One Habitat for Humanity of San Miguel property was purchased by a third party² at foreclosure sale
- Two loans subserviced by IHFA while not current, are no longer in foreclosure due to payments received by IHFA

In FY2021 MFA is anticipating completion of foreclosure on three single family residences with combined principal balances of \$117,756.67. All three loans are White Sands Habitat for Humanity Partner loans. Two of the three were reported in the FY2020 REO Board Update and as mentioned above those foreclosures have not been completed.

¹ Paid off by borrower during foreclosure redemption period

² Paid off by a third-party purchaser at foreclosure sale

Under normal circumstances, Partner program loans that go into default would be repurchased or replaced by the Habitat affiliate. MFA is in communication with White Sands Habitat for Humanity to discuss options within the program to reduce losses to MFA. Depending on the outcome of those discussions and when foreclosure activities are allowed to resume, these properties may become MFA REO with disposition anticipated later in FY2021.

MFA does not currently anticipate any REO resulting from foreclosure completed by Idaho Housing Finance Agency on MFA's behalf for FY2021.

As foreclosure sales take place and properties are brought into the REO portfolio, MFA's exposure will be analyzed and approvals to move forward with disposition will be obtained according to policy. The MFA Board will receive updates from time to time via the Staff Action report.

Summary: The purpose of this memo is to provide an annual update to the Board regarding MFA's Real Estate Owned portfolio. MFA anticipates three foreclosures later in FY 2021 which may create an REO portfolio. MFA's exposure will be assessed at that time, but staff anticipates the financial impact to MFA will not be material.

