

#### HOUSING NEW MEXICO | MORTGAGE FINANCE AUTHORITY Board Meeting 7425 Jefferson Street NE Albuquerque, NM 87109 Wednesday, January 15, 2025- 9:30 a.m.

#### **Proposed Agenda**

#### **Chair Convenes Meeting** Roll Call (Izzy Hernandez) ≻ Approval of Agenda – Board Action ≻ Approval of 12/18/24 Board Meeting Minutes – Board Action $\succ$ **Executive Director Updates** ≻ **Board Action Items** Action Required **Consent Agenda** Revised Bi-Annual Compliance Activities Report – (Jackie Nutima) 1 NO 2 2025 Open Meeting Resolution - (Eleanor Werenko, Stelzner, Winter, Warburton, Flores & Dawes, P.A.) YES **Finance Committee** Housing NM FY24 Audit Report (Christopher Gregory, Audit Manager, Clifton Larson Allen, LLP & Arundhati 3 Bose, CFO) YES National Housing Trust Fund Notice of Funding Availability (NHTF NOFA) Revisions - (Justin Carmona & 4 Tim Martinez) YES 2025 Employee Manual Revisions- (Dolores Wood) 5 YES **Contracted Services/Credit Committee** HOME Rehab NOFA Revisions- (Leann McDonald & John Garcia) YES 6 Code of Conduct: Update Disclosure, Randy Traynor – (Eleanor Werenko, Stelzner, Winter, Warburton, Flores 7 & Dawes, P.A.) NO 8 Elk Meadows Apartments – Additional HOME Loan and New Mexico Affordable Housing Tax Credit (NMAHTC) Allocation Request – (Justin Carmona & Tim Martinez) YES **Closed Session** (Motion and affirmative vote are required to close the meeting for these limited purposes) Executive Session- NM Energy\$mart Program YES 9 Executive Session to be held pursuant to Section 10-15-1 (H)7 NMSA 1978 Threatened or Pending Litigation of the Open Meeting Act: Discuss Matters Related to NM Energy\$mart Program (Izzy Hernandez, Troy Cucchiara & Eleanor Werenko) **Open Session** (Motion and affirmative vote are required to open the meeting) 10 Statement Regarding Matters Discussed in Closed Session- Section 10-15-1(H)7 NMSA 1978 YES Threatened or Pending Litigation of the Open Meetings Act: Discuss Matters Related to NM Energy\$mart Program (Izzy Hernandez, Troy Cucchiara & Eleanor Werenko)

#### **Monthly Reports**

**Discussion Only** 

#### 12 (Staff is available for questions)

- Marketing & Communications Monthly Update
- New Mexico Housing Trust Fund Update
- 11/30/24 Financial Statements

#### **Announcements and Adjournment**

Confirmation of Upcoming Board Meetings

- > January 30, 2025 Thursday 3:00 p.m. Monthly Investment Update please RSVP to Dominique Zuni to attend
- February 11, 2025 Tuesday- 10:00 a.m. Contracted Services, 1:30p.m. Finance Committee
- > February 19, 2025 Wednesday- 9:30 a.m. MFA Board of Directors Meeting
- February 27, 2025 Thursday 3:00 p.m. Monthly Investment Update please RSVP to Dominique Zuni to attend
- March 11, 2025 Tuesday- 10:00 a.m. Contracted Services, 1:30p.m. Finance Committee
- March 19, 2025 Wednesday 9:30 a.m. MFA Board of Directors Meeting
- March 27, 2025 Thursday 3:00 p.m. Monthly Investment Update please RSVP to Dominique Zuni to attend
- > April 8, 2025- Tuesday- 10:00 a.m. Contracted Services, 1:30p.m. Finance Committee
- > April 16, 2025 Wednesday 9:30 a.m. MFA Board of Directors Meeting



#### HOUSING NEW MEXICO | MORTGAGE FINANCE AUTHORITY Board Meeting 7425 Jefferson Street NE Albuquerque, NM 87109 Wednesday, January 15, 2025- 9:30 a.m.

#### **Proposed Agenda**

#### Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda Board Action
- > Approval of 12/18/24 Board Meeting Minutes Board Action
- Executive Director Updates

#### **Board Action Items**

Action Required

#### Consent Agenda

- 1 Revised Bi-Annual Compliance Activities Report (Jackie Nutima) The activities described in this report are intended to provide the Board of Directors with assurance that Housing NM is effectively managing compliance with Federal and State consumer financial laws applicable to the products and services being provided by Housing NM and mitigating related risk. Compliance activities will be reported to the Board through the Contracted Services/Credit Committee no less than twice per year, and as needed to fulfill the compliance manager's responsibility to inform the Board of any critical compliance issues. There are no significant compliance concerns identified during this reporting period.
- 2 2025 Open Meeting Resolution (Eleanor Werenko, Stelzner, Winter, Warburton, Flores & Dawes, P.A.) The Housing NM Open Meetings Resolution is submitted for Housing NM 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 Housing NM Bylaws, Section 7.4, which require that Housing NM determine annually, in a public meeting, what constitutes reasonable notice of its public meeting.

#### **Finance Committee**

- **3** Housing NM FY24 Audit Report (Christopher Gregory, Audit Manager, Clifton Larson Allen, LLP & Arundhati Bose, CFO) Included are the Report of Independent Auditors and Financial Statements with Supplemental Schedules for the year ended 9/30/2024 and comparative information for 9/30/2023, Key Points of the Audit will be highlighted during the discussion session by the External Audit Firm.
- 4 National Housing Trust Fund Notice of Funding Availability (NHTF NOFA) Revisions (Justin Carmona & Tim Martinez) MFA staff recommends revising the NHTF NOFA to update funding limits, scoring criteria, Contact Person information, and references throughout the document from MFA to Housing NM. Staff view the \$400,000 maximum threshold as an important rule which will result in a more equitable distribution of NHTF throughout our state. Also, removing references to the City of Roswell and the City of Farmington as non-rural will further align definitions across Housing NM programs. As such, staff recommends the approval of all proposed changes to the NHTF NOFA.
- **5 2025 Employee Manual Revisions (Dolores Wood)** Annually, the MFA Employee Manual is reviewed and updated. The Employee Manual is revised as needed for changes as it relates to compliance, audit findings, clarifications, and changes in general practices.

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

6 HOME Rehab NOFA Revisions (Leann McDonald & John Garcia) - Staff requests approval of all summarized changes to the HOME Rehabilitation NOFA. These updates are designed to improve the program's effectiveness and

expand its reach across the state. By removing territory restrictions, more New Mexicans will have access to assistance, and current wait times—some spanning several years—can be significantly reduced. Adjusting the cap per project will enable the approval of more projects, by addressing the rising costs of materials and labor ensuring greater housing availability and long-term sustainability across New Mexico. We believe these changes will streamline the process, eliminating previous barriers that have caused delays and denials of projects. By implementing these updates, we can enhance the efficiency and impact of the HOME Rehab program, benefiting more homeowners and communities statewide.

- 7 Code of Conduct: Update Disclosure, Randy Traynor (Eleanor Werenko, Stelzner, Winter, Warburton, Flores & Dawes, P.A.) -
- 8 Elk Meadows Apartments Additional HOME Loan and New Mexico Affordable Housing Tax Credit

**(NMAHTC) Allocation Request (Justin Carmona & Tim Martinez)** - A \$2,000,000 HOME loan request and a \$1,000,000 New Mexico Affordable Housing Tax Credit (NMAHTC) allocation request for Elk Meadows Apartments, located in Ruidoso, New Mexico. Elk Meadows Apartments is a proposed New Construction multifamily project that will create 72 one-, two-, and three-bedroom units for households with children. Four units will be income restricted to households earning 30% or less of AMI, 20 units will be income restricted to households earning 50% or less of AMI, 37 units will be income restricted to households earning 60% or less of AMI, and 11 units will be rented at market rate.

#### **Closed Session**

(Motion and affirmative vote are required to close the meeting for these limited purposes)

- 9 Executive Session- NM Energy\$mart Program
  - Executive Session to be held pursuant to Section 10-15-1 (H)7 NMSA 1978 Threatened or Pending Litigation of the Open Meeting Act: Discuss Matters Related to NM Energy\$mart Program (Izzy Hernandez, Troy Cucchiara & Eleanor Werenko)

#### **Open Session**

(Motion and affirmative vote are required to open the meeting)

10 Statement Regarding Matters Discussed in Closed Session- Section 10-15-1(H)7 NMSA 1978 Threatened or Pending Litigation of the Open Meetings Act: Discuss Matters Related to NM Energy\$mart Program (Izzy Hernandez, Troy Cucchiara & Eleanor Werenko)

#### Other Board Items

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

Staff Actions Requiring Notice to Board

#### Monthly Reports

#### 12 (Staff is available for questions)

- Marketing & Communications Monthly Update
- New Mexico Housing Trust Fund Update
- 11/30/24 Financial Statements

#### Announcements and Adjournment

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#### **Discussion Only**

**Information Only** 

Non-Action Required

# Minutes

#### HOUSING NEW MEXICO | MORTGAGE FINANCE AUTHORITY Board Meeting Minutes 7425 Jefferson St. NE Albuquerque, NM 87109 Wednesday, December 18, 2024 at 9:30 a.m.

Chair Angel Reyes convened the meeting on December 18, 2024, at 9:42 a.m. Secretary Hernandez called the roll. Members attending in person: Chair Angel Reyes, State Treasurer Laura M. Montoya, Christine Anaya (designee for State Treasurer Laura M. Montoya), Julie Ann Meade (designee for Attorney General Raúl Torrez), Martina C'de Baca (designee for Lieutenant Governor Howie Morales), and Randy Traynor. Virtual attendance: Derek Valdo. Absent: Rebecca Wurzburger (joined at 11:54 a.m. for closed session only). Hernandez informed the Board that everyone had been informed about today's meeting in accordance with the New Mexico Open Meetings Act.

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

Approval of Agenda – Board Action. Motion to approve the December 18, 2024, Board agenda with the following amendments: remove item 13 Proposed changes to the MFA Rules and Regulation, move items 15 (Housing New Mexico Single Family Programs Report to items 10 and 11, move items 14 (Quarterly Investment Report) to item 12 and renumbered items 10-12 (Executive Session- NM Energy\$mart Program and Approval of DOE 2024-2025 State Plan Modification, Re-allocation of funds) as items 13-15: Traynor. Seconded by C'de Baca. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Proxy Christine Anaya- yes, Proxy Martina C'de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- absent, Randy Traynor- yes. Vote: 6-0.

Approval of 11/20/2024 Board Meeting Minutes – Board Action. Motion to approve the November 20, 2024, Board Meeting Minutes as presented: C'de Baca. Seconded by Traynor. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Proxy Christine Anaya- abstain, Proxy Martina C'de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- absent, Randy Traynor- yes. Vote: 5-1-0.

Hernandez provided his Executive Director updates: He discussed the Weatherization Day, which was held in Albuquerque on October 30, 2024, testimonial video was then shown. He then proceeded with **Program Updates**: Mortgage Ops: '25- \$13.4M Avg. (12/9/24), FYTD \$134M/541 Reservations. MFA (GOV) int. 5.75%/ Mkt: 6.50% (12/9/24) – 4.50% (4/22). **Significant meetings/presentations**: 12/17: SBOF Meeting. He provided an update of the New Mexico Housing Trust Fund: as of 11/30/24 funds are 85% procured, 73% awarded, 25% expended and ~48 families assisted and Production Date: Unduplicated assisted current month 6,316, YTD expended \$51,228,380. He concluded his updates with recent articles/news: Interest Risk for the New Year., Mortgage delinquencies are rising. FHA borrowers are feeling it. The governor's \$10.9 billion budget plan would boost spending on homelessness, road repairs and early childhood programs.

#### **Presentation**

JH Homes, Inc./Biltwise Structures (Chance Mitchell, President and Jessica Boad, Head of External Relations) – Mitchell and Boad began their presentation discussing the benefits of off-site construction of Biltwise structures: enclosed environment, quality, efficiencies, sustainability, and timeline. They then discussed the partnership; works directly with customers, takes Biltwise products from factory to site, resulting in finished product, works directly with JH Homes, provides curated designs for builders and developers, Biltwise basics line focuses on single-family detached homes, townhomes, and ADUs.

#### Finance Committee

1 FY 2025 & 2026 Internal Audit Plan (Claire Hilleary, Moss Adams) – Hilleary began her presentation reviewing the Internal audit projects anticipated in FY 2025 & 2026 and budgeted hours. The projects selected were based on a combination of factors including management input, the results of the Enterprise Risk Management report and known or upcoming external reviews. Motion to approve the FY 2025 & 2026 Internal Audit Plan as presented: State Treasurer Laura M. Montoya. Seconded by Valdo. Roll Call vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Proxy Martina C'de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- absent, Randy Traynor- yes. Vote: 6-0.

- 2 MFA Internal Audit Budget to Actual Summary 2024 (Claire Hilleary, Moss Adams) Hilleary began her presentation requesting Board acceptance for the fiscal year-end report on the Actual state of the Internal Audit contract. The risk findings are as follows; Area- ERM had no high-risk areas, Rick Management three high risk to medium risk areas. Internal Audits- Information Technology two low risk findings, Mortgage Operations two low risk findings, and Weatherization Assistance Program no findings. Motion to approve the MFA Internal Audit Budget to Actual Summary 2024 as presented: Meade. Seconded by C'de Baca. Roll Call vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- absent, Proxy Martina C'de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- absent, Randy Traynor- yes. Vote: 5-0.
- 3 Follow up on open Internal Audit Observations (Claire Hilleary, Moss Adams) Hilleary began her presentation seeking approval for the FY 2024/2025 Internal Audit Plan. She stated Moss Adams performed follow-up procedures in response to HNM's interest in determining the resolution status of previous internal audit observations. The follow-up procedures were not intended to be a complete re-audit of the programs or departments, but rather a high-level assessment to determine whether progress had been made to resolve pervious observations. It is critical to mention that the follow-up procedures did not delve into the evaluation of best practice recommendations. Classification of resolution status were categorized into three categories: resolved, partially resolved, or open. The summary of results can be found on page 20 of the board packet. Motion to approve the Follow up on open Internal Audit Observations as presented: State Treasurer Laura M. Montoya. Seconded by C'de Baca. Roll Call vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Proxy Martina C'de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- absent, Randy Traynor- yes. Vote: 6-0.
- 2025 Request for Renewal of Bond Inducement Resolution (Jacobo Martinez) Martinez began his presentation 4 recommending Board approve the delegation of authority for declaring official intent to reimburse qualified expenditures, reinforcing the streamlined process established in 2023. The following Housing NM officers would be authorized to execute these declarations, facilitating efficient and timely responses to requests for volume cap: Isidoro Hernandez, Executive Director/CEO; Arundhati Bose, Chief Financial Officer; Jeff Payne, Chief Lending Officer; Donna Maestas-Devries, Chief Housing Officer. With this recommendation, Housing NM officers will be further empowered to approve official intent declarations for individual projects efficiently. Building on the 2023 streamlined process, this delegation ensures Housing NM can continue to respond promptly to requests, while final bond issuance approval will remain subject to Housing NM Board and committee review and approval. This approach will assist developers in meeting eligibility for tax-exempt financing and allow them to count certain project costs retroactively, provided those costs were incurred within the preceding 60 days of the declaration. Motion to approve the 2025 Request for Renewal of Bond Inducement Resolution as presented: State Treasurer Laura M. Montoya. Seconded by Meade. Roll Call vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Proxy Martina C'de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- absent, Randy Traynor-yes.Vote:6-0.

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

5 Housing Innovation Award Recommendation for Saranam (Daniela Freamon & Sonja Unrau) – Freamon began her presentation recommending awarding grant funding in the amount of \$732,939 to Saranam under the Housing Innovation NOFA to provide housing to families experiencing homelessness. Saranam has been providing unhoused families experiencing poverty with safe, stable transitional housing for over 20 years. Saranam broke ground on their new Albuquerque west-side campus in February 2022 and completed Phase I of an expansion at the end of October 2024, creating10 units to serve unhoused New Mexican families. The recommended \$732,939 Housing Innovation award would support adding an additional 13 units, family community center, playground, and community gardens to this site. The new campus is on track to be completed in spring of 2025. The total project cost for the 23-unit site is estimated at \$12.3 million. Saranam has been able to secure 91% (\$11.6 million) of this goal

with this recommendation filling the remaining need. Motion to approve the Housing Innovation Award Recommendation for Saranam as presented: State Treasurer Laura M. Montoya. Seconded by C'de Baca. Roll Call vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Proxy Martina C'de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- absent, Randy Traynor- yes. Vote: 6-0.