Tab 9

MFA Portfolio Delinquency Update

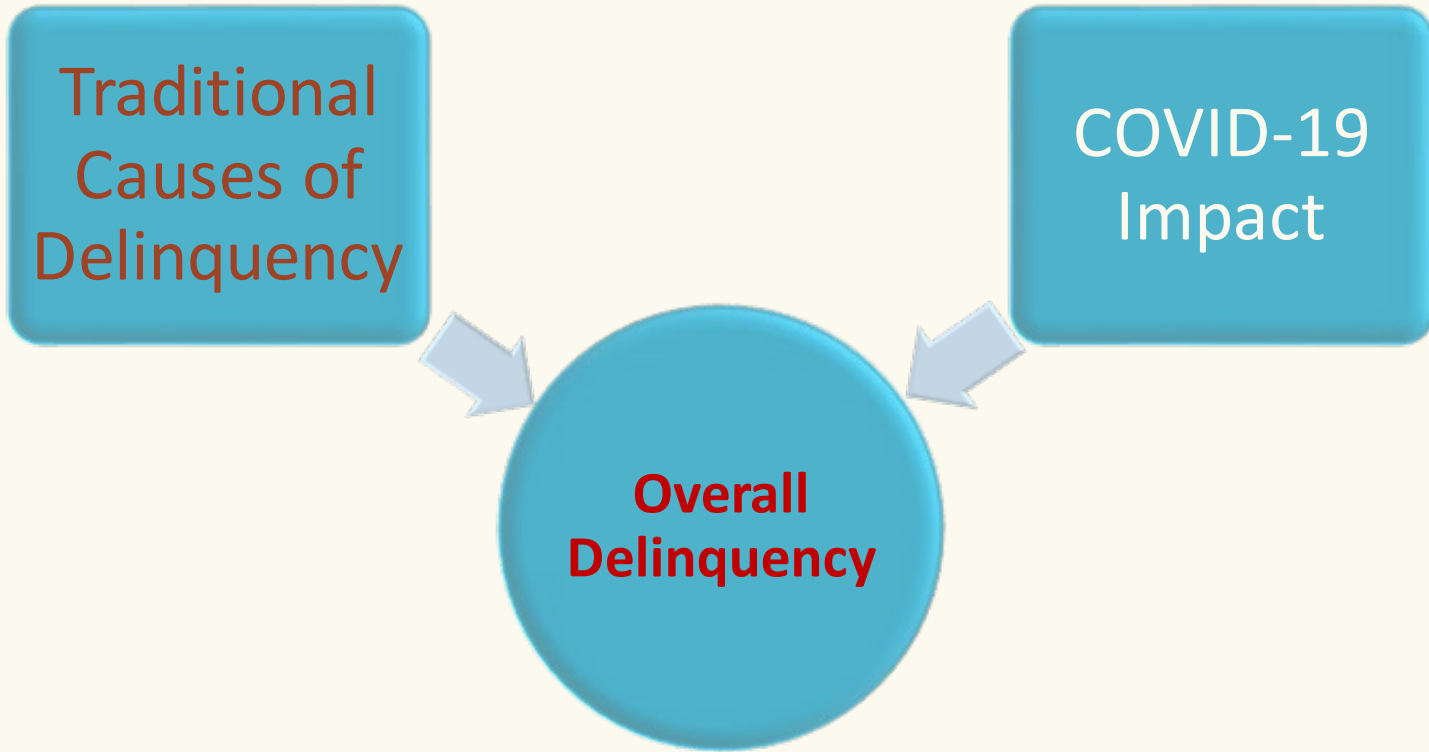


Jeff Payne – Senior Director of Mortgage Operations

Teresa Lloyd – Director of Servicing

February 17, 2021

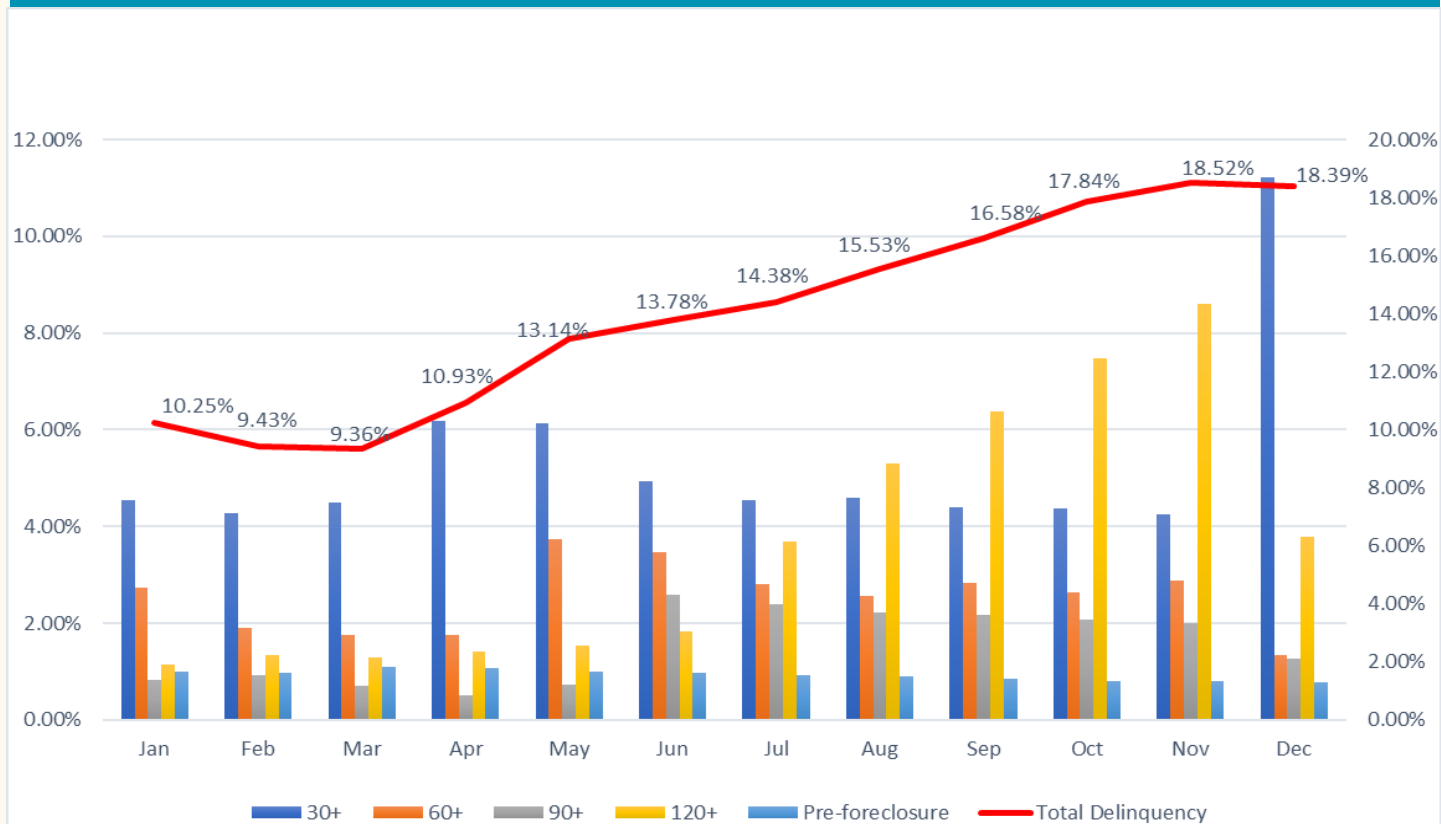
Today's Delinquency Factors



Corona Virus Relief Fund Mortgage Assistance

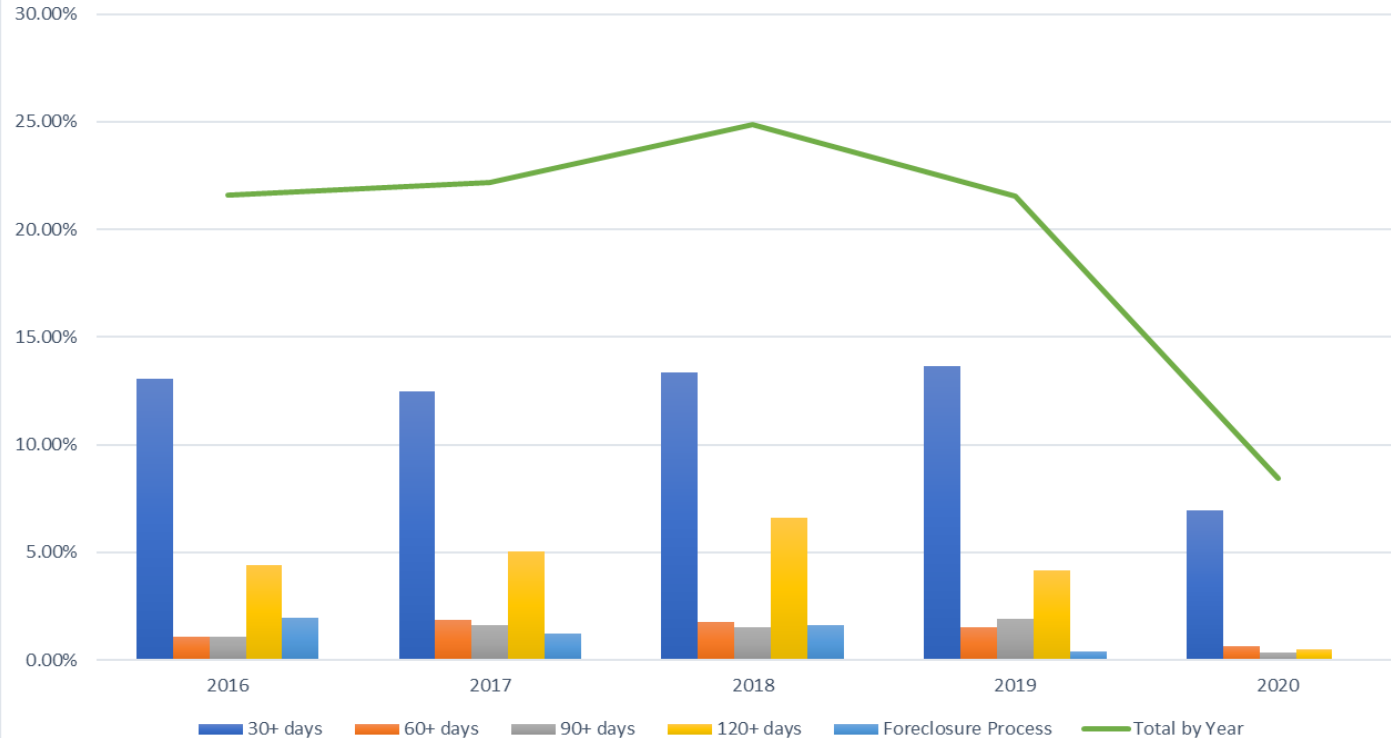
- Mortgage Payment Assistance
 - \$10,980,391 in assistance to COVID 19 affected borrowers
 - Servicers, community banks, tribal housing authorities and non-profit servicers
 - Included \$206,796 in assistance to 67 borrowers on tribal land
 - 2,182 borrowers assisted in total
 - Assistance with delinquent payments from April 2020 through November 2020
- Idaho Housing and Finance Association (IHFA)
 - Largest servicer of FHA loans in New Mexico
 - IHFA portfolio and MFA portfolio assistance
- Shifted Many Seriously Delinquent loans (90 days or more past due) to 30 days past due

2020 Subserviced Portfolio Delinquency Trends



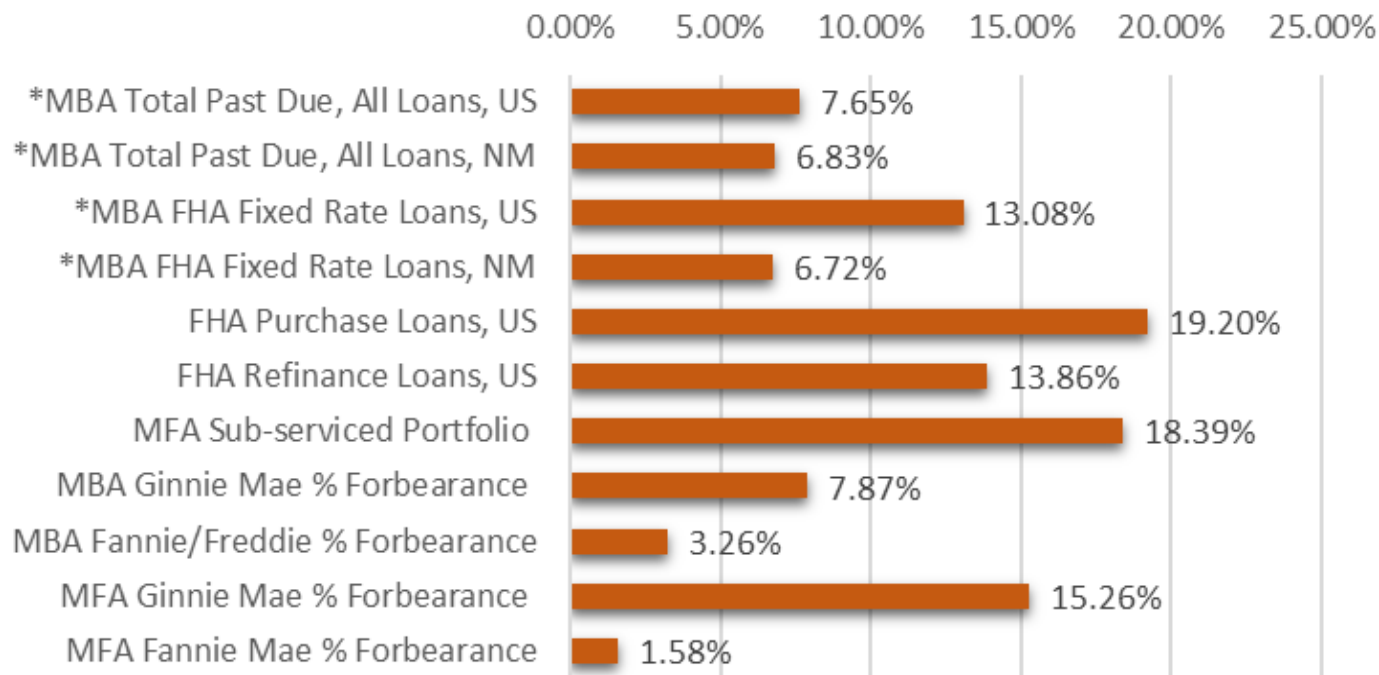
Delinquency by Origination Year

Delinquency Percentage by Date of Loan Origination

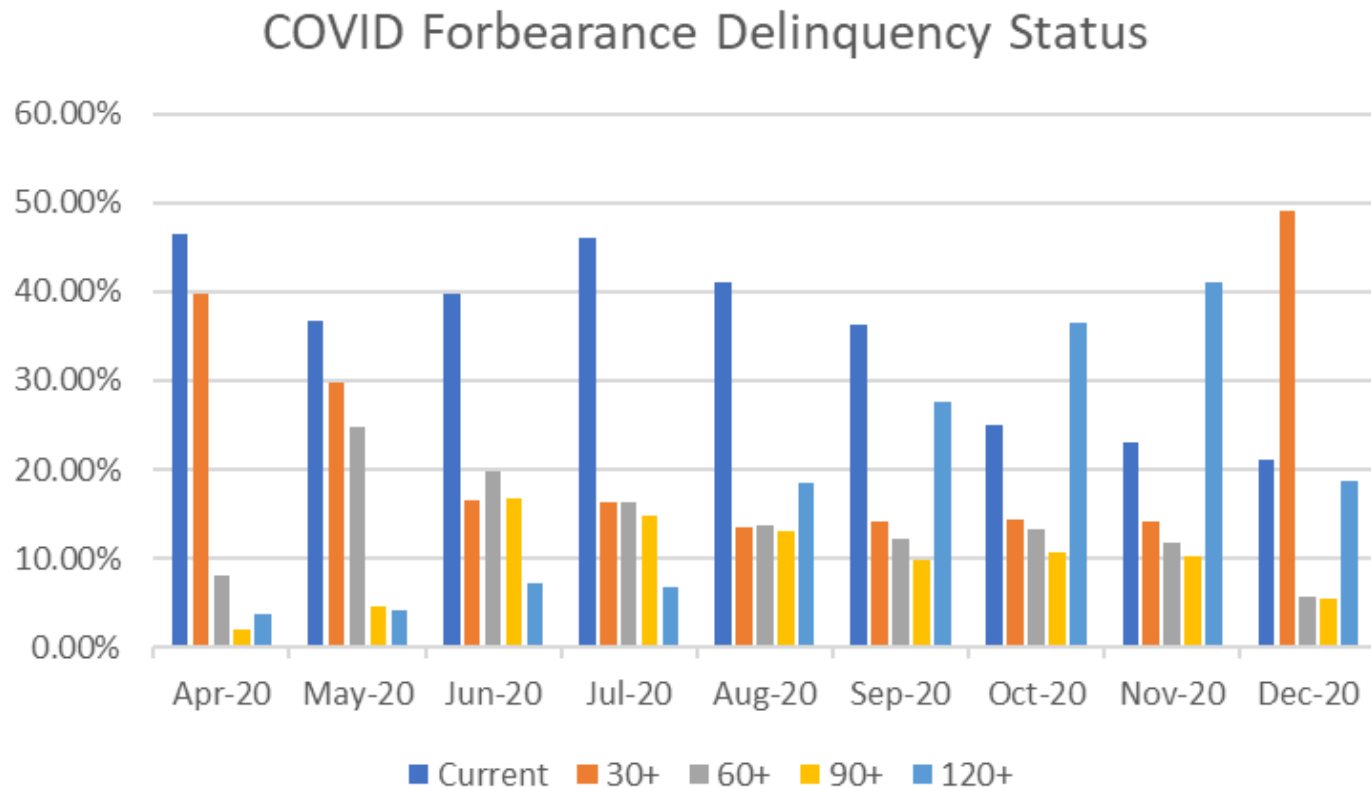


2020 Subserviced Portfolio Benchmarks

Delinquency Performance Comparison December 31, 2020

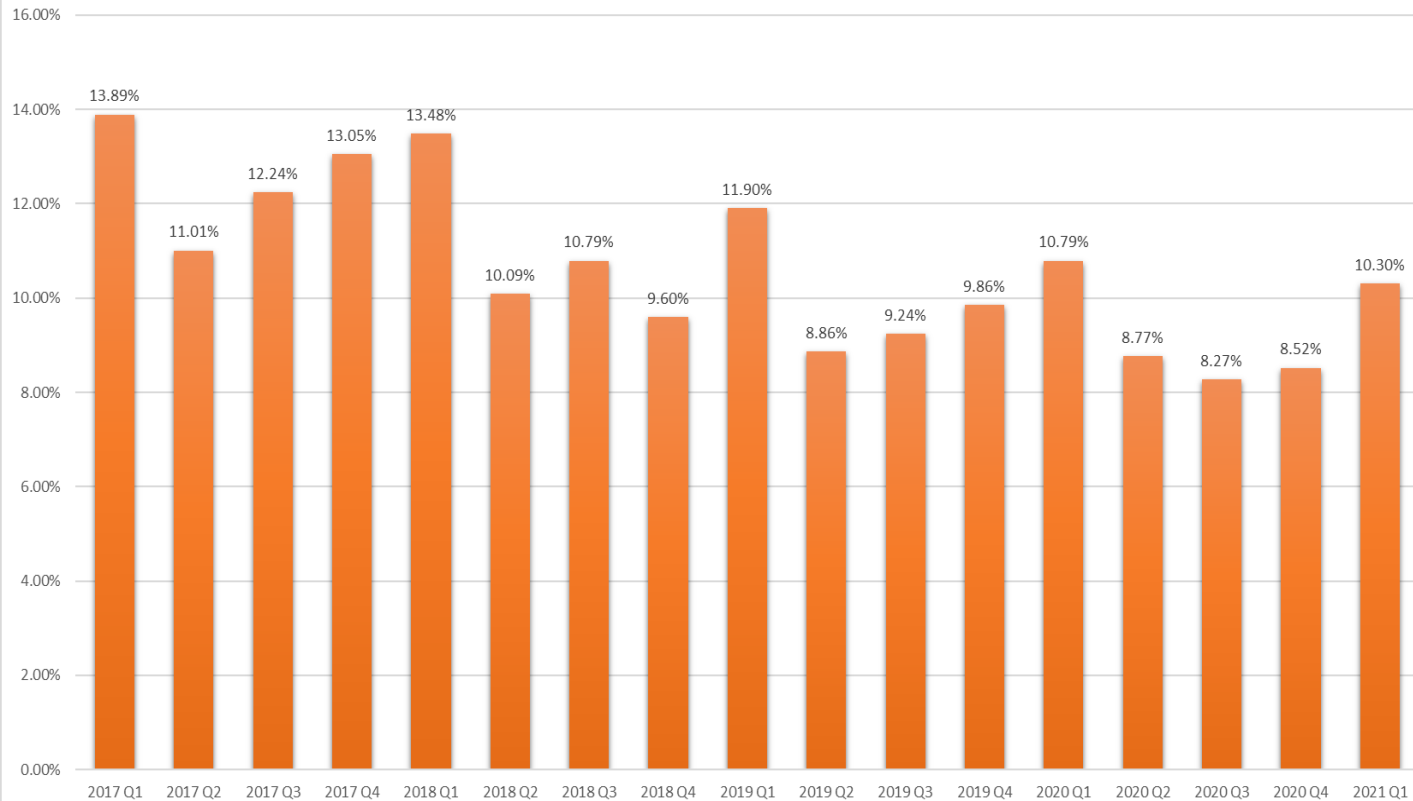


COVID-19 Forbearance Delinquency Trends

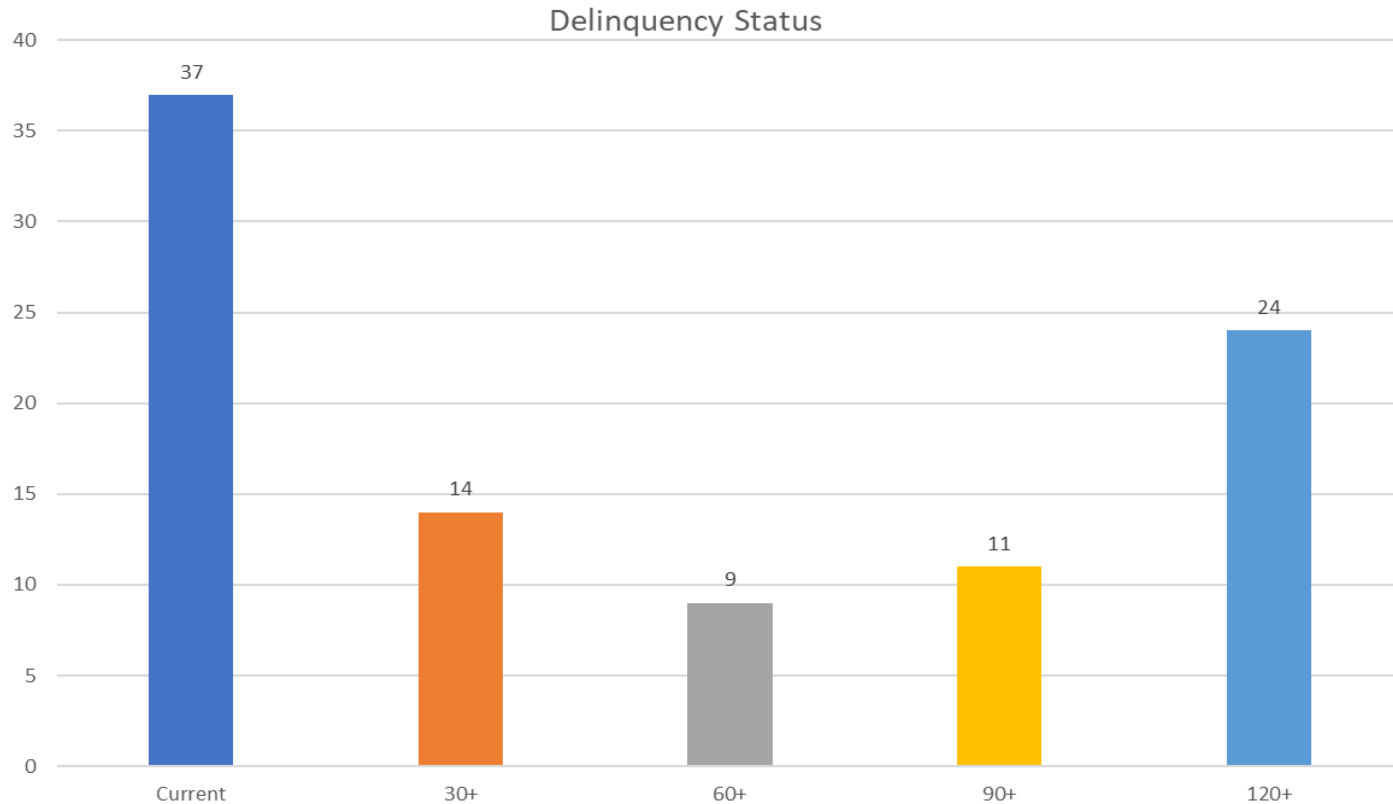


MFA Serviced Portfolio Delinquency Trends

In-House Portfolio Delinquency



MFA Internal Portfolio Forbearances



Addressing Delinquency

- Identify borrowers who qualify for the streamlined COVID process and assist them as they return to employment
- Oversee Subservicer to assure frequent communication with borrowers
- Analyze Potential Future Program Changes and Impact
 - Mission vs Financial Stewardship
 - Who is impacted? For Example, how would changes affect:
 - Regions of the state?
 - Minority borrowers?
 - Debt to Income Ratio restriction

New Mexico Mortgage Finance Authority

Comments/Questions



Tab 10

Multifamily Project Completion Pipeline Report

Fiscal Year: 2021
Quarter: 1st
Prepared: 1/25/2021

Total Projects: 48
Total # of Apts: 3,535
of Projects Under Construction: 35
of Municipalities: 25

Total LIHTC Award: \$ 27,426,086
Total MFA-Issued Bond Amount: \$ 39,450,000
Total MFA Loan Amount: \$ 26,762,500
Overall Awards: \$ 93,638,586

Reported at February, May, August and November Board Meetings for the prior quarter

Main Funding Source	Project Name	Project Location	Developer	Application or Allocation Year	Board Approval Date	Loan Closing Date	No of Apts	NC - New Construction or Acq/Rehab	Housing Priority or N/A	Construction Start Approval Date	33% Complete Date	66% Complete Date	Construction Completion Date	LIHTC Award Amount	MFA PAB Bond Amount	MFA Loan Amounts	MFA Loan Programs	Any Known Issues or Comments