- CPF Affordable Housing in Fire Affected Counties Award Recommendation for Village of Angel Fire 6 (Stephanie Gonzales & Robyn Powell) – Gonzales began her presentation recommending the Board of Directors approval of a \$2,420,700 award to the Village of Angel Fire for rental housing development under the Affordable Housing in Fire Affected Counties Notice of Funding Availability. The Affordable Housing in Fire Affected Counties NOFA scoring committee was approved by Policy Committee in September 2023. Per the scoring committee review in October 2024, the Village of Angel Fire's application for funding to support rental housing development met all threshold requirements and scored sufficient points to merit an award. The Village of Angel Fire is proposing to install 20 modular units for low- and moderate-income households to address the affordable workforce housing needs in the Village of Angel Fire and the north-central New Mexico region worsened by the 2022 Hermit's Peak and Calf Canyon fires. Based on the estimated costs within the application, the estimated infrastructure is \$701,000 and the average cost of an environmental consultant is approximately \$54,000. After the infrastructure and the environmental assessment, the remainder of the amount may be used for the purchase and installation of units. The Village of Angel Fire will utilize its cash reserves and are seeking additional funding from a financial entity, Sustainability Partners, to make up the difference of the total project costs of \$6,301,000. Motion to approve the CPF Affordable Housing in Fire Affected Counties Award Recommendation for Village of Angel Fire as presented: State Treasurer Laura M. Montova. Seconded by C'de Baca. Roll Call vote: Angel Reves- ves, Derek Valdo- ves, State Treasurer Laura M. Montova- ves, Proxy Martina C'de Baca- ves, Proxy Julie Ann Meadeyes, Rebecca Wurzburger- absent, Randy Traynor- yes. Vote: 6-0.
- 7 Approval of S. Flores as new Executive Director of Western Regional Housing Authority (John Garcia) Garcia began his presentation recommending approval of Sonia Flores as the new executive director of the Western Regional Housing Authority. The Regional Housing Law 11-3A-29 NMSA 1978, mandates that MFA provide oversight of certain RHA activities, to include MFA's Board of Directors to approve Executive Directors for the Regional Housing Authorities. On November 1, 2024, Cathy De Marco, the current Executive Director of WRHA announced her retirement effective on December 31, 2024. Ms. De Marco served as Executive Director of WRHA for the past 34 years and has recommended her deputy, Sonia Flores, to take her place as the new Executive Director of WRHA. Ms. Flores has been with WRHA for 22 years and has served as deputy director for the past 17 years. Ms. Flores has worked closely with Ms. De Marco and has proven herself to be capable of performing the duties of the Executive Director and she was unanimously approved by the WRHA Board of Commissioners on October 29, 2024. Motion to approve S. Flores as new Executive Director of Western Regional Housing Authority as presented: State Treasurer Laura M. Montoya. Seconded by Traynor. Roll Call vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Proxy Martina C'de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- absent, Randy Traynor- yes. Vote: 6-0.
- 8 Approval of N. Martinez as new Executive Director of Northern Regional Housing Authority (John Garcia) – Garcia began his presentation recommending approval of Natasha Martinez as the new executive director of the Northern Regional Housing Authority. The Regional Housing Law 11-3A-29 NMSA 1978, mandates that MFA provide oversight of certain RHA activities, to include MFA's Board of Directors to approve executive directors for the Regional Housing Authorities. The NRHA Executive Director position was advertised in three publications: The Albuquerque Journal, The Public Housing Authorities Directors Association (PHADA) and the National Association of Redevelopment and Housing Officials (NAHRO). There were seven external candidates representing six states and one internal candidate. The search committee, which consisted of NRHA Board members, reviewed the applicants and narrowed the list to three finalists and Ms. Martinez was ultimately nominated. A special NRHA Board meeting was held on November 22, 2024, and Ms. Martinez's nomination was approved. Ms. Martinez has over eleven years of housing experience and served as the deputy director for the Northern Regional Housing Authority for the past four and a half years. She stepped in to perform the executive director duties from March

2024, when the prior executive director resigned, until July 2024, when an interim director was selected. Before the Las Vegas Housing Authority merged with NRHA, Ms. Martinez served as a financial specialist/project manager with Las Vegas Housing Authority for seven years. Motion to approve N. Martinez as new Executive Director of Northern Regional Housing Authority as presented: State Treasurer Laura M. Montoya. Seconded by Meade. Roll Call vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- yes, Proxy Martina C'de Baca-yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- absent, Randy Traynor- yes. Vote: 6-0.

9 Recovery Housing Program Award Recommendation (Jackie Homet) – Homet began her presentation requesting approval to award Recovery Housing Program funding to TenderLove Community Center in the amount of \$1,200,000, (\$949,584 immediately; and \$250,416 upon HUD approval of FY2024 funds), and Endorphin Power Company in the amount of \$693,200, (\$400,000 immediately and \$293,200 upon HUD approval of FY2024 funds). Once approved by the Board, contracts will be sent for execution of awarding currently available NOFA funds. Motion to the Recovery Housing Program Award Recommendation as presented: Traynor. Seconded by C'de Baca. Roll Call vote: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya- absent, Proxy Martina C'de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- absent, Randy Traynor- yes. Vote: 5-0.

#### **Other**

- 10 Housing New Mexico Portfolio Delinquency Update (Theresa Laredo-Garcia) Laredo-Garcia presented the delinquency trends for Housing NM's loan portfolio as of September 30, 2024. This included Housing NM's first mortgage portfolio, subserviced by Idaho Housing and Finance Association (IHFA) and Housing NM in house direct servicing portfolio. She stated Housing NM's subservicing portfolio delinquency was 12.01%, which is below the FHA Purchase Loans, US data of 14.05%. The presentation also identified actions taken in partnership with IHFA to reduce delinquency and address the impacts the economy and other delinquency factors have on both portfolios. Additional follow-up clarification was requested and provided. Non-Action Item.
- 11 Housing New Mexico Single Family Programs Report (Rene Acuna) Acuna began his presentation providing the Board with a high-level overview of the Semiannual single-family program for fiscal year 2024. Key point discussed in the overview included interest rate history by program, historical reservation and purchased loan trend, financing executions, reservations by program, comparison of DPA sources of reservations that included DPA, additional DPA sources provided by borrowers, borrower demographics, MFA program utilization, and median sales price and home sales trend for New Mexico. Non-Action Item.
- **12** Quarterly Investment Report (Ulrich Investment Consultants) Ulrich began his presentation discussing the Quarterly Investment report. He stated that inflation and the job market are both showing signs of weakening and consumer debt is on the rise. The Federal deficit continues to be a concern at 100% GDP and with interest expenses outpacing defense spending. The Feds cut interest rates by 50 basis points and signaled further cuts by year-end; however, the number and magnitude of the cuts remain uncertain as monthly data is giving mixed signals of a soft landing vs. a potential recession. Equity markets hit all-time highs in the third quarter; however, there was a rotation to value and overall broader market participation. Real Estate is beginning to see a recovery in prices, as Fed cuts should be a catalyst for lower cap rates. He then stated small- and med-cap stocks rallied into the third quarter, prompted by declining rates. He reviews the allocation review 9/30/24 and recommendations: recommendations based on the strategic targets outlined in the updated investment policy statement (pending Board approval) have been made, including transferring matured bonds currently in cash reserves (LGIP), to Long Term investment to continue to bring portfolio in line with new policy targets. Maintain current allocation to Large Cap equity. Reallocate excess cash among Small/Mid Cap and Int'l Equity to align more closely with intended strategic targets and Reduce Emerging Markets allocation to align with pro rata target. Non-Action Item.

#### **Closed Session**

Chair Reyes stated that next on our agenda is a discussion of the NM Energy\$mart Program, for which the Board will be moved to a closed session. Chair Reyes stated he will now entertain a motion to close the meeting pursuant to Section 10-15-1(H)(7) of the Open Meetings Act for the purpose of discussing matters subject to the attorney-clint privilege pertaining to threatened or pending litigation. Motion to close the meeting as presented: State Treasurer Laura M. Montoya. Seconded by Randy Traynor. He then asked if there is any discussion regarding the motion to close the meeting. Hearing none, roll call vote called: Angel Reyes- yes, Derek Valdo- yes, State Treasurer Laura M. Montoya-yes, Proxy Martina C'de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- yes, Randy Traynor- yes. Vote: 7-0

Chair Reyes stated for Board Members participating remotely, to log out of the webcast at this time and login into the Closed Session Webcast. For Board Members present in the room today we will convene the closed session in another room. Attendees are welcome to stay in the Board room and on the webcast. When the discussion regarding limited personnel matters is concluded, Board Members and Board counsel will return to the Board room and to this webcast.

13 Executive Session- NM Energy\$mart Program Executive Session to be held pursuant to Section 10-15-1 (H)7 Threatened or Pending Litigation of the Open Meeting Act: Discuss Matters Related to NM Energy\$mart Program (Izzy Hernandez, Troy Cucchiara & Eleanor Werenko)

#### **Open Session**

At 2:15 p.m. Chair Reyes confirmed that the Board is now convened in open session, that the webcast is running again and stated the Board met in closed session and discussed only those matters that were identified in the agenda for agenda item No. 13. No other issues were discussed, and no actions were taken.

14 Statement Regarding Matters Discussed in Closed Session- Section 10-15-1(H)7 Threatened or Pending Litigation of the Open Meeting Act: Discuss Matters Related to NM Energy\$mart Program (Izzy Hernandez, Troy Cucchiara & Eleanor Werenko)

Chair Reyes entertained a motion to open the meeting and to make the statement a part of the minutes of this meeting. Motion to open the meeting as presented: Traynor. Seconded by Meade. Roll call vote called: Angel Reyes- yes, Derek Valdo- yes, Proxy Christine Anaya- yes, Proxy Martina C'de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- absent, Randy Traynor- yes. Vote: 6-0

15 Approval of DOE 2024-2025 State Plan Modification, Re-allocation of funds (Troy Cucchiara, Kellie Tillerson & Donna Maestas De-Vries) – Cucchiara began his presentation stating Housing NM is terminating contracts with ICAST, its multifamily service provider. Upon Board approval, staff will submit the updated State Plan to DOE and revise the current contracts with the three single family service providers to include the unspent balances for each of the five funding sources listed. These changes will not affect the amount of administrative funds that Housing NM receives. These re-allocated funds need to be fully expended by June 30, 2025. Housing NM been in communication with the three single-family service providers about these additional funds and they have expressed the ability to meet the deadlines. Motion to approve the Approval of DOE 2024-2025 State Plan Modifications, Re-allocation of funds as presented: Meade. Seconded by Traynor. Roll call vote called: Angel Reyes- yes, Derek Valdo- yes, Proxy Christine Anaya- yes, Proxy Martina C'de Baca- yes, Proxy Julie Ann Meade- yes, Rebecca Wurzburger- absent, Randy Traynor- yes. Vote: 6-0

#### **Other Board Items**

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

Staff Actions Requiring Notice to Board

#### Monthly Reports

- 17 There were no questions asked of staff.
  - Marketing & Communications Monthly Update

#### **Information Only**

**Non-Action Required** 

- 10/31/24 Financial Statements
- New Mexico Housing Trust Fund Update

#### Announcements and Adjournment- Confirmation of upcoming Board Meetings.

There being no further business the meeting was adjourned at 2:22 p.m.

Approved:

Chair, Angel Reyes

Secretary, Isidoro Hernandez

# Tab1Consent Item

	MEMO
TO:	Housing New Mexico Board of Directors <b>Through:</b> Contracted Services, January 7, 2025 <b>Through:</b> Policy Committee, December 30, 2024
FROM:	Robyn Powell, Sr. Director of Policy and Planning Jackie Nutima, Compliance Manager
DATE:	January 15, 2025
SUBJECT:	Biannual Compliance Activity Report for April – October 2024

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

Background:

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

#### Discussion:

The following is a summary of compliance activities related to vendor management, subservicing oversight, loan quality control, and tracking of regulatory compliance and consumer complaints from April 2024 through October 2024.

Vendor Management

Housing New Mexico | MFA

7425 Jefferson St. NE, Albuquerque, NM 87109 | 505-843-6880 | 800-444-6880 | housingnm.org

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

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

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

**Risk Ratings:** 

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

#### Vendor Review:

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

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

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

Company	Function	Risk Rating
ANM	Network Management service provider	High
HDS	Asset Management software	Low
Mitas	Software provider for direct servicing	High
Idaho Housing and Financing Association (IHFA)	Contracted for single-family mortgage origination quality control, loan processing and subservicer	High
Metasource	Business process management and quality control	Medium
Virpack	Document management software	Medium
ACS Powerlender /IBT	Single-family mortgage origination software	High
Reliable Field Services	Property inspection provider	High
GoSecure	Infrastructure Patch Management	Low
Ivanti	Cybersecurity Platform/Penetration testing	High
Paymentus	Servicing Pay Portal	High
Subservicing Oversight	- -	1

Subservicing Oversight

Staff continue to monitor service level performance to ensure our contracted sub-servicer provider, Idaho Housing and Finance Association (IHFA), maintains regulatory compliance, that staffing levels support Housing NM needs and that controls over data integrity are in place.

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

The monthly agenda includes a review of several key metrics including foreclosure and delinquency trends. Housing NM continues to see delinquency rates increase in the subserviced portfolio due to the current economic trend and seasonal portfolio trends.

The September 2024 delinquency rate is 12.02% and the seriously delinquent rate is 3.18%. See Chart 1 – Subserviced Portfolio Delinquency Trends on the second to last page of this report.

For the 2023 loan file review, Housing NM asked Moss Adams to review payment defaults, delinquent loans, loss mitigation and foreclosures processes. There was only one issue where the need for process improvement was warranted and that is in the area of timely inspections. Since that time IHFA has been re-reviewed by Fannie Mae and the finding has been resolved through the implementation of process improvement.

#### Loan Quality Control

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

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

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

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

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

#### MFA Defect Trend Report – July 2024 - Random QC

Defect Trend Report		Target Defect Rate 4.0%	MATERIAL -	ATERIAL - All Defects		
Audit Month	Loans Reviewed	Gross Defect	Gross Defect Rate	Net Defect	Net Defect Rate	
Aug 2023	7	4	57,1%	0	0.0%	
Sep 2023	4	0	0,0%	0	0,0%	
Oct 2023	5	0	0.0%	0	0.0%	
Nov 2023	7	0	0.0%	0	0.0%	
Dec 2023	8	1	12.5%	0	0.0%	
Jan 2024	8	2	25.0%	1	12.5%	
Feb 2024	4	1	25.0%	1	25.0%	
Mar 2024	7	1	14.3%	0	0.0%	
Apr 2024	8	1	12.5%	0	0.0%	
May 2024	9	2	22,2%	0	0,0%	
Jun 2024	7	0	0.0%	0	0.0%	
Jul 2024	7	3	42.9%	1	14.3%	
TOTAL	81	15	18,5%	3	3,7%	

**Regulatory and Legal Compliance** 

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

During this reporting period, no significant regulatory announcements were issued that impacted Housing NM's operational environment or that of IHFA.

#### **Training**

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

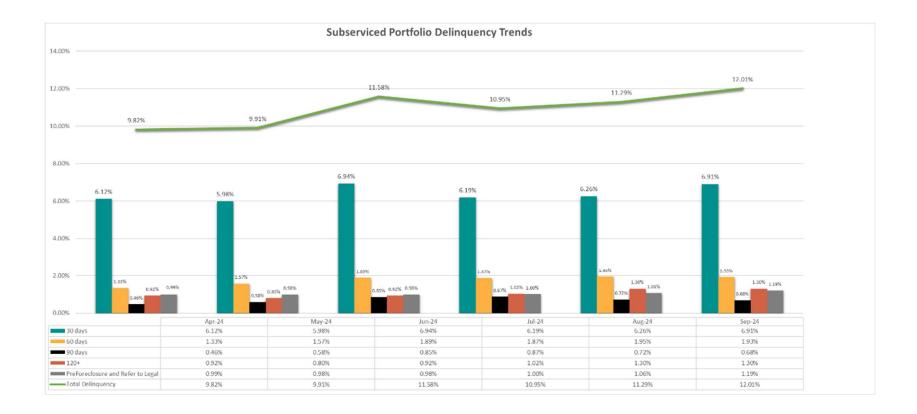
#### Consumer complaints

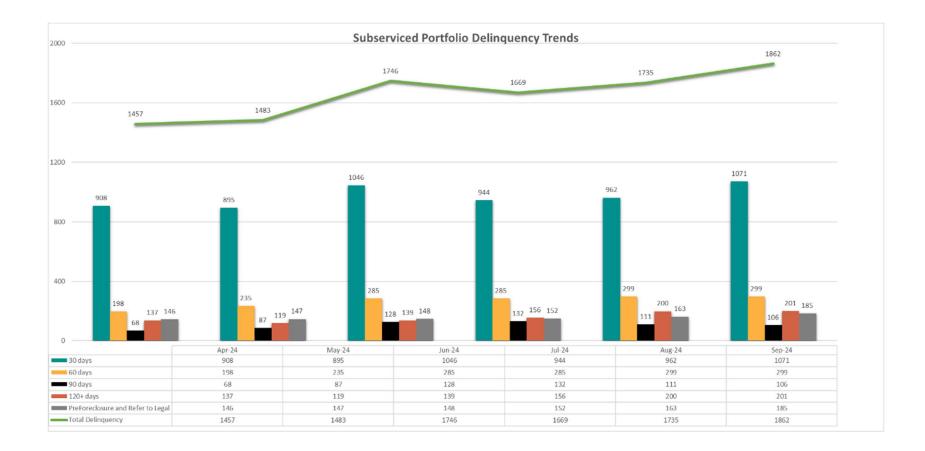
Tracking, investigating, and responding to consumer complaints is a function of the Compliance Management System. When a consumer complaint is received, it will be routed to the appropriate department for follow-up and resolution. Often times, a complaint is received but is not under Housing NM's jurisdiction.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

#### Summary:

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

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





Housing New Mexico | MFA 7425 Jefferson St. NE, Albuquerque, NM 87109 | 505-843-6880 | 800-444-6880 | housingnm.org

# Tab 2 Consent Item



#### **Recommendation:**

Counsel recommends Housing New Mexico | MFA's ("Housing NM") Board of Directors approve the 2025 Open Meetings Resolution.

#### **Background:**

Housing NM Bylaws Section 7.4 and the New Mexico Open Meetings Act ("OMA"), NMSA 1978, Section 10-15-1(D), requires public bodies, at least annually, to determine what constitutes "reasonable notice" as applied to that body. This resolution states Housing NM's policy to make all meetings in which there is a quorum of Members of the Board of Directors open to the public, except as otherwise provided in the State Constitution or the Open Meetings Act and sets forth the notice requirements for Housing NM regular, special, and emergency meetings.

#### **Discussion:**

The Housing NM Open Meetings Resolution of 2025 is being presented for approval by the Housing NM Board of Directors. The proposed amendments to this year's resolution include (1) updating the dates throughout the resolution to 2025, (2) updating the location of the January 2025 Board of Directors meeting, and (3) updating the name to Housing New Mexico | MFA throughout. All suggested changes are marked in the attached draft redline draft. A clean draft with proposed changes accepted is also provided.

#### Summary:

The Housing NM Open Meetings Resolution is submitted for Housing NM 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 Housing NM Bylaws,

Section 7.4, which require that Housing NM determine annually, in a public meeting, what constitutes reasonable notice of its public meetings.

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

#### **20242025 OPEN MEETINGS AND NOTICE RESOLUTION**

January <u>17, 2024</u>15, 2025

WHEREAS, the<u>Housing</u> New Mexico Mortgage Finance Authority ("\_MFA\_("Housing <u>NM</u>") met in a regular meeting at 100 E. San Francisco7425 Jefferson Street, Santa Fe\_NE, <u>Albuquerque</u>, New Mexico, 8750187109 on Wednesday, January 17, 202415, 2025, at 9:30 a.m., and;

WHEREAS, MFA'sHousing NM's Open Meetings policy is intended to follow the Open Meetings Act (Sections 10-15-1 to 10-15-4 NMSA 1978) which requires at Section 10-15-1(B) that, all meetings of a quorum of members of any board, commission, administrative adjudicatory body or other policymaking body of any state agency or any agency or authority of any county, municipality, district or political subdivision, held for the purpose of formulating public policy, including the development of personnel policy, rules, regulations or ordinances, discussing public business or taking any action within the authority of or the delegated authority of any board, commission or other policymaking body are declared to be public meetings open to the public at all times, except as otherwise provided in the constitution of New Mexico or the Open Meetings Act; and further requires at Section 10-15-1(D) such policymaking body to determine annually what constitutes reasonable notice of its public meetings.

#### NOW, THEREFORE, BE IT RESOLVED:

1. Regular meetings shall be held at the discretion of the <u>MFAHousing NM</u> Board of Directors. Notice of regular meetings will be given ten (10) days in advance of the meeting date.

2. Special meetings may be called by the Chair or three (3) of the members of the MFAHousing NM Board of Directors ("Members") upon seventy-two (72) hours' notice.

3. Emergency meetings will be called only under circumstances permitted by, and in accordance with the provisions of, Section 10-15-1 (F) of the Open Meetings Act, and only under unforeseen circumstances that demand immediate action to protect the health, safety and property of citizens or to protect <u>MFAHousing NM</u> from substantial financial loss. <u>MFAHousing NM</u> will avoid emergency meetings whenever possible. Emergency meetings may be called by the Chair or a majority of <u>MFA'sHousing NM's</u> Board of Directors upon twenty-four (24) hours' notice, unless threat of injury or damage to persons or property or substantial financial loss to <u>MFAHousing NM</u> requires less notice. Within ten (10) days of taking action on an emergency matter, <u>MFAHousing NM</u> will notify the Attorney General's Office.

4. For the purposes of meetings described in paragraphs 1, 2 and 3 of this resolution, notice requirements shall be met by posting notice of the date, time, and location of the meeting in the lobby of the <u>MFAHousing NM</u> offices located at <u>344 4th7425 Jefferson</u> St. <u>SWNE</u>, Albuquerque, New Mexico, <u>87109</u> and on <u>MFA'sHousing NM's</u> website, and by e-mailing copies of the written notice to those broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation that have made a written request for notice of <u>MFAHousing NM</u> meetings.

a) The notice will include a copy of the agenda or information on how a copy of the agenda

may be obtained. For the purposes of the regular and special meetings described in paragraphs 1 and 2 of this resolution, the agenda will be posted on the <u>MFAHousing NM</u> website and available to the public at least seventy-two (72) hours prior to the regular meeting. For the purposes of emergency meetings described in paragraph 3 of this resolution, the agenda will be posted on the <u>MFAHousing NM</u> website and available to the public at least twenty-four (24) hours prior to the emergency meeting.

b) In addition to the information specified above, all notices of open meetings shall include the following language:

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact <u>MFAHousing NM</u> at 843-6880 at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact <u>MFAHousing NM</u> at 843-6880 if a summary or other type of accessible format is needed.

5. <u>MFAHousing NM</u> may close a meeting to the public only if the subject matter of such discussion or action is exempted from the open meeting requirements under Section 10-15-1(H) of the Open Meetings Act.

a) If any meeting is closed during an open meeting, such closure shall be approved by a majority vote of a quorum of the <u>MFAHousing NM</u> Board of Directors taken during the open meeting. The authority for the closure and the subjects to be discussed shall be stated with reasonable specificity in the motion for closure and the vote on closure of each individual Member shall be recorded in the minutes. Only those subjects specified in the motion may be discussed in a closed meeting.

b) If the decision to hold a closed meeting is made when <u>MFAHousing NM</u> is not in an open meeting, the closed meeting shall not be held until public notice, consistent with paragraph 2 of this resolution, and stating the specific provision of law authorizing the closed meeting and the subjects to be discussed with reasonable specificity, is given to the Members and to the general public.

c) Following completion of any closed meeting, the minutes shall state whether the matters discussed in the closed meeting were limited only to those specified in the motion or notice for closure.

d) Except as provided in Section 10-15-1(H) of the Open Meetings Act, any action taken as a result of discussions in a closed meeting shall be made by vote of the <u>MFAHousing NM</u> Board of Directors in an open public meeting.

6. Members are strongly encouraged to attend all meetings in person. However, when it is otherwise difficult or impossible for the Member to attend the meeting in person, or when it is not possible for <u>MFAHousing NM</u> to hold an in person meeting due to a public health order, or other similar emergency declaration, a Member/the Members may participate in a meeting by means of a conference telephone, video conference, or other similar communications equipment, provided that each Member participating by conference telephone, video conference, or other similar technology can be identified when speaking, all participants are able to hear each other at

the same time, members of the public attending the meeting are able to hear any Member who speaks during the meeting, and where the meeting is being held via video conference or other similar technology, a roll call is taken for each vote.

ADOPTED: January <u>17, 202415, 2025</u>. Motion made by \_\_\_\_\_. Second: \_\_\_\_\_. Vote

\_-\_\_.

Aye:

Nay:

Abstain:

Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS  $17^{\text{TH}}15^{\text{TH}}$  DAY OF JANUARY 20242025.

Angel Reyes, Chair

#### CERTIFICATION

I HEREBY CERTIFY, that I am the Secretary of the <u>New Mexico Mortgage Finance</u> <u>AuthorityHousing NM | MFA</u>; that the above and foregoing is a full, true and correct copy of a resolution duly and regularly adopted by the vote of the majority or more of the directors of the <u>New Mexico Mortgage Finance Authority Housing NM | MFA</u> in accordance with the <u>MFAHousing NM</u> bylaws in effect on January 18, 2023; that there is no provision in the articles of the <u>MFAHousing NM</u> bylaws conflicting with said resolution; and that said resolution has not been modified or revoked and still remains in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of the New Mexico Mortgage Finance Authority this day of  $,\frac{20242025}{2025}$ .

Isidoro Hernandez, Secretary

(SEAL)

#### HOUSING NEW MEXICO | MORTGAGE FINANCE AUTHORITY

#### **2025 OPEN MEETINGS AND NOTICE RESOLUTION**

#### January 15, 2025

**WHEREAS,** Housing New Mexico | MFA ("Housing NM") met in a regular meeting at 7425 Jefferson Street NE, Albuquerque, New Mexico, 87109 on Wednesday, January 15, 2025, at 9:30 a.m., and;

WHEREAS, Housing NM's Open Meetings policy is intended to follow the Open Meetings Act (Sections 10-15-1 to 10-15-4 NMSA 1978) which requires at Section 10-15-1(B) that, all meetings of a quorum of members of any board, commission, administrative adjudicatory body or other policymaking body of any state agency or any agency or authority of any county, municipality, district or political subdivision, held for the purpose of formulating public policy, including the development of personnel policy, rules, regulations or ordinances, discussing public business or taking any action within the authority of or the delegated authority of any board, commission or other policymaking body are declared to be public meetings open to the public at all times, except as otherwise provided in the constitution of New Mexico or the Open Meetings Act; and further requires at Section 10-15-1(D) such policymaking body to determine annually what constitutes reasonable notice of its public meetings.

#### NOW, THEREFORE, BE IT RESOLVED:

1. Regular meetings shall be held at the discretion of the Housing NM Board of Directors. Notice of regular meetings will be given ten (10) days in advance of the meeting date.

2. Special meetings may be called by the Chair or three (3) of the members of the Housing NM Board of Directors ("Members") upon seventy-two (72) hours' notice.

3. Emergency meetings will be called only under circumstances permitted by, and in accordance with the provisions of, Section 10-15-1 (F) of the Open Meetings Act, and only under unforeseen circumstances that demand immediate action to protect the health, safety and property of citizens or to protect Housing NM from substantial financial loss. Housing NM will avoid emergency meetings whenever possible. Emergency meetings may be called by the Chair or a majority of Housing NM's Board of Directors upon twenty-four (24) hours' notice, unless threat of injury or damage to persons or property or substantial financial loss to Housing NM requires less notice. Within ten (10) days of taking action on an emergency matter, Housing NM will notify the Attorney General's Office.

4. For the purposes of meetings described in paragraphs 1, 2 and 3 of this resolution, notice requirements shall be met by posting notice of the date, time, and location of the meeting in the lobby of the Housing NM offices located at 7425 Jefferson St. NE, Albuquerque, New Mexico, 87109 and on Housing NM's website, and by e-mailing copies of the written notice to those broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation that have made a written request for notice of Housing NM meetings.

a) The notice will include a copy of the agenda or information on how a copy of the agenda may be obtained. For the purposes of the regular and special meetings described in paragraphs 1 and 2 of this resolution, the agenda will be posted on the Housing NM website and available to the

public at least seventy-two (72) hours prior to the regular meeting. For the purposes of emergency meetings described in paragraph 3 of this resolution, the agenda will be posted on the Housing NM website and available to the public at least twenty-four (24) hours prior to the emergency meeting.

b) In addition to the information specified above, all notices of open meetings shall include the following language:

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact Housing NM at 843-6880 at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact Housing NM at 843-6880 if a summary or other type of accessible format is needed.

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b) If the decision to hold a closed meeting is made when Housing NM is not in an open meeting, the closed meeting shall not be held until public notice, consistent with paragraph 2 of this resolution, and stating the specific provision of law authorizing the closed meeting and the subjects to be discussed with reasonable specificity, is given to the Members and to the general public.

c) Following completion of any closed meeting, the minutes shall state whether the matters discussed in the closed meeting were limited only to those specified in the motion or notice for closure.

d) Except as provided in Section 10-15-1(H) of the Open Meetings Act, any action taken as a result of discussions in a closed meeting shall be made by vote of the Housing NM Board of Directors in an open public meeting.

6. Members are strongly encouraged to attend all meetings in person. However, when it is otherwise difficult or impossible for the Member to attend the meeting in person, or when it is not possible for Housing NM to hold an in person meeting due to a public health order, or other similar emergency declaration, a Member/the Members may participate in a meeting by means of a conference telephone, video conference, or other similar communications equipment, provided that each Member participating by conference telephone, video conference, or other similar technology can be identified when speaking, all participants are able to hear each other at the same time, members of the public attending the meeting are able to hear any Member who speaks during the meeting, and where the meeting is being held via video conference or other similar technology, a roll call is taken for each vote.

ADOPTED: January 15, 2025. Motion made by \_\_\_\_\_. Second: \_\_\_\_\_. Vote \_\_\_\_.

Aye:

Nay:

Abstain:

Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS 15<sup>TH</sup> DAY OF JANUARY 2025.

Angel Reyes, Chair

#### CERTIFICATION

I HEREBY CERTIFY, that I am the Secretary of the Housing NM | MFA; that the above and foregoing is a full, true and correct copy of a resolution duly and regularly adopted by the vote of the majority or more of the directors of the Housing NM | MFA in accordance with the Housing NM bylaws in effect on January 18, 2023; that there is no provision in the articles of the Housing NM bylaws conflicting with said resolution; and that said resolution has not been modified or revoked and still remains in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of the New Mexico Mortgage Finance Authority this day of , 2025.