9%	1 A'diidi ni'kuwaa	Mescalero	Mescalero Apache Housing Authority	2020	06/17/20	Proj. 03/31/2021	40	NC	Special Needs	TBD	TBD	TBD	TBD	\$ 1,028,671	N/A	\$ 292,500 \$ 400,000	HOME NHTF	COVID-related delays.
	2 Luminaria Senior	Albuquerque	Greater Albuquerque Housing Partnership	2020	06/17/20	N/A - No MFA loans	92	NC	Seniors	12/21/2020	TBD	TBD	TBD	\$ 1,040,000	N/A	N/A	N/A	Ribbon Cutting 2-2-21
	3 PAHA Homes #2	Pueblo of Acoma	Pueblo of Acoma Housing Authority	2020	06/17/20	N/A - No MFA loans	30	NC	Special Needs	12/9/2020	TBD	TBD	TBD	\$ 1,157,325	N/A	N/A	N/A	
	4 Encantada Apartments	Los Lunas	Chelsea Investment Corp & Catholic Charities	2020	06/17/20	Proj. 3/11/2021	48	Acq/Rehab	Households with Children	TBD	TBD	TBD	TBD	\$ 723,285	N/A	\$ 400,000 \$ 400,000	HOME NHTF	
	5 6100 Harper	Albuquerque	Albuquerque Housing Authority	2020	06/17/20	Proj. 4/2021	59	Acq/Rehab	Households with Children	TBD	TBD	TBD	TBD	\$ 572,401	N/A	\$ 400,000	NHTF	
	6 Copper Terrace	Albuquerque	YES Housing	2020	06/17/20	11/17/2020	96	Acq/Rehab	Households with Children	12/30/2020	TBD	TBD	TBD	\$ 560,000	N/A	\$ 1,000,000 \$ 1,000,000	HOME-CHDO NMHTF	
	7 Broadway/McKnight	Albuquerque	Albuquerque Housing Authority	2020	06/17/20	Proj. 4/2021	54	NC	Households with Children	TBD	TBD	TBD	TBD	\$ 954,720	N/A	\$ 400,000	NHTF	
	8 Villa Mirasol	Sunland Park	Thomas Development Group & HERO	2020	06/17/20	Proj. 4/01/2021	48	NC	Households with Children	TBD	TBD	TBD	TBD	\$ 848,640	N/A	\$ 360,000	HOME	
	9 The Bluffs	Los Alamos	Bethel Development & SW Regional	2019	06/17/19	N/A - No MFA loans	64	NC	Seniors	TBD	TBD	TBD	TBD	\$ 1,028,671	N/A	N/A	N/A	COVID-related extension request granted through 12/31/2022.
	10 Siler Yard: Arts + Creativity Center	Santa Fe	New Mexico Inter-Faith Community Housing Development Corp.	2019	06/17/19	N/A - No MFA loans	65	NC	Households with Children	06/23/20	TBD	TBD	TBD	\$ 1,040,000	N/A			COVID-related extension request granted through 12/31/2022.

[illegible]

Tab 11

No Handout Legislative Update

Tab 12

**Staff Actions Requiring Notice to Board
During the Period of January 2021**

Department and Program	Project	Action Taken	Comments / Date Approved
Community Development Weatherization Assistance Program	PNM Funding Contract	Approval of the allocation of PNM funds in the amount of \$229,998.12 as follows. Ninety percent (\$206,998.12) will be allocated to our service providers as program funds. Ten percent will be split between MFA and our service providers for administrative costs.	Approved by Donna Maestas-De Vries – January 20, 2021
Servicing Department	November 2020 Loan Servicing Quality Control Report	Approval of report issued by REDW – no findings	Approved by Policy Committee on January 11, 2021
Community Development Veterans Housing Rehabilitation Modification Program	NM Affordable Housing Charitable Trust Designation	Approval to award \$147,344.18 in undesignated NM Affordable Housing Charitable Trust (NMAHCT) funds to be used as match funds for the Veterans Housing Rehabilitation and Modification Program (VHRMP).	Approved by Policy Committee January 26, 2021
Community Development Veterans Housing Rehabilitation and Modification Program	Veterans Housing Rehabilitation and Modification Program Grant (VHRMP)	Approval to award \$38,775.29 in old unrestricted program fund balances, and a general fund contribution of \$313,880.53 as match funding for the Veterans Housing Rehabilitation and Modification Program.	Approved by Policy Committee January 26, 2021

COVID-19
Staff Actions Requiring Notice to Board
During the Period of January 14, 2021 - present

Department and Program	Project	Action Taken	Comments / Date Approved

DISCLOSURE OF CONFLICT OF INTEREST FOR COVID-19 HOUSING COST ASSISTANCE PROGRAM

The New Mexico Mortgage Finance Authority (MFA) and the Department of Finance and Administration, Local Government Division (DFA) have implemented the COVID-19 Housing Cost Assistance Program, which utilizes Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD). CDBG has a clear regulatory conflict of interest mandate that MFA, its staff and all covered persons outlined in 24 CFR 570.611(c) must follow.

MFA employee Justin Carmona disclosed a potential conflict of interest to the COVID-19 Housing Cost Assistance Program. He has signed the COVID-19 Housing Cost Assistance Program Notification and Request for Waiver of Conflict of Interest form. Joseph Carmona applied for housing assistance for the months of October, November and December and is the cousin of MFA employee Justin Carmona, who helps implement the program. Upon initial disclosure of this application, Justin Carmona has removed himself from any approval processes for the housing assistance this applicant has applied for.

HUD will consider an exception to the CDBG conflict of interest regulations in 24 CFR 570.611 only after DFA has provided the following documentation in accordance with 24 CFR 570.611(d)(1):

- (i) A disclosure of the nature of the conflict, accompanied by an assurance that there has been a public disclosure of the conflict and a description of how the public disclosure was made; and
- (ii) An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

MFA is including this disclosure on the MFA Board of Directors meeting agenda for its February 17, 2021 meeting in order to satisfy 24 CFR 570.611(d)(1)(i). This meeting is a publicly advertised meeting, pursuant to MFA's Open Meetings Resolution which requires that notice is published in two (2) newspapers of general circulation in the state, and where members of the public may discuss and comment on this disclosure.

Tab 13



MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE NORTHERN REGIONAL HOUSING AUTHORITY HELD: December 18, 2020 11:00 AM

The Regular Meeting of the Board of Commissioners of the Northern Regional Housing Authority was held December 18, 2020 via telephone and Zoom due to the COVID-19 stay at home order.

The Meeting was called to order at 11:07am by Vice-Chairman Steven Brugger for Chairwoman Rayetta Trujillo.

Members Present were:

Chairwoman	Rayetta Trujillo – arrived at 11:17am
Vice Chairman	Steven Brugger
Secretary	Donna Vigil
Treasure	Nichole R. Sandoval-Belt
Commissioner	Rev. Garland Moore
Commissioner	Lauren Reichelt
Acting Director	Terry Baca

Absent members were:

Commissioner	Jolene Slowen
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Also present for the meeting were:

Deputy Director – Natasha Martinez
HUD Division Director – Julian Barela
El Camino Real Executive Director- Mary Ann Chavez-Lopez
Las Vegas Site Manager – Barbara Padilla
Raton Site Manager/Taos Site Manager – Coleen Sanchez-Garcia
HUD Portfolio Management Specialist - Adrian Lopez

The agenda for today's meeting was given to the Board for review and approval. Commissioner Moore made a motion to approve the agenda. Treasure Sandoval-Belt seconded the motion. Roll call was taken and reflected the following:

Secretary Vigil	Yes
Commissioner Reichelt	Yes
Commissioner Moore	Yes

Treasure Sandoval-Belt	Yes
Vice Chairman Brugger	Yes
Chairwoman Trujillo	Not yet present
Commissioner Slowen	Absent

Vice Chairman Brugger advised motion carried.

The Minutes of the Regular Board Meeting held November 23, 2020 were given to the Board for review and approval. Commissioner Reichelt made a motion to approve the Minutes of the Regular Board Meeting held November 23, 2020. Commissioner Moore seconded the motion. Roll call was taken and reflected the following:

Secretary Vigil	Yes
Commissioner Reichelt	Yes
Commissioner Moore	Yes
Treasure Sandoval-Belt	Yes
Vice Chairman Brugger	Yes
Commissioner Slowen	Absent
Chairwoman Trujillo	Not yet present

Vice Chairman Brugger advised motion carried.

Report of the Acting Executive Director:

- A. Acting Executive Director (AED) Terry Baca, reported that one of the vehicles had been wrecked while responding to an on-call work order. Thankfully there were no injuries. There was about \$2,500 worth of damage. He stated they have already filed an insurance claim and the vehicle is already in the body shop.
- B. AED Baca stated he was in Grants this week. He worked with Nathaniel, the maintenance tech, training him how to rekey locks. They also purchased a new sewer snake in Raton, they rebuilt the old sewer snake from Raton and delivered it to Grants. AED Baca stated he ordered tools and equipment for Grants so they have what they need to do their jobs.
- C. AED Baca discussed a unit that had a mold issue which was abated. He stated they got it turned around and will be getting the unit housed soon.
- D. AED Baca stated He has been working with the auditor. He spoke to the Fee Accountant last week and said he should be completing July's work this week. He stated everything was sent to the Fee Accountant with the exception of November's, and he has it ready to go. He stated the Fee Accountant is supposed to get a month done every week and will be caught up by the middle of January.
- E. AED Baca stated that the auditor can't do what he needs to do because he is waiting on the Fee Accountant. He stated that Coleen has a meeting with the auditor to go over the tenant files. AED Baca said Coleen has reviewed the tenant files and he believes there was only one or two signatures lacking which will be taken care of so they won't have any findings.

- F. AED Baca stated they have been shorthanded in Taos. This is the time of the year when they have issues with furnaces and water heaters due to cold weather.
- G. AED Baca informed the Commission they are depositing money into the Wells Fargo account now and will be able to do the same in Las Vegas when the City of Las Vegas pays them back for payroll and any other expenses they have. He stated in Grants that was an issue in the past with them having to send the tenant rent checks from Grants to Taos. This was an audit finding they have taken care of. They are in the process of getting another account open for the Section 8 program. Taos is the only place that does not have a Wells Fargo branch so they have a scanner that they use to scan the checks and they will keep a digital copy of the checks also.
- H. AED Baca stated Amanda is doing a really great job there in Taos. He also said that Andrew has turned into a great employee and a great maintenance supervisor. He feels his biggest issue was that he didn't have any guidance and if he had an issue, he didn't know who to call. He is hoping they have fixed that problem.
- I. AED Baca said the trucks they ordered should be in before the end of the year. We also have been looking to see which of the old trucks need to be retired so they are not spending a lot of money on them.

Vice Chairman Brugger commended AED for taking care of the issues as they arise.

Deputy Director Report:

- A. Deputy Director (DD) Natasha Martinez went over the financial reports with the Board. The report included Northern, Las Vegas and Raton each as an entity by themselves so the commission can see the expenditures and revenues per agency. Reporting for Northern, she stated for dwelling rent they had budgeted \$153,258 and had collected only \$125,338. She stated even though they are not where they wanted to be, considering the number of vacant units they have, they are actually collecting quite a bit of rent. For operating subsidy, they have received \$278,690. On other income, they have billed out \$2,411 and they expected about \$9,000. She reminded the commission this is because they are not billing any late fees during the pandemic. This brings the revenue to budget to 31% at 42% of the year. For employee expenses they have spent \$156,000, they have an available balance of \$307,000 and they budgeted \$193,000. For operating expenses, they budgeted \$285,000 and they have spent \$335,271. Within that is going to be the payments to Raton as well as the purchase of tools and other equipment needed for all the staff.