Isidoro Hernandez, Secretary

(SEAL)



#### HOUSING NEW MEXICO | MFA Finance/Operations Committee Meeting Tuesday, January 7, 2025 at 1:30 p.m.

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

Agenda Item		COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED	
Agenda 1 202	1 5 Open Meeting Resolution- Eleanor Werenko	3-8	YES	
	ional Housing Trust Fund Notice of Funding Availability ITF NOFA) Revisions – Justin Carmona &Tim Martinez	3-20	YES	
3 202	5 Employee Manual Revisions- Dolores Wood	3-2	YES	
	commended Revisions to MFA Policies Procedures nual_FY2025 – Jackie Nutima & Robyn Powell	Tabled	YES	
	ation items vember 2024 Wire Transfers		NO	
	vember 2024 Check Register		NO	

#### **Committee Members present:**

Derek Valdo, Chair	🖸 present	□ absent	□ conference call
State Treasurer Laura M. Montoya	□ present	□ absent	Conference call
Lt. Governor Howie Morales/ Proxy Martina C'de Baca	□ present	□ absent	Conference call

Honardon

# Tab 3



#### We'll get you there.

## 2024 AUDIT RESULTS

Presented to the Board January 15, 2025



#### CPAs | CONSULTANTS | WEALTH ADVISORS

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- Audit scope
- Required Communication
- Audit opinions
- Upcoming GASBs
- Questions





## Audit Scope



Report on the Authority's financial statements as of September 30, 2024 in accordance with GASB



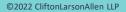
Internal Control over Financial Reporting in accordance with Government Auditing Standards Report on internal control over compliance with major program requirements in accordance with Uniform Guidance (federal awards)



Additional Information not included in this presentation:

- Ginnie Mae Reports
- Data Collection Form (DCF)

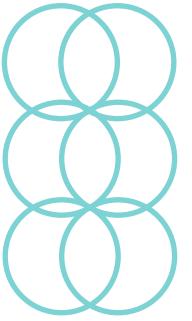




## **Governance Communications**

#### Our Responsibility Under Generally Accepted Auditing Standards

- Express an opinion on the fair presentation of the financial statements in conformity with GAAP
- Plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement
- Evaluate internal control over financial reporting
- Utilize a risk-based audit approach
- Communicate significant matters to appropriate parties



#### **Significant Accounting Estimates**

- We evaluated management's estimates and are comfortable with them
- Significant estimates: Allowance for loan losses, fair value of investments/mortgagebacked securities, value of mortgage servicing rights

#### Significant Risks

- Management override of controls
- Revenue recognition
- Allowance for Loan Loss





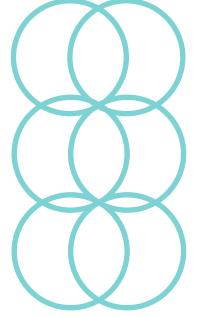
## **Governance Communications (Continued)**

# Planned Scope and Timing of the Audit

 Performed the audit according to the planned scope and timing previously communicated during the audit entrance conference

#### Management Representation Letter

 Management will provide signed representation letter prior to finalization of the audit report



#### Other

- No difficulties encountered in performing the audit.
- No issues discussed prior to retention as independent auditors
- No disagreements with management regarding accounting, reporting, or other matters.
- No consultations with other independent auditors.
- No difficulties or contentious matters for which the engagement team consulted others outside the engagement team.





#### AUDIT OPINIONS

#### **Financial statement**

Financial statement audit opinion is **unmodified**.

#### **Federal awards**

Federal awards audit opinion is **unmodified**.



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#### AUDIT RESULTS

#### **Financial statement**

No material weaknesses noted. No significant deficiencies noted.

#### **Federal awards:**

No material weaknesses noted. No significant deficiencies



## Major Programs Tested

• Ginnie Mae Mortgage-Backed Securities Program (14.000)

• Housing Finance Agencies Risk Sharing Loan Program (14.188)

 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) (21.027)







## Upcoming GASB Standards

#### We'll get you there.

CPAs // CONSULTANTS | WEALTH ADVISORS

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## GASB 101 Compensated Absences



Effective date
December 31, 2024



Revaluate leave policies

i

- Liability must include any accumulated leave that is unused or used but unpaid
- Footnote disclosures will be enhanced

# 

#### **Examples include**

- Sick leave not paid at termination
- Parental leave
- Military leave and jury duty that has commenced



CLA can help by evaluating the standard related to compensated absences and assisting with or evaluating in financial statement disclosures





Questions and Feedback We appreciate the opportunity to serve you and welcome any feedback relative to our performance and to the engagement.





Gaby Miller, CPA Principal gaby.miller@claconnect.com 571-227-9527



Audit Manager christopher.gregory@claconnect.com 505-222-3596



Maegan Morris Senior Associate maegan.morris@claconnect.com 505-314-1617



## CLAconnect.com

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#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO)

#### REPORT OF INDEPENDENT AUDITORS AND FINANCIAL STATEMENTS WITH SUPPLEMENTARY SCHEDULES AND SINGLE AUDIT INFORMATION

YEARS ENDED SEPTEMBER 30, 2024 AND 2023



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#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) TABLE OF CONTENTS YEARS ENDED SEPTEMBER 30, 2024 AND 2023

BOARD OF DIRECTORS	1
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	18
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	20
STATEMENTS OF CASH FLOWS	21
STATEMENTS OF FIDUCIARY NET POSITION – NEW MEXICO AFFORDABLE HOUSING CHARITABLE TRUST	23
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION – NEW MEXICO AFFORDABLE HOUSING CHARITABLE TRUST	24
NOTES TO FINANCIAL STATEMENTS	25
SUPPLEMENTARY INFORMATION	
SINGLE FAMILY MORTGAGE PROGRAMS — STATEMENT OF NET POSITION — SEPTEMBER 30, 2024	55
SINGLE FAMILY MORTGAGE PROGRAMS — STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION — SEPTEMBER 30, 2024	56
SINGLE FAMILY MORTGAGE PROGRAMS — STATEMENT OF NET POSITION — SEPTEMBER 30, 2023	57
SINGLE FAMILY MORTGAGE PROGRAMS — STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION — SEPTEMBER 30, 2023	58

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) TABLE OF CONTENTS YEARS ENDED SEPTEMBER 30, 2024 AND 2023

SINGLE AUDIT INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	60
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	61
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	63
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	65
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	68
SUMMARY OF PRIOR YEAR AUDIT FINDINGS	70
OTHER REQUIRED SCHEDULES	
EXIT CONFERENCE (UNAUDITED)	72

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) BOARD OF DIRECTORS SEPTEMBER 30, 2024

Name	Title
Angel Reyes	Chair
Derek Valdo	Vice Chair
Rebecca Wurzburger	Treasurer
Laura M. Montoya, New Mexico State Treasurer	Member
Howie Morales, New Mexico Lieutenant Governor	Member
Raul Torrez, New Mexico Attorney General	Member
Randy Traynor	Member



#### **INDEPENDENT AUDITORS' REPORT**

Authority Members New Mexico Mortgage Finance Authority and Joseph M. Maestas, P.E. New Mexico State Auditor

#### **Report on the Audit of the Financial Statements**

#### Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary fund of the New Mexico Mortgage Finance Authority (the Authority), a component unit of the state of New Mexico, as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary fund of the Authority, as of September 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial position and changes in financial position of the Authority. They do not purport to, and do not, present fairly the financial position of the state of New Mexico as of September 30, 2024 and 2023, the changes in the financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Authority Members New Mexico Mortgage Finance Authority and Joseph M. Maestas, P.E. New Mexico State Auditor

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, located on pages 6-16, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules, as referenced in the Table of Contents, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as referenced in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary schedules and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Authority Members New Mexico Mortgage Finance Authority and Joseph M. Maestas, P.E. New Mexico State Auditor

#### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Board of Directors listing and Exit Conference but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Clifton Larson Allen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico November 26, 2024 This page intentionally left blank.

In 1975, the New Mexico State legislature created the New Mexico Mortgage Finance Authority (the Authority), as a governmental instrumentality of the state of New Mexico. The Authority is a component unit of the state of New Mexico. Component units are entities that are legally separate organizations from the state for which elected officials of the primary government are financially accountable. The purpose of the Authority is to raise funds from public and private investors to finance the acquisition, construction, rehabilitation, and improvement of residential housing for New Mexicans of low to moderate income. The Authority secures resources through the sale of bonds and mortgage assets, as well as through federal and state affordable housing programs. The Authority's net position is also a source of funding for housing related programs. The Authority is led by seven board members. Four of the board members are from the private sector and are appointed by the governor with the advice and consent of the state senate. Three are ex-officio voting members who serve by virtue of their state office, including the lieutenant governor, the state's attorney general and the state treasurer.

This management discussion and analysis provides an overview of the Authority's financial position and changes in financial position for the fiscal years ended September 30, 2024, 2023, and 2022. This information is being presented to provide additional information regarding the activities and operations of the Authority and to meet the disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34) and GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* Discussion and Analysis – for State and Local Governments: Omnibus. The Authority is a self-supporting entity and follows business type activity reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the Authority's financial activities. This analysis should be read in conjunction with the independent auditors' report, audited financial statements, and accompanying notes.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report consists of four parts: management's discussion and analysis; the basic financial statements; the notes to the financial statements; and required and other supplementary information. The management discussion and analysis only discusses the business-type activities and does not include the fiduciary fund. The basic financial statements include the following:

The statements of net position include all the Authority's assets and liabilities, presented in order of liquidity, along with deferred outflows and deferred inflows, which represent deferrals of resources related to future periods. The resulting net position presented in these statements is displayed as invested in capital assets, restricted or unrestricted. Net position is restricted when its use is subject to external limits such as bond indentures, legal agreements, or statutes.

All the Authority's current year revenues and expenses are recorded in the statements of revenues, expenses, and changes in net position. This statement measures the activities of the Authority's operations over the past year and presents the resulting change in net position.

The statements of cash flows primary purpose is to provide information about the Authority's cash receipts and cash payments during the reporting period. These statements report cash receipts, cash payments, and net changes in cash resulting from operating, noncapital financing, capital and related financing and investing activities. These statements also provide information regarding the sources and uses of cash and the change in the cash balance during the reporting period.

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the financial statements. Required and other supplementary information is presented following the notes to financial statements to provide selected supplemental information, such as combining schedules for the Authority's programs.

#### **FINANCIAL HIGHLIGHTS**

The Authority's financial position and results of operations for the current and two most recent prior years are summarized below (in thousands):

				2022, As	
		2024 2023		2023	 Restated
Cash and Cash Equivalents (Unrestricted and Restricted)	\$	298,644	\$	178,602	\$ 193,832
Investments (Unrestricted and Restricted)		61,873		65,386	59,743
Mortgage-Backed Securities and Mortgage					
Loans Receivable		1,954,714		1,493,795	1,270,913
Total Assets		2,376,981		1,787,713	1,556,675
Bonds Payable		1,980,705		1,547,359	1,325,981
Total Liabilities		2,086,795		1,666,348	1,398,860
Total Net Position		290,095		121,274	157,725
Total Operating Revenues		114,689		86,301	59,915
Total Operating Expenses		105,603		71,616	62,165
Operating Income (Loss)		9,086		14,685	(2,250)
Total Nonoperating (Expenses) Revenues		159,735		(51,136)	(173,132)
Change in Net Position		168,821		(36,451)	(175,382)

The most impactful trend experienced by the Authority in this fiscal year's financial performance was the elevated interest rate environment. Due to the economics of the mortgage program, in 2024, the Authority favored issuing Mortgage Revenue Bonds (MRBs) as the primary loan financing tool. Unlike selling the Mortgage-Backed Securities (MBS) originated through the Authority's mortgage program into the secondary market, the MBS was purchased with bond proceeds and recorded as assets on the Statements of Net Position. The Authority successfully issued four MRBs to fund the first-time homebuyer program. The Authority relied predominantly on bond financing in the current year, funding 82% of the loans with bonds and selling 18% of loans to the secondary market.

Bond financing primarily produces long-term annuity cash flows over the loan life, leading to growth in balance sheet assets. In contrast, loan sales in the secondary market provide one-time administrative fee income. In addition, through the bond execution, the Authority incurs the bond cost of issuance expense. Additionally, the Authority purchases the servicing rights associated with its loan originations. This asset earns a long-term annuity over the life of the MBS. As this servicing asset portfolio grows, the income stream will also continue to grow over time. The Authority experienced higher single-family loan financing compared to last year, resulting in strong overall balance sheet growth despite headwinds from rising home prices, elevated mortgage rates, and higher-than-expected inflation.

Financial highlights are summarized as follows:

- Total assets were \$2.38 billion, an increase of 33% from September 30, 2023. The increase primarily reflects growth in the Single-Family Mortgage Program investments for which new production exceeded loan pay downs and prepayments with the locked-in low mortgage rates. Borrowers had no incentives to refinance under the current macro environment of rising mortgage rates.
- The fiscal year 2024 MBS purchases and originations totaled \$542.2 million compared to \$330.8 million in the fiscal year 2023 due to the increased utilization of MRBs instead of selling the loans in the secondary market to fund the Single-Family Mortgage Program.
- Revenue bonds issued for the Single-Family Mortgage program totaled \$520.0 million in 2024 and \$314.9 million in the fiscal year 2023. As previously noted, MRBs were favored to fund the Single-Family Mortgage Program in 2023 over selling loans in the secondary market.
- Total liabilities were \$2.09 billion, an increase of 25% from September 30, 2023, due to increased revenue bond activity.
- In the fiscal year 2024, the net position increased by \$168.8 million. However, when excluding the net change in the fair value of investments of \$90.4 million, net position increased by \$78.4 million. The valuation of interest rate-sensitive assets tends to decrease in an increasing interest rate environment. As the interest rate increased, the market value of the MBS portfolio decreased.

#### **FINANCIAL POSITION**

The net position of the Authority increased \$168.8 million from September 30, 2023 to September 30, 2024 and decreased \$36.5 million from September 30, 2022 to September 30, 2023. The following table is a condensed summary of net position at September 30, 2024, 2023, and 2022 (in thousands):

	2024	2023	2022, As Restated
Assets			
Current Assets	\$ 172,299	\$ 106,516	\$ 108,564
Noncurrent Assets	2,204,682	1,681,197	1,448,111
Total Assets	2,376,981	1,787,713	1,556,675
Deferred Outflows of Resources			
Unamortized Loss on Refunding	124	153	187
Liabilities			
Current Liabilities	140,040	138,590	115,658
Noncurrent Liabilities	1,946,755	1,527,758	1,283,202
Total Liabilities	2,086,795	1,666,348	1,398,860
Deferred Inflows of Resources			
Deferred Cost of Refunding	215	244	277
Net Position			
Investment in Capital Assets	15,879	11,601	1,793
Restricted	186,182	116,302	95,348
Restricted for Land Title Trust and Housing Trust	100,909	37,585	34,401
Unrestricted	(12,875)	(44,214)	26,183
Total Net Position	\$ 290,095	\$ 121,274	\$ 157,725

#### COMPARISON OF YEARS ENDED SEPTEMBER 30, 2024 AND 2023

The increase in cash and cash equivalents of \$64.2 million, driven in large part by primarily reflects a significant increase in receivables to Fiduciary Trusts. This increase of \$50.0 million was a legislative appropriation to the New Mexico Housing Trust Fund.

During this fiscal year, the Authority purchased \$576.2 million of MBS and \$606.4 million in whole loans. MBS and whole loan purchases were offset by \$213.8 million in repayments of securitized mortgage loans and \$596.9 million of the whole loan and down payment assistance loan repayments during the year. The financial statements reflect a \$460.9 million net increase of MBS and mortgage loans receivable due to favoring Mortgage Revenue Bonds (MRB) financing over selling the loans in the secondary market. Under the MRB financing new mortgage loans are added to the statement of net position, whereas sales in the secondary market do not impact the statement of net position. In addition, new production exceeded loan paydowns and prepayments as locked-in low mortgage rates, which make up a large proportion of the Authority's loan portfolio, disincentivized borrowers from refinancing in the current mortgage rate environment.

The purchased mortgage servicing rights portfolio associated with the loan originations decreased \$2.6 million for a total portfolio of \$22.7 million at year-end.

Over the past year, the Authority experienced a 25% increase in liabilities due to bonding activity. Proceeds from the sale of bonds and notes payable were \$1,816.2 million; bond and note repayments and refunding totaled \$1,391.6 million, resulting in a net increase for the year of \$424.6 million.

#### COMPARISON OF YEARS ENDED SEPTEMBER 30, 2023 AND 2022

The decrease in cash and cash equivalents (including current and noncurrent cash assets) of \$15.2 million primarily reflects smaller balances in the bond acquisition fund due to the timing of Single-Family Mortgage bond transactions.