DD Martinez reported on Las Vegas revenue and expenditures. For dwelling rent year to date, they budgeted \$233,333. They billed out \$239,866. For operating subsidy, they budgeted \$320,000, year to date they have received \$333,946. For other income they are way below because of the fact that they also haven't billed any late fees, just like the other sites. Year to date they have received \$694,737. For employee expenditures, which includes what Northern has physically paid out, which is \$50 per hour per employee and \$75 per hour for the Executive Director. DD Martinez stated that one third of her and AED Baca's salaries are billed to Las Vegas. On employee expenses, based off budget to actual, they paid out \$289,270 and they had budgeted \$309,233. Operating expenses are a lot lower at \$241,779 and operating expenditures are at \$296,026.

DD Martinez gave the Commission a summary on what they billed out for payroll. For the Las Vegas employees they billed out \$143,000 but they actually paid out to the employee's \$65,781. \$77,000 went into the cash balance. For operating expense it was a wash, as well as for Capital Fund, stating they go expenditure for expenditure.

DD Martinez reported for the Raton office, stating on dwelling rent they are a little bit low but do have some vacancies in Maxwell which contributes to this. Operating subsidy is right in line at 40%. So far, they have accrued \$180,780 and they had budgeted \$190,000. For the management fee they have collected \$70,497 and year to date they had budgeted \$60,000. Other fees are at \$19,000 and they had budgeted \$16,000. For employee expenses for Raton are down at \$243,246, with the employees being at \$258,129 budgeted year to date. Operating expenditures year to date is at \$127,689 and actual expenditures is \$208,295.

AED Baca stated on the operations side, they do pay their insurance out, that is why this is higher.

Chairwoman Rayetta Trujillo joined the meeting at 11:17am.

- B. DD Martinez shared her screen for the occupancy report with the commission to review. She showed pictures of the condition of some of the units that maintenance is currently having to work on in Penasco. The pictures showed extensive damage including mold, holes in walls and damages throughout the unit. DD Martinez stated she wanted to show the Commission pictures of what kind of issues they are having in some of the units, and the amount of work it takes for maintenance to get the units occupied when they are left in a state of disarray like this.

Commissioner Reichelt stated she hopes there were no children living in these homes and if there were that they were reported to CYFD. AED Baca assured her that anytime they see these conditions and there are children involved they do contact CYFD.

DD Martinez commended the maintenance staff in all sites who work in these conditions and get the job done and make the units look amazing.

- C. DD Martinez gave an update on some units in Grants that John Tellez from HUD evaluated.
- D. DD Martinez said they interviewed in Taos for positions they had available there in maintenance. She stated they will be making offers to some of the individuals soon. Two maintenance Techs and one grounds person. In Las Vegas they also interviewed for some positions there. An offer has been made to one person who has accepted. This individual has a very extensive background in projects and maintenance. They hope to utilize him in other areas as well as Las Vegas.
- E. DD Martinez stated the commission had gone over the MASS scores the previous day.
- F. DD Martinez stated the projects in Las Vegas and Raton are nearing completion.

Commissioner Reichelt had a question about the condition of the units in disarray stating she assumes there is some type of mental illness, depression or drug use involved. DD Martinez explained that many of the units were left abandoned and have been in that condition for years. This is something that Terry, Coleen and herself have become aware of since becoming involved. AED Baca stated it is not uncommon for them to see this in any of the sites. In some cases, it is mental illness as

she stated and many cases it is due to drug activity. He said in his experience, he has seen cases where it is just how they are used to living. He discussed situations he has seen regarding housekeeping and what they do in these situations including referrals.

Commissioner Moore asked how often they are inspecting units. AED Baca stated units are inspected on an annual basis. However, if Maintenance goes into a unit and sees something alarming as far as housekeeping or damage, they will do a 48 hour notice of inspection. Discussion ensued as to the process of placing tenants on a housekeeping agreement where inspections are done monthly or until the issues are corrected. If the tenants do not comply, they may be evicted.

Chairwoman Trujillo stated they did have the Commissioners training and she stated she can't thank this group enough for doing a wonderful job. It is great to work with a team that is anxious to do their job.

Report of Site Manager, Coleen Sanchez-Garcia

- A. Site Manager (SM) Coleen Sanchez stated they are going to be hiring 3 people in Taos to help with maintenance and the yards. She is currently setting up the drug testing and will be doing everything else to get them hired. She stated she wants to try to have them start on Monday December 18th because Andrew is in desperate need of help.
- B. SM Sanchez stated she is getting ready for the auditors. She will be with them on a zoom meeting on Monday to show them everything in the files that they need to see. She stated the files are looking good and she is very proud of Amanda and the ladies that have helped from Las Vegas. She is confident the audit will go well.
- C. SM Sanchez-Garcia said she is busy making sure everything is staying up-to-date and everything seems to be going well.

Deputy Director, Natasha Martinez wanted to add that SM Barbara Padilla and the staff in Las Vegas got the files for the Las Vegas Audit out to the auditor at the last hour. She stated that on Tuesday night it was submitted by the auditors at 11:57 with only 3 minutes to spare. She commended the staff for working into the late hours of the night to get this done.

Section 8 Report Mary Ann Chavez-Lopez

El Camino Real Director Mary Ann Chavez-Lopez was on another call, so AED Baca read her report to the commission as follows:

- A. We have begun to purge applicants on the Waiting List for the Northern Regional Housing Authority.
- B. We will issue Section 8 HCV Vouchers on January 25, 2021. We will send out all required paperwork to the applicant and send them the link to the Zoom Meeting. Because everyone has a phone, we will ensure that all applicants can sign in with a device or with their phones.
- C. We will make sure that all information is explained in detail, we will ensure that everything that we do will be in writing.

- D. If you look at our monthly report, we are improving slowly but surely. Our Delinquency Report if you look is at a 97.28 and we only have 10 clients missing instead of 44.
- E. We have cares act monies and we are looking to do an incentive for the landlords. I will submit information to Terry and to the NRHA Board at the meeting in January, 2021 for approval.
- F. We are getting ready for the NRHA Audit as far as the Auditor inspecting the participant files.
- G. We have 6 late re-exams as of November 30, 2020. Which I say is Great!!

Thank you for all of your support and Thank you to all the Staff at the NRHA.

AED Baca stated Mary Ann has really gotten those numbers up and it amazes him how between El Camino Real doing the section 8 program and the Northern Regional Staff being able to concentrate on the Public Housing program. He stated it is a good team and they are making progress every day.

of the Executive Committees

None

Reports of Committees

None

Unfinished Business

- a. **Discussion, Consideration, and Action** Employment Contract Agreement Between Northern Regional Housing Authority and the Executive Director.

Chairwoman Trujillo stated she has been working with Attorney Nancy Cusack out of Santa Fe. She stated they have been going back and forth with a draft which she will send out to everybody so they can review it. If they have any questions and would like Nancy to be on the call for the next meeting, she will be happy to be on the call and hopefully they can get this finished up. She stated they will need to figure out the contract, and whether they want to go retro or just start it at the 15th.

AED Baca referred a question to Julian Barela asking if they need to do a temporary contract keeping him as a Raton employee or how should handle it. Julian Barela said if they are still waiting for it and are getting towards the end, he recommends writing up a temporary contract keeping everything level and moving it forward. He stated it will also need to be Board approved.

Chairwoman Trujillo suggested they have a special meeting the last week of December with the contract. A meeting was tentatively scheduled for December 30th at 11:00am.

Commissioner Reichelt left the meeting at 12:04 pm for another obligation.

New Business:

- A. **Discuss, Consideration, and Action:** Northern Regional Housing Authority Remove Building 12, Unit 936 from the rent roll as a Single-Family Unit to a Non-Dwelling Unit, to use for Maintenance Staff.

DD Natasha Martinez explained to the Commission that they have this unit that has been considered an unoccupied unit for quite some time. According to the staff there in Taos it was used at one time for a DWI program, Youth Heartline and other organizations. However, when you look in the PIC reporting and scoring, they are getting scored for this unit as a 4 bedroom, unoccupied unit and they are getting dinged monthly for it. They have never received permission to change it to a non-dwelling unit. Modifications have been made to the unit which does not make it feasible to turn it back into a dwelling unit. Structurally it makes the most sense to make it into a maintenance shop and inventory area. Currently all the supplies are in the maintenance building. In Raton and Las Vegas, they each have a designated area for supplies. AED Baca added that it is a good way to control the inventory and have accountability.

DD Martinez thanked HUD staff for all their help and ideas in doing these kinds of things to help their occupancy to get them to a point where they are a productive Housing Authority which others can look up to as an example.

Chairwoman Trujillo asked if there will be an alarm system. AED Baca stated yes, Coleen is in the process of getting Wi-Fi in the shop and he would like to get alarms and camera's installed.

DD Martinez stated on this building, they may also be able to use some COVID money because they are also going to have it set up with Wi-Fi so they can communicate virtually in opposed to in person. They want to have as little physical contact as possible with the pandemic.

DD Martinez informed the Commission that all the Las Vegas staff is working from home due to a possible contact tracing with an employee. She stated they fogged the administrative and maintenance buildings today. The administrative staff will be back in the office on Monday. All staff has been equipped with computers to work from home.

- B. Resolution 2020-123: Approving Northern Regional Housing Authority Removing Building 12, Unit 936 from the rent roll as a Single-Family Unit to a Non-Dwelling Unit, to use for Maintenance Staff.

Commissioner Steven Brugger made a motion for Northern Regional Housing Authority to remove building 12, Unit 936 from the rent roll as a Single-Family Unit to a Non-Dwelling Unit, to use for Maintenance Staff. Treasure Sandoval-Belt seconded the motion. Roll call was taken and reflected the following.

Vice Chairman Brugger	Yes
Treasure Sandoval-Belt	Yes
Commissioner Moore	Yes
Secretary Vigil	Yes
Chairwoman Trujillo	Yes

Chairwoman Trujillo advised motion carried.

Executive Session

None at this time.

Adjournment

Commissioner Moore made a motion to adjourn the meeting. Vice Chairman Brugger seconded the motion. Roll call was taken and reflected the following:

Vice Chairman Brugger	Yes
Treasure Sandoval-Belt	Yes
Commissioner Moore	Yes
Secretary Vigil	Yes
Chairwoman Trujillo	Yes
Commissioner Slowen	Absent
Commissioner Reichelt	Absent

Chairwoman Trujillo advised the motion carried.

Chairman

Secretary



MINUTES OF THE SPECIAL MEETING OF THE BOARD OF COMMISSIONERS OF THE NORTHERN REGIONAL HOUSING AUTHORITY HELD: December 30, 2020 11:00 AM

A Special Meeting of the Board of Commissioners of the Northern Regional Housing Authority was held December 30, 2020 via telephone and Zoom due to the COVID-19 stay at home order.

The Meeting was called to order at 11:10am by Chairwoman Rayetta Trujillo.

Members Present were:

Treasure	Nichole R. Sandoval -Belt
Commissioner	Joleen Slowen
Vice-Chairman	Steven Brugger
Secretary	Donna Vigil
Commissioner	Rev. Garland Moore
Chairwoman	Rayetta Trujillo
Acting Director	Terry Baca

Absent members were:

Commissioner Lauren Reichelt

Also present for the meeting were:

Deputy Director – Natasha Martinez
HUD Division Director – Julian Barela
Las Vegas Site Manager – Barbara Padilla
Raton Site Manager/Taos Site Manager – Coleen Sanchez-Garcia

The agenda for today's meeting was given to the Board for review and approval. Commissioner Slowen made a motion to approve the agenda. Treasure Sandoval-Belt seconded the motion. Roll call was taken and reflected the following:

Treasure Sandoval-Belt	Yes
Commissioner Slowen	Yes
Vice Chairman Brugger	Yes
Secretary Vigil	Yes
Commissioner Moore	Yes
Chairwoman Trujillo	Yes
Commissioner Reichelt	Absent

Chairwoman Trujillo advised motion carried.

Unfinished Business

- a. Discussion, Consideration, and Action** Employment Contract Agreement Between Northern Regional Housing Authority and the Executive Director.

Chairwoman Trujillo stated she sent out the contract for the commission to review. She asked if the commission wanted to go into executive session, if they had any questions or concerns.

Commissioner Slown stated she reviewed the contract thoroughly and does not see a need to go into executive session. Chairwoman Trujillo advised Acting Executive Director Baca that they went a little down on the salary after doing some comparison, saying this way, they can look at coming back to the Board and perhaps raise his salary at a later time. Chairwoman Trujillo asked the commissioners if this was ok with everyone. All commissioners present stated yes.

Discussion, Consideration, and Action Employment Contract Agreement Between Northern Regional Housing Authority and the Executive Director.

Commissioner Slown stated with pleasure, she moves that they move forward with the contract with Terry Baca for their Authority. Treasure Sandoval-Belt seconded the motion.

Chairwoman Trujillo wanted to extend her thanks and praise to Executive Director Terry Baca saying they came from a pretty tough situation when he stepped into the picture, and he has done an exceptional job. She stated she is no longer stressed-out calling Julian 5 times a day. She stated Executive Director Baca has made her life so easy.

Executive Director Baca stated he appreciates the support of the Commission, saying he believes a Housing Authority cannot function properly without a functioning Board. He has sat in front of many Boards throughout the years and this Commission has a rounded knowledge of what needs to happen in business and government. He feels this is a good team, along with the staff they have in place with Natasha, Coleen and Barbara as their leaders, as well as the maintenance staff. They have a lot of other Housing Authorities contacting them about also joining the organization, which is a positive thing. He stated they see them as a positive organization.

Chairwoman Trujillo thanked all the staff saying they couldn't do it without them. Deputy Director Natasha Martinez wanted to thank Executive Director Baca for his leadership and strength he has given them to continue and move forward.

ED Baca stated he strongly believes that things shouldn't always stay how they are, they need to progress, change is good.

Chairwoman Trujillo asked for roll call which reflected the following:

Treasure Sandoval-Belt	Yes
Commissioner Slown	Yes
Vice Chairman Brugger	Yes
Secretary Vigil	Yes

Commissioner Moore	Yes
Chairwoman Trujillo	Yes
Commissioner Reichelt	Absent

Chairwoman Trujillo advised motion carried.

Chairwoman Trujillo asked Julian Barela if they met the deadline they needed to. Julian Barela stated yes they did. He also stated he sent ED Baca the approval of the transfer letters, which take affect January 1st, they are moving forward there. He stated there are a few things they need to do such as partial releases of declaration of trusts for an agreement that Natasha worked on with the City of Las Vegas.

Chairwoman Trujillo wished everyone a very happy and safe New Year.