During this fiscal year, the Authority purchased \$330.8 million of MBS and \$395.3 million in whole loans. MBS and whole loan purchases were offset by \$84.7 million in repayments of securitized mortgage loans and \$371.1 million of the whole loan and down payment assistance loan repayments during the year. The financial statements reflect a \$222.9 million net increase of MBS and mortgage loans receivable due to favoring Mortgage Revenue Bonds (MRB) financing over selling the loans in the secondary market. Under the MRB financing new mortgage loans are added to the statement of net position, whereas sales in the secondary market do not impact the statement of net position. In addition, new production exceeded loan pay downs and prepayments as locked-in low mortgage rates, not incentivizing borrowers to refinance in current rising mortgage rate environment.

The purchased mortgage servicing rights portfolio associated with the loan originations increased \$1.9 million for a total portfolio of \$20.1 million at year-end.

Over the past year, the Authority experienced a 19.1% increase in liabilities due to tax-exempt bonding activity. Proceeds from the sale of bonds and notes payable were \$604.5 million; bond and note repayments and refunding totaled \$334.8 million, resulting in a net increase for the year of \$269.7 million.

#### **CHANGE IN FINANCIAL POSITION**

The operating income for the year increased by approximately \$5.6 million when compared to fiscal year 2023. The following table is a condensed summary of changes in net position for the years ended September 30, 2024, 2023, and 2022 (in thousands):

				2	2022, As
	2024	2023		Restated	
Operating Revenues					
Interest on Loans and MBS	\$ 76,013	\$	55,292	\$	42,474
Interest on Securities and Investments	10,683		7,498		2,224
Program Revenues	12,256		11,706		12,115
Loan and Commitment Fees	5,035		3,499		3,520
Administrative Fees	7,296		5,585		6,223
Gain (Loss) on Sale of Securities	 3,406		2,721		(6,641)
Total Operating Revenues	114,689		86,301		59,915
Operating Expenses					
Interest Expense	64,060		43,931		32,855
Bond Issuance Costs	4,449		2,819		3,673
Provision for Loan Losses	7,729		420		496
Administrative and Other Expenses	 29,365		24,446		25,141
Total Operating Expenses	 105,603		71,616		62,165
Operating Revenue (Loss)	9,086		14,685		(2,250)
Nonoperating Revenues (Expenses)					
Net Increase (Decrease) in Fair Value of Investments	90,410		(53,403)		(174,152)
State Appropriations	71,277		3,225		2,200
Grant Income	91,428		99,772		65,738
Grant Expense	(91,428)		(99,772)		(65,738)
Trust Contributions	35		36		33
Trust Distributions	 (1,987)		(994)		(1,213)
Total Nonoperating Revenues (Expenses)	 159,735		(51,136)		(173,132)
Change in Net Position	168,821		(36,451)		(175,382)
Total Net Position - Beginning of Year, As Restated	 121,274		157,725		333,107
Total Net Position - End of Year	\$ 290,095	\$	121,274	\$	157,725

#### COMPARISON OF YEARS ENDED SEPTEMBER 30, 2024 AND 2023

Operating revenues increased \$28.4 million from 2023 to 2024, or approximately 33%, primarily due to an increase in the interest earned on loans and investments as well as increased fee-based revenue from higher production.

Operating expenses increased by \$34.0 million in 2024, approximately 47.5%, primarily due to an increase in interest expense of \$20.1 million, provisions for loan losses (increase of \$7.3 million) and administrative and other expenses (increase of \$4.9 million). Non-Operating Revenues and Expenses, excluding the fair value of investments, increased by \$67.1 million in 2024, primarily due to an increase in state appropriation revenues received toward the end of the fiscal year.

The change in the fair value of investments for 2024 was an increase of \$90.4 million compared to a decrease of \$53.4 million in 2023. This represents an increase in the overall fair market value of investments held at September 30, 2024, compared to September 30, 2023. These valuation changes are due to the interest rate sensitivity of these assets. They are adjusted to fair value as required by GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools (GASB No. 31). Most of the assets impacted by the GASB valuation requirement are the MBS held on the Authority's statement of net position that serves as collateral for the single-family bonds issued and provide the revenue source to repay those debt obligations; legally, the Authority cannot sell or trade the related securities unless the bonds are optionally redeemable and redeemed. Rating agencies do not include GASB No. 31 valuation adjustments in their analysis of a Housing Finance Agency's (HFA) performance; these adjustments represent unrealized gains or losses. The Authority considers this valuation changes nonoperating revenues/expenses.

#### COMPARISON OF YEARS ENDED SEPTEMBER 30, 2023 AND 2022

Operating revenues increased \$26.4 million from 2022 to 2023, or approximately 44%, primarily due to an increase in the interest earned on loans and investments and a reduction on realized State Investment Council investments' fair market value adjustments compared to 2022.

Operating expenses increased by \$9.5 million in 2023, approximately 15.2%, primarily due to an increase in interest expense of \$11.1 million offset with a decrease in bond issuance cost, provisions for loan losses and administrative and other expenses of \$1.6 million.

The change in the fair value of investments for 2023 was a decrease of \$53.4 million compared to a decrease of \$174.2 million in 2022. This represents an increase in the overall fair market value of investments held at September 30, 2023, compared to September 30, 2022. These valuation changes are due to the interest rate sensitivity of these assets. They are adjusted to fair value as required by GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools (GASB No. 31). Most of the assets impacted by the GASB valuation requirement are the MBS held on the Authority's statement of net position that serves as collateral for the single-family bonds issued and provide the revenue source to repay those debt obligations; legally, the Authority cannot sell or trade the related securities unless the bonds are optionally redeemable and redeemed. Rating agencies do not include GASB No. 31 valuation adjustments in their analysis of a Housing Finance Agency's (HFA) performance; these adjustments represent unrealized gains or losses. The Authority considers this valuation changes nonoperating expenses.

#### DEBT ADMINISTRATION

Most of the debt the Authority maintains to fund affordable housing activities in New Mexico is tax-exempt bonds issued under the Internal Revenue Code and Treasury Regulations governing mortgage revenue bonds. The Federal Tax Reform Act of 1986 imposes an annual ceiling on the aggregate amount of federally tax-exempt private activity bonds or Private Activity Bond Cap (Bond Cap). Each year, the New Mexico State Board of Finance receives and allocates Bond Cap based on the federal formula to single -family housing for tax-exempt financing purposes. For the first time in fiscal year 2024, the Authority has included \$106.5 million in taxable bonds within its MRB programs.

In conjunction with bond issuance activities, the Authority continually investigates and utilizes financing and debt management techniques designed to achieve its goals of minimizing interest expense and efficiently utilizing Bond Cap while managing risk and responding to changing capital markets. The Authority evaluates other innovative bond financing structures and asset/liability management strategies as needed to maximize long-term and short-term earnings. This includes evaluating taxexempt housing bond structures, issuing taxable bonds when rates are beneficial, and reviewing callable bond programs to determine if earnings could be maximized by eliminating debt and using the assets to generate more income or as a subsidy to upcoming bond issues. Thus, creating mortgage rates that are more competitive for future New Mexico homeowners. The Authority reviews and monitors indenture program parity, cash flow projections, and prepayment speeds. Management of the overall bond portfolio and related assets is an active and ongoing process.

During the fiscal year 2024, the Authority issued \$520.0 million of Single-Family Mortgage Program revenue bonds. This is \$205.1 million more than the \$314.9 million issued in 2023. The issuance of debt increased during the fiscal year 2024 due to an increase in production as a result of the Authority's ability to offer lower-than-market interest rates, as well as elevated housing prices due to a sustained housing stock. The Authority also sold \$111.2 million of single-family mortgages into the secondary market during the year. Interest rates remained elevated through the year as the Fed worked to tame inflation. MBS interest margins increased by approximately \$1.9 million this fiscal year compared to 2023 for the Single-Family Mortgage Program. The Authority redeemed \$96.5 million of Single-Family Mortgage Program bonds due to repayments and maturities, compared to \$100.5 million in 2023.

During the fiscal year 2023, the Authority issued \$314.9 million of Single-Family Mortgage Program revenue bonds. This is \$108.5 million less than the \$423.4 million issued in 2022. The issuance of debt decreased during the fiscal year 2023 due to a reduction in production as a result of rising interest rates and a decrease in housing stock. The Authority also sold \$21.4 million of single-family mortgages into the secondary market during the year. Due to the changing market conditions, interest rates rapidly rose to tame inflation. MBS interest margins increased by approximately \$5.6 million this fiscal year compared to 2022 for the Single-Family Mortgage Program. The Authority redeemed \$100.5 million of Single-Family Mortgage Program bonds due to repayments and maturities, compared to \$222.7 million in 2022.

More detailed information about the Authority's outstanding debt obligations is presented in Notes 5, 6, and 7 of the notes to the basic financial statements.

In addition to issuing bonds to fund the Authority's Single Family Mortgage Program, the Authority also uses short-term borrowings from the Federal Home Loan Bank (FHLB) of Dallas to support the warehousing of single-family mortgages originated through the mortgage program. As of September 30, 2024, those outstanding notes total \$57 million, compared to \$70 million at the end of 2023. The Authority relies on this liquidity to purchase program mortgages.

#### ECONOMIC OUTLOOK

The Single-Family Mortgage Program, administration of federal affordable housing programs, interest income on Authority loans and investments, and mortgage servicing income are the primary sources of revenues for the Authority. During 2022 and 2023, the Authority's programs and investment returns performed well due to the rise in market interest rates, adoption of a higher-for-longer federal fiscal policy, and record stock market gains. The rapid increase in home prices throughout the pandemic and post pandemic era with rising mortgage rates brought demand for single-family loan production back to pre-pandemic levels, as low-to-median income homebuyers found it increasingly difficult to find homes to buy at their price point. Nevertheless, in spite of a continued decline in housing affordability, loan production reached all-time highs during 2024 and the Authority expects that these high loan production levels will continue in 2025.

Should the trend in loan production not materialize, a possible slowdown in financing is unlikely to weaken the financial performance or concern since the Authority's cash flows are not dependent on future loan originations to pay debt service. The trend of rising home prices in 2023 is anticipated to stabilize in 2024. While prices may undergo some degree of correction, the magnitude of such a correction will be limited by fundamental strengths of housing such as favorable demographic trends, diligent underwriting practices for outstanding mortgages, and lingering housing supply constraints from a period of underbuilding.

The Authority's Single Family Mortgage Programs rely on short-term liquidity to purchase mortgage loans from the lenders, which are then securitized into Federal National Mortgage Association (Fannie Mae), Government National Mortgage Association (Ginnie Mae) or Federal Home Loan Mortgage Corporation (Freddie Mac) MBS. The underlying mortgage loans are all fixed-rate, 30-year loans meeting the criteria for guarantee by Fannie Mae, Ginnie Mae, and Freddie Mac. These guarantees ensure that the holder of the security issued by the Authority receives the timely payment of scheduled monthly principal and any unscheduled recoveries of principal on the underlying mortgages, plus interest at the rate provided for in the securities. To date, Fannie Mae, Ginnie Mae, Freddie Mac, MBS, and bond investors have continued to provide liquidity without interruption to the Authority's Single Family Mortgage Program.

The MBS, which provides collateral for the Single-Family Mortgage Program bonds, had previously been rated AAA. However, on August 5, 2011, Standard and Poor's Rating Services (S&P) downgraded the United States of America (U.S.) long-term rating to AA+ due to political risks and rising debt burden. A "Negative Outlook" was also placed on the rating. During 2015, S&P revised the outlook from negative to stable. As a result of the initial U.S. downgrade, S&P lowered its rating on certain publicly financed debt issues that are credit enhanced by Fannie Mae and Ginnie Mae. In 2015, the Authority changed its primary rating agency relationship to Moody's Investors Service (Moody's). On November 13, 2023, Moody's downgraded the U.S. from Stable to Negative Outlook, but provides a Aaa rating for all bonds backed by Fannie Mae and Ginnie Mae credit-enhanced securities. All the Authority's outstanding bonds currently reflect the Aaa Moody's rating.

Bond proceeds and monthly MBS revenues received between debt service dates are invested in a government money market fund. Restricted cash related to bond issuance remains fully invested, and cash flows are monitored closely. All the Authority's single-family bonds continue to meet all required rating agency cash flow stress tests.

The Authority's investments outside the Single-Family Mortgage Programs are also conservative. They include the AAAm-rated New Mexico State Treasurer's Local Government Investment Pool (LGIP) and internal loan warehousing for short-term investments. Liquid and marketable U.S. agency obligations and Authority program MBS are maintained in the intermediate-term investment portfolio. For long-term investment purposes, the Authority invests in the MBS as well as the non-rated New Mexico State Investment Council (SIC) Investment Funds. The Authority's SIC portfolio includes corporate investment grade bond funds (62%), a large-cap equities fund (26%), a small/mid-cap fund (3%), a non-U.S. developed markets fund (4%), and a non-U.S. emerging markets fund (5%). Several years ago, to improve investment returns, the Authority began investing in its own MBS as bond programs became callable and residual MBS from those bond programs became available. In addition, loans repurchased due to delinquency are now performing and were converted into MBS, which were added to the Authority portfolio.

Due to the strong investment returns associated with the MBS asset class, the Authority now carries both intermediate and long-term MBS portfolios, which yielded approximately 4.61% and 2.94%, respectively, during the fiscal year 2024. During this fiscal year, the U.S. Treasury and agency obligations provided yields of 4.10% compared to 2.41% in 2023. Investments in the SIC experienced \$2.2 million in fair market value gains compared to 2023, when fair market value gains were \$0.8 million. The overall rate of return on the Authority's SIC long-term investment portfolio for 2024 was negative 17.56%.

The Authority expects to continue to lean, like most Housing Finance Agencies (HFAs) in the country, more heavily toward tax-exempt MRB financing in 2025 and continue to use the secondary market to fund the Single-Family Mortgage program as appropriate, depending on market conditions. Based on economic forecasts, the cost of funds in the traditional tax-exempt bond market is expected to continue to be advantageous to the Authority and continue to produce lower mortgage rates for first-time homebuyers. This leads to the Authority's balance sheet growth but lowers revenue from loan sales to the secondary market. The makeup of the Authority's revenue stream will be favorable as a result of the long-term cash flows generated by MRBs and an anticipated pipeline of loans at elevated mortgage rates.

The Authority's competitive advantage over conventional lenders and continued strength in loan financing will limit any potential decline in loan production. The Authority can make lower-interest loans than conventional lenders due to the ability to raise money using tax-exempt MRBs. The spread between the Authority's loan rates are likely to decrease as conventional rates lower. These lower mortgage rates lead the Authority to the fulfillment of its mission to provide loans to first-time low-to-moderate-income homebuyers. In addition, the Authority supports borrowers by providing funds for Down Payment Assistance (DPA) and closing cost assistance, which contribute to the attractiveness of its products and maintain the demand and viability of the program. Further, the Authority continued to offer its DPA programs and created another new DPA program that offers a 0% interest rate to alleviate some of the inflationary and borrowing pressures that borrowers have faced. Additionally, the Authority continues to purchase the mortgage servicing rights associated with the Single-Family Mortgage Program to increase the revenue base for the organization.

Market interest rates influence both Single-Family Mortgage Programs and investment income revenues. The Authority expects that interest rates will decrease over the course of the fiscal year but remain elevated relative the low interest rates observed from 2020 to 2022. In turn, the Authority expects that the interest income on loans and investment income may decrease from this fiscal year but will nevertheless produce strong returns as new loans are originated and new investments are purchased. Interest rate declines are expected as the FOMC attempts to tackle inflation while simultaneously delivering a soft landing. Additionally, the authority does not expect that the trend of prepayments will be substantially the same as the past year, that homeowners , in general, will not be refinancing their loans, and that the Authority will see mortgage loans on its balance sheet longer, enabling it to realize greater mortgage and servicing income over the life of the loan. The U.S. Treasury yield curve is inverted, which provides higher yields for short-term instruments compared to the yields of long-term instruments, and this rise in short-term rates will positively affect Authority's earnings.

The rise in home equity will positively impact the existing Authority's single-family bond program by supporting loan portfolio performance. High home equity coupled with low mortgage rates of portfolio incentivizes borrowers to stay current on their payments. A stable job market and successful tamping down of inflation by the Fed during 2024 also helped homebuyers stay current in their payments.

Furthermore, state and federal attention to affordable housing as a social issue is increasing state and federal funding for the Authority, which will be used to support DPA and other assistance programs. One such instance is securing recurring funding through Senate Bill 134, a 2.5% severance tax bonding capacity that began in 2023. In 2024, the Authority also received a \$50 million legislative appropriation direct to the New Mexico Housing Trust fund. Lastly, the federal government provides funds to the Authority to administer programs such as its rental and homeowner assistance or various rehabilitation programs, resulting in additional administrative fee income. The increased funding will help MFA to serve its target markets further during the next few years.

This financial report is presented to provide our constituents and investors with a general overview of the Authority's finances and to demonstrate the Authority's financial accountability over its resources. If you have questions about the report or need additional financial information, please contact the Chief Financial Officer at the New Mexico Mortgage Finance Authority, 7425 Jefferson Street NE, Albuquerque, New Mexico 87109, or visit our website at www.housingnm.org.

#### **BASIC FINANCIAL STATEMENTS**

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) STATEMENTS OF NET POSITION SEPTEMBER 30, 2024 AND 2023 (IN THOUSANDS)

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents:		
Unrestricted	\$ 102,976	\$ 51,664
Restricted	42,639	29,081
Restricted Cash Held in Escrow	9,968	10,590
Total Cash and Cash Equivalents	155,583	91,335
Accrued Interest Receivable	8,008	6,002
Due from Fiduciary Fund	81	44
Other Current Assets	8,627	9,135
Total Current Assets	172,299	106,516
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	143,061	87,267
Investments:		
Restricted Investments	29,619	27,931
Unrestricted Investments	33,736	40,778
Unrealized Loss on Restricted and Unrestricted Investments	(1,482)	(3,323)
Total Investments, Net	61,873	65,386
Restricted Securitized Mortgage Loans, Net:		
Securitized Mortgage Loans, Net	1,836,250	1,467,093
Unrealized Loss on Securitized Mortgage Loans	(86,316)	(174,885)
Restricted Securitized Mortgage Loans, Net	1,749,934	1,292,208
Mortgage Loans, Net:		
Restricted Trust Funds Mortgage Loans, Net	39,595	22,582
Unrestricted Mortgage Loans, Net	165,185	179,005
Total Mortgage Loans, Net	204,780	201,587
Capital Assets, Net	15,879	11,601
Right-of-Use Asset, Net	674	484
Intangible Assets	22,729	20,157
Other Noncurrent Assets	5,752	2,507
Total Noncurrent Assets	2,204,682	1,681,197
Total Assets	2,376,981	1,787,713
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Loss on Refunding Bonds	124	153
Total Assets and Deferred Outflows of Resources	<u>\$ 2,377,105</u>	<u>\$ 1,787,866</u>

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) STATEMENTS OF NET POSITION (CONTINUED) SEPTEMBER 30, 2024 AND 2023 (IN THOUSANDS)

	2024		 2023
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Escrow Deposits and Reserves	\$	9,727	\$ 10,370
Accrued Interest Payable		10,211	8,339
Accounts Payable and Other Accrued Expenses		18,711	19,683
Compensated Absences		681	652
Current Portion of Bonds Payable		42,639	29,076
Current Portion of Notes Payable		57,846	70,181
Current Portion of Other Noncurrent Liabilities		225	289
Total Current Liabilities		140,040	 138,590
NONCURRENT LIABILITIES			
Bonds Payable, Net of Current Portion		1,938,066	1,518,283
Notes Payable, Net of Current Portion		8,363	9,161
Other Noncurrent Liabilities		326	 314
Total Noncurrent Liabilities		1,946,755	 1,527,758
Total Liabilities		2,086,795	1,666,348
DEFERRED INFLOWS OF RESOURCES			
Deferred Cost of Refunding		215	244
NET POSITION			
Investment in Capital Assets		15,879	11,601
Restricted for Debt Service		186,182	116,302
Restricted for Land Title Trust and Housing Trust Unrestricted:		100,909	37,585
Board Designated - General Fund		222,832	215,291
Unrestricted - Bond Issues		(235,707)	(259,505)
Total Unrestricted		(12,875)	 (44,214)
Total Net Position		290,095	 121,274
Total Liabilities, Net Position and Deferred Inflows of Resources	\$	2,377,105	\$ 1,787,866

See accompanying Notes to Financial Statements.

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEARS ENDED SEPTEMBER 30, 2024 AND 2023 (IN THOUSANDS)

	2024		2023		
OPERATING REVENUES					
Interest on Mortgage Loans and Securitized Mortgage Loans	\$	76,013	\$	55,292	
Interest on Securities and Investments		10,683		7,498	
Housing Program Income		1,806		1,755	
Program Servicing Fees		10,450		9,951	
Loan and Commitment Fees		5,035		3,499	
Administrative Fees		7,296		5,585	
Gain on Sale of Securities		3,406		2,721	
Total Operating Revenues		114,689		86,301	
OPERATING EXPENSES					
Interest Expense		64,060		43,931	
Bond Issuance Costs		4,449		2,819	
Provision for Loan Losses		7,729		420	
Administrative and Other Expenses		29,365		24,446	
Total Operating Expenses		105,603		71,616	
OPERATING INCOME		9,086		14,685	
NONOPERATING REVENUES (EXPENSES)					
Net Increase (Decrease) in Fair Value of Investments		90,410		(53,403)	
State Appropriations		71,277		3,225	
Grant Income		91,428		99,772	
Grant Expense		(91,428)		(99,772)	
Trust Contributions		35		36	
Trust Distributions		(1,987)		(994)	
Total Nonoperating Revenues (Expenses)		159,735		(51,136)	
CHANGE IN NET POSITION		168,821		(36,451)	
Total Net Position - Beginning of Year		121,274		157,725	
TOTAL NET POSITION - END OF YEAR	\$	290,095	\$	121,274	

See accompanying Notes to Financial Statements.

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) STATEMENTS OF CASH FLOWS YEARS ENDED SEPTEMBER 30, 2024 AND 2023 (IN THOUSANDS)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES	<b>(507.074</b> )	<b>(005.050</b> )
Purchase of Loans	\$ (587,874)	\$ (395,259)
Discount (Premium) on Loans	576.000	3
Receipts of Loan Repayments Loan and Commitment Fees	576,990	371,093
	5,035 74,007	3,499 53,669
Mortgage Interest Received	(542,216)	(330,766)
Purchase of Securitized Mortgage Loans Discount (Premium) on MBS	(6,727)	(330,760) (4,328)
Principal Repayment of Securitized Mortgage Loans	179,785	(4,328) 84,738
Restricted Escrow and Reserves, Net	(643)	720
Receipts for Services	17,377	10,684
Payments to Employees for Services	(12,407)	(11,688)
Payments to Suppliers of Goods or Services	(12,407) (16,417)	(11,404)
Other Payments	(3,920)	(3,052)
Transfers From (To) Other Programs	250	(0,002)
Net Cash Used by Operating Activities	(316,758)	(231,967)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Sale of Bonds and Notes Payable	1,807,740	604,453
Repayment and Refunding of Bonds and Notes Payable	(1,387,529)	(334,785)
Payment of Interest on Bonds and Notes	(62,188)	(43,111)
Payment for Bond Issuance Costs	(4,449)	(2,819)
Receipt of Grant Income	91,428	99,772
Payment of Grants	(91,428)	(99,772)
Contributions to Land Title Trust	35	36
Land Title Trust Distributions	(1,987)	(994)
State Appropriations	71,277	3,225
Net Cash Provided by Noncapital Financing Activities	422,899	226,005
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of Capital Assets	(4,444)	(9,967)
Net Cash Used by Capital Financing Activities	(4,444)	(9,967)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) Sale of Other Real Estate Owned	(3,429)	1,104
Purchase of Investments	(2,911)	(26,934)
Proceeds from Maturity and Sale of Investments	13,985	19,002
Investment Interest Income	10,683	7,498
(Premium) on Investments	17	29
Net Cash Provided by Investing Activities	18,345	699
NET CHANGE IN CASH AND CASH EQUIVALENTS	120,042	(15,230)
Cash and Cash Equivalents - Beginning of Year	178,602	193,832
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 298,644	\$ 178,602
Current Cash and Cash Equivalents	\$ 155,583	\$ 91,335
Noncurrent Cash and Cash Equivalents	143,061	87,267
Cash and Cash Equivalents - End of Year	\$ 298,644	\$ 178,602

See accompanying Notes to Financial Statements.

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) STATEMENTS OF CASH FLOWS (CONTINUED) YEARS ENDED SEPTEMBER 30, 2024 AND 2023 (IN THOUSANDS)

	2024		2024 2023		
RECONCILIATION OF OPERATING INCOME TO NET CASH					
USED BY OPERATING ACTIVITIES					
Operating Income	\$	9,086	\$	14,685	
Adjustments to Reconcile Operating Income to Net Cash					
Used in Operating Activities:					
Bond Issuance Costs		4,449		2,819	
Loan and Commitment Fees		(5,035)		(3,499)	
Amortization of Securitized Mortgage Loans and Mortgage					
Loan Discounts/Premiums		2,357		2,242	
(Gain) Loss on Sale of Assets		181		204	
Depreciation Expense		167		158	
Provision of Loan Losses		7,729		420	
Investment Interest Income		(10,683)		(7,498)	
Interest Expense on Bonds and Notes Payable		64,060		43,931	
Changes in Assets and Liabilities:					
Accrued Interest Receivable on Securitized Mortgage					
Loans and Mortgage Loans		(2,006)		(1,623)	
Other Current Assets		508		(3,628)	
Other Noncurrent Assets		(5,817)		(2,763)	
Accounts Payable and Other Accrued Expenses		(972)		(3,670)	
Escrows and Deposits		(643)		720	
Other Noncurrent Liabilities		(7,788)		(6,916)	
Securitized Mortgage Loans, Net Cost		(369,158)		(243,762)	
Mortgage Loans		(3,193)		(23,787)	
Net Cash Used by Operating Activities	\$	(316,758)	\$	(231,967)	

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) STATEMENTS OF FIDUCIARY NET POSITION NEW MEXICO AFFORDABLE HOUSING CHARITABLE TRUST YEARS ENDED SEPTEMBER 30, 2024 AND 2023 (IN THOUSANDS)

	2024		2024		2023	
ASSETS						
CURRENT ASSETS Cash and Cash Equivalents: Unrestricted	\$	715	\$	851		
Total Cash and Cash Equivalents	_Ψ	715	_Ψ	851		
Other Current Assets Total Current Assets		<u>61</u> 776		<u>26</u> 877		
		110		011		
Total Assets	\$	776	\$	877		
LIABILITIES AND NET POSITION						
CURRENT LIABILITIES						
Accounts Payable Due to Authority	\$	101 81	\$	- 44		
Total Current Liabilities		182		44		
Total Liabilities		182		44		
NET POSITION						
Restricted for Organizations and Other Governments		594		833		
Total Net Position		594		833		
Total Liabilities and Net Position	\$	776	\$	877		

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION NEW MEXICO AFFORDABLE HOUSING CHARITABLE TRUST YEARS ENDED SEPTEMBER 30, 2024 AND 2023 (IN THOUSANDS)

	2024		2023	
ADDITIONS				
CONTRIBUTIONS				
Trust Contributions	\$	36	\$	171
Grant Income		261		348
Total Contributions		297		519
OTHER				
Administrative Fees		4	. <u> </u>	-
Total Additions		301		519
DEDUCTIONS				
Trust Distributions		233		188
Grant Expense		261		348
Administrative and Other Expenses		46		34
Total Deductions		540		570
CHANGE IN NET POSITION		(239)		(51)
Total Net Position - Beginning of Year		833		884
TOTAL NET POSITION - END OF YEAR	\$	594	\$	833

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024 AND 2023

#### NOTE 1 BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Reporting Entity**

New Mexico Mortgage Finance Authority (the Authority) is a semi-autonomous instrumentality of the state of New Mexico (the state), created April 10, 1975, under the Mortgage Finance Authority Act (the Act) enacted as Chapter 303 of the Laws of 1975 of the state. Pursuant to the Act, the Authority is authorized to undertake various programs to assist in the financing of housing for persons of low and moderate income in the state. The Authority is led by seven board members. Four of the board members are from the private sector and are appointed by the governor with the advice and consent of the state senate. Three are ex-officio voting members who serve by virtue of their state office, including the lieutenant governor, the state's attorney general, and the state treasurer.

On September 19, 2007, the Authority established the nonprofit legally separate entity of the New Mexico Affordable Housing Charitable Trust (the Trust), which was created to support the purpose and programs of the Authority. The Authority, acting through its board of directors in accordance with the Act, is the trustee. The Authority supports the ongoing operations of the Trust with an annual contribution in the amount of the cost of operations. As such, the Trust is determined to be a component unit and fiduciary activity of the Authority and is presented separately in the financial statements.

For financial reporting purposes, the Authority is considered a discretely presented component unit of the state of New Mexico in accordance with Governmental Accounting Standards Board (GASB) No. 14, *The Financial Reporting Entity* and No. 61, *The Financial Reporting Entity: Omnibus* – an amendment of GASB Statements No. 14 and No. 34.

Bonds and other obligations issued by the Authority under the provisions of the Act are not a debt or liability of the state or any subdivision thereof.

#### Basis of Presentation

The Authority presents its financial statements in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34); GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

#### Basis of Accounting

For financial purposes, the Authority is considered a special-purpose government engaged in business-type activities. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred. All significant intra-entity transactions have been eliminated.

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024 AND 2023

### NOTE 1 BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### <u>Estimates</u>

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates to the Authority's financial statements include the allowance for loan losses and fair value estimates. Actual results could differ from those estimates.

#### Programs

The following describes the nature of the programs maintained by the Authority:

- <u>Single-Family Mortgage Programs</u> Accounts for the proceeds from bonds, the debt service requirements of the bonds, and the related mortgage loans for single-family, owner-occupied housing in New Mexico. Management expects to be able to securitize single-family mortgage loans to maturity with no funding requirement necessary from the Authority. Each single-family bond indenture is accounted for as a segment (see supplementary statements and schedules).
- <u>General Accounts</u> Accounts for assets, liabilities, revenues, and expenses not directly attributable to a bond program. Most of the bond resolutions of the programs permit the Authority to make cash transfers to the general accounts after establishing reserves required by the bond resolutions. The general accounts financially support the bond programs when necessary. The general accounts include proprietary loan programs developed by the Authority to meet the needs of low- and moderate-income borrowers not served by traditional lending programs. This group of accounts is referred to as the Housing Opportunity Fund and includes the ACCESS Loan program, HERO Loan program, Primero program, Partners program, and several down payment assistance programs.
- <u>Housing Programs</u> Accounts for activities and programs financed by federal and state grants over which the Authority exercises fiscal and administrative control. The following is a brief description of the significant programs:
  - Low-Income Housing Tax Credit Program (LIHTC) The LIHTC program was established to promote the development of low-income rental housing through tax incentives rather than direct subsidies. The LIHTC is a 10-year federal tax credit against a taxpayer's ordinary income tax liability that is available to individuals (directly or through partnerships) and corporations who acquire or develop and own qualified low-income rental housing.

# NOTE 1 BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

# Programs (Continued)

- <u>Housing Programs</u> (Continued):
  - HOME Investment Partnership Program (HOME) Congress created the HOME program as part of the National Affordable Housing Act of 1991. The Authority administers the federal funds to carry out program activities related to single family development, homeowner and rental rehabilitation, and multifamily rental housing finance.
  - Section 8 Program The Section 8 program provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing for very low-income families at rents they can afford.
  - The Weatherization Assistance Program (WAP) WAP is a long term grant program funded by the U.S. Department of Energy, state and utility companies. The purpose of the program is to make low income households more energy efficient, thereby reducing the utility bills of these families. The funds may be used for leakage reduction, incidental repairs, health and safety measures, insulation, storm windows and doors, and energy efficiency training.
  - The Low-Income Home Energy Assistance Program (LIHEAP) LIHEAP provides low-income households with a one-time cash benefit to help pay their utility bills. Up to 15% of the program grant, the only portion administered by the Authority, can be used for rehabilitation and can be combined with the WAP funds.
  - The Emergency Solutions Grants Program (ESG) ESG provides assistance to units of local government or nonprofit organizations to improve the quality of existing emergency shelters, to help meet the costs of operating emergency shelters, and to provide certain essential social services to homeless individuals and families.
  - Housing Opportunities for Persons with AIDS Program (HOPWA) The HOPWA program is designed to provide states and localities with resources and incentives to devise long-term strategies for meeting the housing needs of persons with acquired immune deficiency syndrome (AIDS) or related diseases.
  - Tax Credit Assistance Program (TCAP) (Recovery Act Funded) TCAP provided grant funds to state housing credit agencies for capital investments in rental projects that received an award of LIHTC during the period from October 1, 2006 to September 30, 2009, and required additional funding to be completed and placed into service in accordance with the LIHTC requirements of Section 42 of the Internal Revenue Code (IRC).