Adjournment

Commissioner Moore made a motion to adjourn the meeting. Commissioner Slown seconded the motion. Roll call was taken and reflected the following:

Treasure Sandoval-Belt	Yes
Commissioner Slown	Yes
Vice Chairman Brugger	Yes
Secretary Vigil	Yes
Commissioner Moore	Yes
Chairwoman Trujillo	Yes
Commissioner Reichelt	Absent

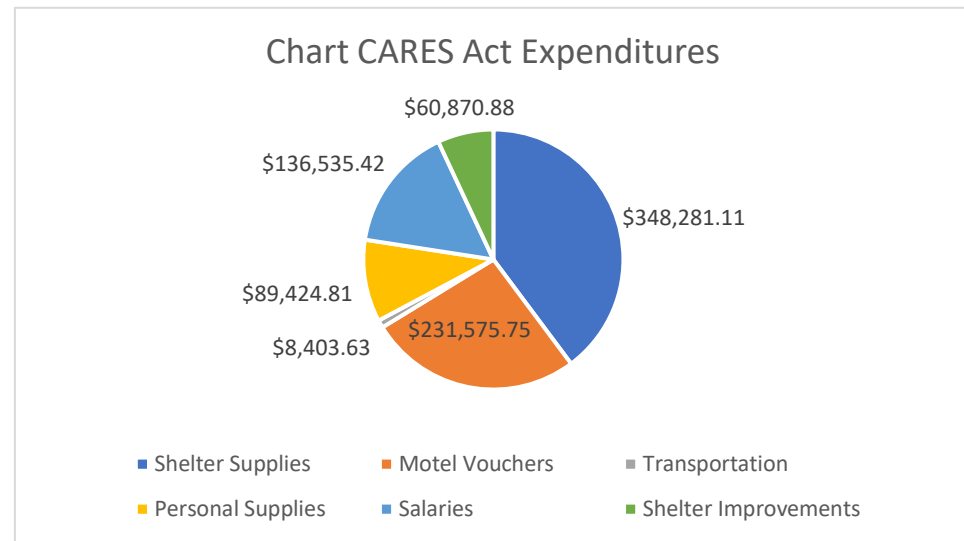
Chairwoman Trujillo advised the motion carried.

Chairman

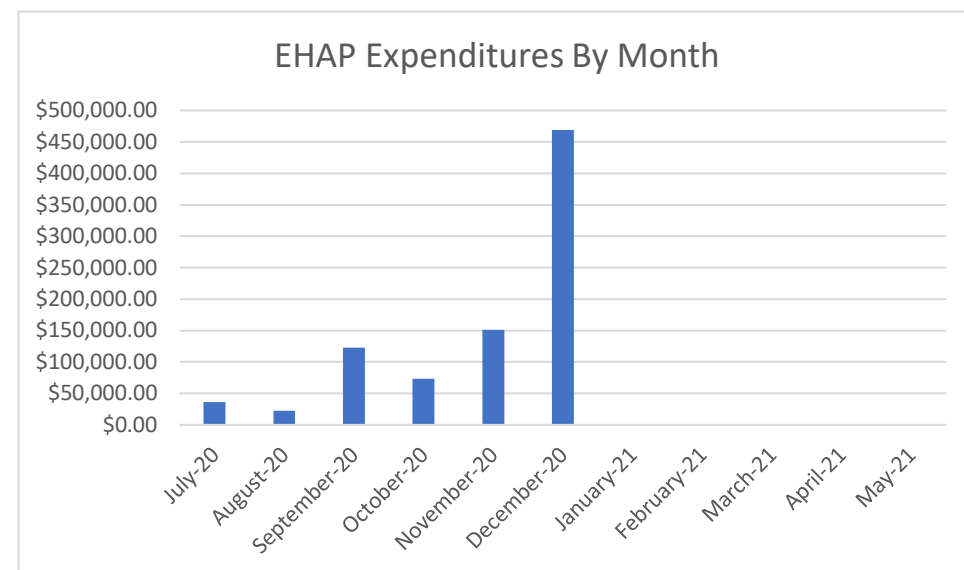
Secretary

EHAP CARES ACT Expenditure Report Through December 31, 2020

2/10/2021 0:00		
ESG CARES Act I & II Expenditures		
CARES Act EHAP Award	EHAP-CV1	\$1,851,971
	EHAP-CV2	\$3,370,339
	Total	\$5,222,310
	Balance	\$4,347,218
Activity		Funds Expended
Shelter Supplies		\$348,281.11
Motel Vouchers		\$231,575.75
Transportation		\$8,403.63
Personal Supplies		\$89,424.81
Salaries		\$136,535.42
Shelter Improvements		\$60,870.88
Totals		\$875,091.60



Activity Descriptions
Shelter Supplies: cleaning supplies, PPE, utilities and maintenance Motel Vouchers: motel rooms rented to mitigate the spread of covid in shelters . Transportation: costs for transporting shelter residents relating to covid mitigation Personal Supplies: Food and toiletries Salaries: new staff covid related, hazard pay for existing staff covid related and data collection activities. Shelter Improvements: changes or additions made to shelters related to the mitigation of covid, e.g. installing plexi glass barriers, replacing carpets, installing sanitation stations and adding restrooms or shelter space to accomodate social distancing.



Tab 14



Quarterly Report to the MFA Board of Directors

Q1 FY2021

Production Statistics	Current Quarter	Same Quarter Last Year	Fiscal Year to Date
Homeownership			
Number of loans reserved	823	701	823
Amount of loans reserved	\$146,581,970	\$113,034,234	\$146,581,970
Number of loans purchased	766	722	766
Amount of loans purchased	\$132,924,468	\$115,280,612	\$132,924,468
Number of homebuyers counseled	742	886	742
Number of lenders/REALTORS contacted	732	1,738	732
Housing Development			
Amount of MF loans/grants/bonds	\$4,300,000	\$2,400,000	\$4,300,000
Amount of SF loans/grants	\$0	\$0	\$0
Amount of TC: LIHTC (MF) & State (MF & SF)	\$8,019,100	\$7,500,686	\$8,019,100
Number of MF units	623	521	623
Number of SF units	0	0	0
Housing Rehab & Weatherization			
Amount of rehab expenditures	\$121,594	\$426,200	\$121,594
Number of units rehabilitated	0	0	0
Amount of NM EnergySmart expenditures	\$1,118,259	\$1,250,944	\$1,118,259
Number of units weatherized	87	259	87
Shelter & Supportive Housing Programs			
Amount of shelter supportive service	\$1,063,166	\$430,596	\$1,063,166
Number of persons served ¹	898	1,708	898
Amount of rental assistance ²	\$1,096,186	\$736,996	\$1,096,186
Number of persons assisted	697	528	697

1 - EHAP & CoC

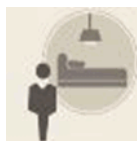
2 - Linkages, HHRHI, RAP & HOPWA



The need for housing rehabilitation and weatherization:

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

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



The Need for Assistance Programs:

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

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



The need for MFA mortgage products:

MFA borrowers have an average annual income of \$52,284 and purchase homes with an average price of \$165,631. 25 percent are single-parent households; 44 percent are minorities.

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



The need for housing development:

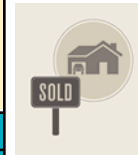
Only 4 percent of New Mexico's housing units are located in apartment complexes of 20 units or more. Many of these are old and in poor condition.

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



Quarterly Report to the MFA Board of Directors Q1 FY2021

Servicing	Current Quarter	Same Quarter Last Year	Target Rate
First Mortgage delinquency rate	7.41	9.26	
Partners Program delinquency rate	22.76	16.15	
DPA loan delinquency rate	10.24	10.78	
Multifamily loan delinquency rate	3.75	3.45	
Combined delinquency rate - Current Month	10.30	10.79	
Combined average delinquency rate-FY	9.51	10.07	10.00
Default rate (writeoffs/foreclosure losses)	0.08	0.29	1.30
Master Servicing MBS delinquency rate	15.06	8.26	
REO Inventory - # of loans	0	0	
REO Inventory - Exposure	\$0	\$0	



MFA's Servicing Department:

Provides servicing for over 16,000 loans with a principal balance over \$340 million.

Many of the loans MFA services are for internal programs that target higher risk borrowers. MFA's Mortgage-Backed Securities (MBS) portfolio is serviced by our sub-servicer.

Delinquency rates in this portfolio can be benchmarked to Mortgage Banker Association averages 6.83 percent for all loans in New Mexico and 12.80 percent for FHA in New Mexico as of 9/30/2020.

Monitoring	Current Quarter	Year to Date	Fiscal Year Monitoring Required
Asset Management			
Number of properties monitored	2	2	187
Number of units inspected	0	0	N/A
Number of PBCA activities	273	273	N/A
Community Development			
Number of required monitorings ³	6	6	41

³ - based on program year, 7/1 - 6/30



MFA's Asset Management Department:

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



MFA's Community Development Department:

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