# NOTE 1 BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

# Programs (Continued)

- <u>Housing Programs</u> (Continued):
  - Federal Housing Trust Fund (HTF) The HTF, funded by an assessment on loans made by Fannie Mae and Freddie Mac and administered by HUD, was established under the Housing and Economic Recovery Act of 2008. The purpose of the HTF is to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low-income and very low-income households, including homeless families. The Authority's program provides funds for the production, preservation, and rehabilitation of affordable rental housing units for families earning no more than 30% of the area median income.
  - Capital Magnet Fund (CMF) The CMF, funded by United States Treasury grants, is to attract financing for and increase investment in affordable housing for low-income, very low-income, and extremely low-income people and certain related economic and community development activities. The Authority's program provides down payment assistance to first-time homebuyers who meet the program qualifications.
  - New Mexico Housing Trust Fund (NMHTF) The NMHTF's purpose is to provide flexible funding for housing initiatives in order to produce significant additional housing investment in the state. The fund consists of all distributions and appropriations made to the fund. Earnings of the fund shall be credited to the fund, and unexpended and unencumbered balances in the fund shall not revert to any other fund. The Authority is the trustee for the fund. The fund receives revenue from the following recurring sources: 1) 2.5% of the state's severance tax bonding capacity; 2) appropriations and transfers from the state; 3) any other money appropriated or distributed to the fund; 4) any private contributions to the fund; or 5) earnings of the fund. Money in the fund is appropriated to the Authority for the purposes of carrying out the provisions of the New Mexico Housing Trust Fund Act, which are to provide affordable residential housing to persons of low or moderate income.
  - Land Title Trust Fund (LTTF) Pursuant to the Land Title Trust Fund Act, depository institutions that maintain trust or escrow accounts for customers may establish and make available pooled interest-bearing transaction accounts for title company escrows. The interest earned from this program is forwarded to the LTTF. The account agreement between the depositor and the financial institution shall expressly provide for the required remittance of interest. The Authority is trustee for the fund. The trustee shall deposit in the fund money received by it pursuant to the Low-Income Housing Trust Act and the Land Title Trust Fund Act, and use funds to finance in whole or part any loans or grant projects that will provide housing for low-income persons or for other uses specified in the Land Title Trust Fund Act.

# NOTE 1 BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

# Programs (Continued)

- <u>Housing Programs</u> (Continued):
  - Neighborhood Stabilization Program (NSP) The primary objective of this program is the development of viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.
  - Homeowners' Assistance Fund (HAF) This program was established to mitigate financial hardships associated with the coronavirus pandemic, for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services and displacements of homeowners experiencing financial hardship through qualified expenses related to mortgages and housing.

<u>Rental Housing Programs</u> – Accounts for the proceeds from conduit bonds, the debt service requirements of the bonds, and the related loans to qualified lenders for the purpose of financing multifamily rental housing facilities in New Mexico.

# Cash and Cash Equivalents

Certain cash, cash equivalents, and investments are designated by the board of directors of the Authority for specific purposes (Note 12). For purposes of the statements of cash flows, the Authority considers all cash on hand and in banks and all highly liquid securities and investments purchased with an original maturity of three months or less held in accounts used primarily for the payment of debt service to be cash equivalents.

Restricted cash and cash equivalents include fixed-rate investment agreements or money market accounts, which represent funds invested in unsecured nonparticipating contracts with financial institutions and are valued at the contract amounts. Such investments are considered highly liquid with an original maturity of three months or less held in accounts, which are used primarily for the payment of debt service. Accordingly, such investments are treated as cash equivalents. Also included in restricted cash are escrow balances held in deposit on behalf of mortgages for whom the Authority acts as servicer.

# **Unrestricted and Restricted Investments**

Unrestricted and restricted investments include U.S. government obligations, obligations of government-sponsored entities, mortgage-backed securities (MBSs), and amounts in investment pools of the New Mexico State Investment Council. These securities are stated at fair value based upon quoted market prices and changes in the fair value are reported in the statements of revenue, expenses, and changes in net position as net increase (decrease) in fair value of investments, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB No. 31) and GASB Statement No. 72, *Fair Value Measurement and Application* (GASB No. 72).

# NOTE 1 BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

# Securitized Mortgage Loans

Securitized mortgage loans consist primarily of Fannie Mae and Ginnie Mae MBSs, which were pooled and securitized by a contract servicer utilizing Single Family Mortgage Program loans purchased by the Authority. These securities are stated at fair value, and changes in the fair value are reported as nonoperating revenues (expenses) in the statements of revenues, expenses, and changes in net position as net increase (decrease) in fair value of investments, in accordance with GASB No. 31 and GASB No. 72. The bond issue trustees use a third-party pricing service to compute the MBS fair value.

# Mortgage Loans

Mortgage loans receivable are carried at the unpaid principal balance outstanding less an allowance for estimated loan losses. Mortgage loans are secured by first liens on the related properties, with the exception of down payment and closing cost assistance (DPA) loans. Mortgage loans purchased by the Authority are required to be insured by the Federal Housing Administration (FHA), private mortgage insurance or guaranteed by the Veterans' Administration (VA). Conventional loans with a loan-to-value ratio of 80% or less do not require insurance. These policies insure, subject to certain conditions, mortgage loans against losses not otherwise insured, generally for specified percentages of the principal balance due plus accrued interest and other expenses sustained in preservation of the property.

For qualifying borrowers in the Single Family Mortgage Programs, the Authority offers loans to provide DPA. DPA loans are secured by second liens. Additionally, included in mortgage loans as of September 30, 2024 and 2023 were \$2.4 million and \$2.2 million, respectively, of loans to borrowers of certain nonprofit organizations, which are subject to reimbursement provisions in lieu of insurance.

# Allowance for Mortgage Loan Losses

Losses incurred on mortgage loans are charged to the allowance for mortgage loan losses. The provision for loan losses is charged to expense when, in management's opinion, the realization of all or a portion of the loans or properties owned is doubtful.

In evaluating the provision for loan losses, management considers the age of the various loan portfolios, the relationship of the allowances to outstanding mortgage loans, collateral values, insurance claims, government guarantees, and economic conditions.

Management of the Authority believes that the allowance for mortgage loan losses is adequate. While management uses available information to recognize losses on mortgage loans, future additions to the allowance may be necessary based on changes in economic conditions.

# NOTE 1 BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## Interest on Mortgage Loans

Interest on mortgage loans is accrued based upon the principal amounts outstanding net of service fee expenses of approximately \$89,000 and \$105,000 as of September 30, 2024 and 2023, respectively. Mortgage loans are placed on nonaccrual after 90 days' delinquency.

## Loan Origination and Commitment Fees

Origination and commitment fees, net of costs, represent compensation received for designating funds for lenders. The Authority recognizes these on an accrual basis.

# Bond Issuance Costs

Bond issuance costs are expensed in the period incurred.

# Capital Assets

Capital assets are stated at cost, less accumulated depreciation. Furniture, equipment, and software purchased with a unit cost of \$5,000 or more and an estimated useful life greater than one year are capitalized and depreciated based on the straight-line method over the estimated useful lives of the assets, which range from 1 to 30 years. Assets under construction are capitalized on the statement of net position as capital assets, net. However, depreciation expense is not computed on assets under construction until the asset is put into service. Furniture and equipment purchases less than \$5,000 or with lives of one year or less, and maintenance and repairs, which do not extend the useful lives of premises and equipment, are charged to expense as incurred.

### Intangible Assets

Intangible assets represent 1) purchased servicing rights – the fees the Authority pays to acquire the servicing of loan portfolios. The purchased servicing rights are capitalized and amortized on the effective-interest method over the estimated remaining life of the acquired portfolio and are carried at lower of cost or market; 2) internally generated computer software and commercially available software modified using more than minimal incremental effort before being placed into service that would be capitalized if it meets the \$5,000 capitalization threshold and has a useful life of more than one year. If not, related outlays are expensed. The assets are recorded at historical cost and amortized over its useful life once it has been placed in service (three years) and 3) right-of-use assets capitalized under the lease agreements and subscription-based information technology agreements with a term greater than one year. The assets are amortized over the life of the leases and subscription-based information technology agreements.

# NOTE 1 BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

# **Deferred Outflows or Inflows of Resources**

For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter. The difference is amortized using the effective interest method. The deferred refunding amounts are classified as a component of deferred outflows or inflows on the statements of net position.

# Accrued Arbitrage Rebate

Earnings on certain investments are subject to the arbitrage rebate requirements of the IRC. Accrued arbitrage rebate represents the estimated excess earnings on these investments that must be rebated to the U.S. Treasury Department.

Arbitrage rebate amounts that are the result of investment yields are recorded as a reduction of interest income. Arbitrage rebate amounts that result from gains on sales of investment securities are recorded as a reduction to the net increase (decrease) in the fair value of investments.

# Advances on Revenue

Advances on revenue consist primarily of advances from contracts and grants. Revenues are recognized when all applicable eligibility requirements have been met. Advances on revenue are reflected in current liabilities in the accompanying statements of net position.

# **Compensated Absences**

Qualified Authority employees are entitled to accrue vacation leave and sick leave based on their full-time equivalent status.

# Vacation Leave

Full-time and part-time employees are eligible to accrue vacation leave based on their length of employment and hours regularly scheduled up to a maximum of 280 hours. At September 30 of each year, any accumulated hours in excess of 280 not taken are forfeited. Accrued vacation leave will be paid to an employee upon termination. Accrued vacation leave is computed by multiplying each employee's current hourly rate by the number of hours accrued.

# Sick Leave

Full-time and part-time employees are eligible to accrue sick leave each pay period based on hours regularly scheduled. Accrued sick leave may be carried over to the next fiscal year. Full-time employees may be paid in cash for accrued sick leave in excess of 400 hours (120 hours maximum) on the first full pay period in January and/or July. The hours will be paid at a rate equal to 50% of the employee's hourly wage. Unused sick leave will not be paid to an employee upon termination. Accrued sick leave is computed by multiplying 50% of each employee's hourly rate by the number of hours accrued in excess of 400.

# NOTE 1 BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## Net Position

Net position is classified as follows:

*Net investments in capital assets* represent the Authority's total investment in capital assets, net of outstanding debt related to those capital assets.

*Restricted for debt service* represents those operating funds on which external restrictions have been imposed that limit the purposes for which such funds can be used. The Authority is legally or contractually obligated to spend these funds in accordance with the restrictions imposed by third parties.

*Restricted for land title trust and housing trust* represents those funds on which restrictions have been imposed that limit the purposes for which such funds can be used. The Authority is legally or contractually obligated to spend these funds for the purposes of carrying out the provisions of the New Mexico Housing Trust Fund Act, the Low-Income Housing Trust Act, and the Land Title Trust Fund Act.

*Unrestricted board designated* consist of those operating funds over which the board of directors retains full control to use in achieving any of its authorized purposes.

*Unrestricted bond issues* consist of those bond issues for which funds are not restricted for specific purposes.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Authority's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

# **Revenues and Expenses**

Revenues are classified as operating or nonoperating according to the following criteria:

Operating revenues include activities that have the characteristics of an exchange transaction as well as those that relate directly to programs to assist in the financing of housing for persons of low and moderate income in the state of New Mexico such as a) loan origination and commitment fees; b) program servicing fees; and c) administration fees. Operating revenues also include interest income since lending activities constitute the Authority's principal ongoing operations.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as grant award revenues and adjustments to fair market values in accordance with GASB No. 31. Grant award revenue streams are recognized under GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (GASB No. 33). Revenues are recognized when all applicable eligibility requirements have been met, specifically when expenditures related to the grant awards have been incurred, submitted, and approved for payment.

# NOTE 1 BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## **Revenues and Expenses (Continued)**

Expenses are classified as operating or nonoperating according to the following criteria:

Operating expenses include activities that have the characteristics of an exchange transaction such as a) employee salaries, benefits, and related expense; b) utilities, supplies, and other services; c) professional fees; and d) depreciation expenses related to capital assets. Operating expenses also include interest expense since lending activities constitute the Authority's principal ongoing operations.

Nonoperating expenses include activities that have the characteristics of nonexchange transactions such as grant award expenses, which are defined as nonoperating expenses by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34 and adjustments to fair market values in accordance with GASB No. 31.

### Income Taxes

The income the Authority earns in the exercise of its essential government functions is excluded from federal income tax under Section 115(I) of the IRC. The Trust is exempt from federal income tax under Section 501(c)(3) of the IRC. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

### Adoption of New Accounting Standards

GASB Statement No. 100, Accounting Changes and Error Corrections, issued June 2022 and was adopted by the Authority with its fiscal year ending June 30, 2024. Statement No. 100 provides guidance on the accounting and financial reporting for each type of accounting change and error corrections. The adoption of this standard had no effect on the financial statements of the Authority.

# NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

As of September 30, the carrying value of cash and cash equivalents for the Authority includes the following (in thousands):

	 2024		2023
Cash on Deposit at Financial Institutions	\$ 88,524	:	\$ 38,625
Cash on Deposit at New Mexico State Treasurer	14,451		13,038
Cash on Deposit Held in Escrow	9,968		10,590
Cash Equivalents Not Considered Deposits:			
Money Market Funds	 185,701		116,349
Total	\$ 298,644		\$ 178,602

As of September 30, the carrying value of cash and cash equivalents for the Fiduciary Fund (Trust) includes the following (in thousands):

	2024				
Cash on Deposit at Financial Institutions	\$	715	\$	851	

# NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

## **Custodial Credit Risk**

The following represents the reconciliation between the Authority's book balance and bank deposits subject to custodial credit risk as of September 30, 2024 (in thousands):

	Amount
Cash and Cash Equivalents - Unrestricted, Current	\$ 102,976
Cash and Cash Equivalents - Restricted, Current	42,639
Restricted Cash Held in Escrow, Current	9,968
Cash and Cash Equivalents - Restricted, Noncurrent	143,061
Fiduciary Fund Cash and Cash Equivalents, Unrestricted	 715
Total Cash and Cash Equivalents Book Balance	299,359
Minus: Money Market Funds	(185,701)
Minus: State Treasurer	(14,451)
Reconciling Items	 (519)
Deposits Subject to Custodial Credit Risk	\$ 98,688

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be recovered. The investment policy requires consideration of the creditworthiness in selecting financial institutions. At September 30, 2024 and 2023, the Authority's bank balance was approximately \$98,688,000 and \$50,449,000 (which includes the bank balances of the Trust of \$715,000 and \$851,000), respectively. The Federal Deposit Insurance Corporation (FDIC) insures each depositor up to \$250,000 per insured bank. FDIC Coverage for the Authority approximated \$965,000 (\$250,000 for Wells Fargo for the Authority, \$250,000 for Wells Fargo for the Trust, \$205,000 for Main Bank, \$5,000 for Key Bank, \$5,000 for Zions Bank and \$250,000 for Sunflower Bank). The total amounts subject to custodial credit risk at September 30, 2024 and 2023, are approximately \$15,472,000 and \$12,621,000, respectively. Management does not believe the remaining approximately \$82,251,000 and \$36,872,000 are subject to custodial credit risk at September 30, 2024 and 2023, respectively.

All of the Authority's investments are insured, registered, or held by the Authority or its agent.

### Investment Policy

The Authority's investment policy requires all investments be made in accordance with the prudent person rule whose primary objectives are to preserve capital, provide needed liquidity and achieve the highest market yield. Investments will be diversified to the extent permitted in Section 58, NMSA 1978 (MFA Act), Section 6-8-7, NMSA 1978, and Section 6-10-10.1 NMSA 1978 and as prescribed in its various bond resolutions and trust indentures.

# NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

# **Investment Policy (Continued)**

Investments may be made in any investment instrument acceptable under and/or required by any bond resolution or indenture; in obligations of any municipality of New Mexico or the state of New Mexico or the United States of America, rated "AA" or better; in obligations guaranteed by the state of New Mexico or the United States of America; in obligations of any corporation wholly owned by the United States of America; in obligations of any corporation sponsored by the United States of America, which are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve System; in certificates of deposit or time deposits in banks qualified to do business in New Mexico; as otherwise provided in any trust indenture securing the issuance of the Authority's bonds; in contracts for the purchase and sale of obligations of any municipality of New Mexico or the state of New Mexico or the United States of America; in the state of New Mexico State Investment Council Investment Funds Program.

The State Treasurer Local Government Investment Pool (LGIP) is not U.S. Securities and Exchange Commission (SEC) registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(O) and Sections 6-10-10(1)A and E NMSA 1978. The pool does not have unit shares. At the end of each month, all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. The end of the fiscal year credit risk rating and the weighted average maturity (interest rate risk in number of days) is available on the State Treasurer's website at www.nmsto.gov. Participation in the local government pool is voluntary.

# **Investment Interest and Credit Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy requires 1) staggered maturities to avoid undue concentrations of assets in a specific maturity sector, 2) stable income, 3) adequate liquidity to meet operations and debt service obligations, and 4) diversification to avoid overweighting in any one type of security.

The Authority's securitized mortgage loans are primarily mortgage loans originated under various bond resolutions that have been pooled and securitized by a servicer under contract to the Authority. Upon securitization, these primarily Ginnie Mae and Fannie Mae securities are then purchased by the bond issue trustee utilizing the proceeds of the respective bonds. The bonds in turn are secured, respectively, by the securities purchased with the bond proceeds (Note 5). The fixed-rate securitized mortgage loans are sensitive to changes in interest rates, which may result in prepayments of the underlying mortgages.

## NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

# Investment Interest and Credit Risk (Continued)

The Authority had the following cash and cash equivalents and investments and maturities at September 30 (in thousands):

	September 30, 2024												
		Investment Maturities (in Years)											
				Less					l	More		Not	
Investment Type	F	air Value		Than 1		1 - 5		6 - 10	Than 10		Available		
Money Market Funds	\$	185,701	\$	185,701	\$	-	\$	-	\$	-	\$	-	
External State Investment Pools:													
State Treasurer		14,451		14,451		-		-		-		-	
State Investment Council		29,619		-		-		-		-		29,619	
U.S. Agencies		3,976		3,976		-		-		-		-	
U.S. Treasury		7,035		4,012		3,023		-		-		-	
Securitized Mortgage Loans:													
Unrestricted		21,243		-		282		3,424		17,537		-	
Restricted		1,749,934		303		2,055		5,843	1,	,741,733		-	
Total	\$	2,011,959	\$	208,443	\$	5,360	\$	9,267	\$1,	,759,270	\$	29,619	

						September	r 30, 2	2023				
		Investment Maturities (in Years)										
				Less						More		Not
Investment Type	F	air Value		Than 1		1 - 5		6 - 10		Than 10		vailable
Money Market Funds	\$	116,349	\$	116,349	\$	-	\$	-	\$	-	\$	-
External State Investment Pools:												
State Treasurer		13,038		13,038		-		-		-		-
State Investment Council		27,931		-		-		-		-		27,931
U.S. Agencies		6,781		2,925		3,856		-		-		-
U.S. Treasury		8,852		3,893		4,959		-				
Securitized Mortgage Loans:												
Unrestricted		21,822		-		396		2,494		18,932		-
Restricted		1,292,208		76		1,359		3,690	1	,287,083		-
Total	\$	1,486,981	\$	136,281	\$	10,570	\$	6,184	\$ 1	,306,015	\$	27,931

The following tables provide information on the credit ratings associated with the Authority's cash and cash equivalents and investments at September 30 (in thousands):

				Sej	ptember 30,	202	4					
										U.S.		
	Fair									Government	Not	
	Value	AAA	AAAm	AA+	A+		А		BBB	Guaranteed	Available	
Money Market Funds	\$ 185,701	\$ -	\$ 185,701	\$-	\$ -		\$-	\$	-	\$-	\$-	
External State Investment Pools:												
State Treasurer	14,451	-	14,451	-			-		-	-	-	
State Investment Council	29,619	-	-	-			-		-	-	29,619	
U.S. Agencies	3,976	-	-	3,976			-		-	-	-	
U.S. Treasury	7,035	-	-	7,035			-		-	-	-	
Securitized Mortgage Loans:												
Unrestricted	21,243	-	-	1,384			-		-	19,859	-	
Restricted	1,749,934	-	-	341,012			-		-	1,408,922	-	
Total	\$ 2,011,959	\$ -	\$ 200,152	\$ 353,407	\$.		\$-	\$	-	\$ 1,428,781	\$ 29,619	

# NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

## Investment Interest and Credit Risk (Continued)

								Sep	otem	ber 30,	, 20	23							
																ι	J.S.		
		Fair														Gove	rnment		Not
		Value		AAA		AAAm		AA		A+			А	_	BBB	Guar	anteed	A	vailable
Money Market Funds	\$	116,349	\$	-	\$	116,349	\$	-	\$		-	\$	-	\$	-	\$	-	\$	-
External State Investment Pools:																			
State Treasurer		13,038		-		13,038		-			-		-		-		-		-
State Investment Council		27,931		-		-		-			-		-		-		-		27,931
U.S. Agencies		6,781		-		-		6,781			-		-		-		-		-
U.S. Treasury		8,852		-		-		8,852											
Securitized Mortgage Loans:																			
Unrestricted		21,822		-		-		1,565			-		-		-		20,257		-
Restricted	1	,292,208		-		-		217,387			-		-		-	1,0	74,821		-
Total	\$1	,486,981	\$	-	\$	129,387	\$	234,585	\$		-	\$	-	\$	-	\$ 1,0	95,078	\$	27,931
	-		_		_		_		_		_	_		_		-		_	

# Investment Tie Out to Statement of Net Position

	2024	2023
Cash on Deposit at New Mexico State Treasurer	14,451	13,038
Cash Equivalents Not Considered Deposits:		
Money Market Funds	185,701	116,349
Investments on Statement of Net Position:		
Total Investments, Net	61,873	65,386
Restricted Securitized Mortgage Loans, Net	1,749,934	1,292,208
Total	\$ 2,011,959	\$ 1,486,981

# Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Authority's investment in a single issuer. The following issuers and their respective percentage of total investments represent greater than 5% of the Authority's total investments reported on the statements of net position as of September 30, 2024 and 2023, respectively: Ginnie Mae: 79% and 81%, and Fannie Mae: 19% and 16%.

### Fair Value Reporting

The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All investments are valued using quoted market prices (Level 1 inputs).

The State Treasurer's Local Government Investment Pool (LGIP) is recorded at amortized cost. The fair value of the position in LGIP is the same as the value of the pool shares. As the pool is not SEC registered, regulatory oversight of the pool rests with the New Mexico State Treasury.

The fair value of the State Investment Council pool is the same as the value of the of the pooled investment shares.

## NOTE 3 MORTGAGE LOANS, NET

Mortgage loans reflected in the statements of net position consist of the following as of September 30 (in thousands):

	 2024	 2023
Total Mortgage Loan Principal Outstanding	\$ 220,834	\$ 211,127
Less: Allowance for Mortgage Loan Losses	 (16,054)	 (9,540)
Mortgage Loans, Net	\$ 204,780	\$ 201,587

An analysis of the allowance for mortgage loan and real estate owned losses is as follows for the years ended September 30 (in thousands):

	 2024	 2023
Beginning Balance	\$ 9,540	\$ 10,131
Provision for Loan Losses	7,729	420
Specific Reserves	-	4
Loans Written Off Net of Recoveries	 (1,215)	 (1,015)
Ending Balance	\$ 16,054	\$ 9,540

The mortgage loans have repayment terms ranging from 10 to 46 years. The stated interest rates for these programs are as follows:

Other Mortgage Loans	0.00% to 8.625%
Second Mortgage DPA Loans	0.00% to 8.875%

MBSs have stated interest rates ranging from 2.18% and 6.98%.

As of September 30, 2024 and 2023, mortgage loans with pending foreclosure actions have aggregate principal balances of approximately \$0 and \$29,000, respectively. As of September 30, 2024 and 2023, mortgage loans' total delinquent aggregate principal balances are approximately \$10,263,000 and \$6,968,000, respectively.

# NOTE 3 MORTGAGE LOANS, NET (CONTINUED)

As of September 30, the Authority acts as servicer for loans owned by the following entities that are not recorded in the Authority's financial statements (in thousands):

	2024	2023
Southwest Neighborhood Housing Services	\$ 216	\$ 217
TIWA Lending Services	7,259	7,546
Fannie Mae Loans	376,019	314,132
Ginnie Mae Loans	2,091,353	1,795,269
Nambe Housing	2,052	2,107
Cochiti Pueblo	848	754
City of Albuquerque	16,909	14,564
Ventana Fund	336	1,137
Ohkay Owingeh	 1,115	 879
Total	\$ 2,496,107	\$ 2,136,605

# NOTE 4 CAPITAL ASSETS

Changes in capital assets during 2024 and 2023, were as follows (in thousands):

	0	ctober 1, 2023	A	dditions	Disp	ositions	Trar	nsfers	Sept	ember 30, 2024
Land (Nondepreciable)	\$	512	\$	-	\$	-	\$	-	\$	512
Building and Improvements		14,329		3,784		-		-		18,113
Furniture and Equipment		2,014		660		(359)		-		2,315
Total Capital Assets		16,855		4,444		(359)		-		20,940
Less Accumulated Depreciation:										
Building and Improvements		(3,309)		(132)		-		-		(3,441)
Furniture and Equipment		(1,945)		(34)		359		-		(1,620)
Total Accumulated Depreciation		(5,254)		(166)		359		-		(5,061)
Capital Assets, Net	\$	11,601	\$	4,278	\$	-	\$	-	\$	15,879
	0	ctober 1,							Sept	ember 30,
		2022	A	ditions	Disp	ositions	Trar	nsfers		2023
Land (Nondepreciable)	\$	512	\$	-	\$	-	\$	-	\$	512
Building and Improvements		4,363		9,966		-		-		14,329
Furniture and Equipment		2,056		1		(43)		-		2,014
Total Capital Assets		6,931		9,967		(43)		-		16,855
Less Accumulated Depreciation:										
Building and Improvements		(3,204)		(105)		-		-		(3,309)
Furniture and Equipment		(1,934)		(54)		43		-		(1,945)
Total Accumulated Depreciation		(5,138)		(159)		43		-		(5,254)
Capital Assets, Net	\$	1,793	\$	9,808	\$	-	\$	-	\$	11,601

# NOTE 5 BONDS PAYABLE

Bonds payable at September 30 are as follows (in thousands):

Single Family Mortgage Programs	2024		2023	
2013 Series A - 2.60% interest payable monthly, principal due through 2043	\$	4,880	\$	5,178
2013 Series B - 2.23% to 2.85% interest payable monthly, principal due through 2043		6,855		7,580
2013 Series C - 4.50% interest payable monthly, principal due through 2043		9,194		9,784
2014 Series A - 3.70% to 5.00% interest payable quarterly, principal due through 2044		3,110		3,470
2014 Series B - 2.75% interest payable monthly, principal due through 2035		2,145		2,674
2015 Series A - 2.80% to 4.00% interest payable quarterly, principal due through 2045		11,020		12,100
2015 Series B - 2.75% interest payable monthly, principal due through 2035		1,571		1,811
2015 Series D - 3.125% interest payable monthly, principal due through 2037		2,595		3,140
2015 Series E - 3.10% interest payable monthly, principal due through 2037		3,474		4,371
2016 Series A - 2.25% to 3.80% interest payable quarterly, principal due through 2046		16,480		18,475
2016 Series B - 2.60% interest payable monthly, principal due through 2040		7,975		9,185
2016 Series C - 2.00% to 3.5% interest payable quarterly, principal due through 2045		18,685		21,815
2017 Series A - 2.98% interest payable monthly, principal due through 2038		7,485		8,196
2017 Series B - 2.05% to 3.80% interest payable quarterly, principal due through 2048		22,755		25,025
2018 Series A 2.55% to 4.00% interest payable quarterly, principal due through 2049		26,015		29,365
2018 Series B 2.55% to 4.00% interest payable quarterly, principal due through 2049		29,975		33,745
2018 Series C 2.40% to 4.00% interest payable quarterly, principal due through 2049		34,075		37,645
2018 Series D 2.75% to 4.25% interest payable quarterly, principal due through 2049		21,540		23,255
2019 Series A 2.25% to 4.25% interest payable quarterly, principal due through 2050		34,505		37,760

# NOTE 5 BONDS PAYABLE (CONTINUED)

Single Family Mortgage Programs	2024	 2023
2019 Series B 3.45% interest payable monthly, principal due through 2040	\$ 8,687	\$ 10,096
2019 Series C 2.00% to 4.00% interest payable quarterly, principal due through 2050	44,365	48,020
2019 Series D 1.65% to 3.75% interest payable quarterly, principal due through 2050	57,965	62,715
2019 Series E 2.90% interest payable monthly, principal due through 2040	8,013	8,898
2019 Series F 1.60% to 3.50% interest payable monthly, principal due through 2050	75,980	82,235
2020 Series A 1.25% to 3.50% interest payable monthly, principal due through 2051	49,740	53,590
2020 Series B - 0.50% to 3.00% interest payable monthly, principal due through 2051	42,450	46,130
2021 Series A - 0.30% to 3.00% interest payable monthly, principal due through 2052	67,265	71,255
2021 Series B - 1.62% interest payable monthly, principal due through 2042	9,878	10,679
2021 Series C - 0.375% to 3.00% interest payable monthly, principal due through 2052	88,945	94,665
2021 Series D - 0.45% to 3.00% interest payable semi-annually, principal due through 2052	90,705	95,055
2022 Series A - 0.65% to 3.00% interest payable semi-annually, principal due through 2053	90,400	95,155
2022 Series B - 2.2% interest payable monthly, principal due through 2044	24,541	27,880
2022 Series C - 2.20% to 4.25% interest payable semi-annually, principal due through 2053	83,930	87,455
2022 Series D - 2.05% to 5.25% interest payable semi-annually, principal due through 2053	93,825	98,115
2022 Series E - 3.25% to 6.25% interest payable semi-annually, principal due through 2053	71,815	73,870
2023 Series A - 2.50% to 5.75% interest payable semi-annually, principal due through 2054	57,775	59,600
2023 Series B - 2.80% to 5.50% interest payable semi-annually, principal due through 2054	77,370	80,000
2023 Series C - 3.30% to 5.75% interest payable semi-annually, principal due through 2054	98,195	100,000
2023 Series D - 3.90% to 6.5% interest payable semi-annually, principal due through 2054	123,365	-

# NOTE 5 BONDS PAYABLE (CONTINUED)

Single Family Mortgage Programs		2024	 2023		
2024 Series A - 3.2% to 6.03% interest payable semi-annually, principal due through 2054	\$	118,905	\$ -		
2024 Series C - 3.4% to 6.25% interest payable semi-annually, principal due through 2055		125,000	-		
2024 Series E - 3.15% to 6.25% interest payable semi-annually, principal due through 2055		150,000	 		
Subtotal		1,923,448	1,499,987		
Unaccreted Premium, Net of Underwriters' Discount		57,257	47,372		
Subtotal Single Family Mortgage Programs, Net Bonds Payable	\$	1,980,705	\$ 1,547,359		
		2024	2023		
Total Bonds Payable	\$	1,923,448	\$ 1,499,987		
Total Unaccreted Premium, Net of Unamortized Discount		57,257	 47,372		
Total Bonds Payable	\$	1,980,705	\$ 1,547,359		

In November 2005 the Authority began issuing single family mortgage program bonds under a General Indenture of Trust dated November 1, 2005 (the General Indenture). The bond issues under this indenture are 2005D through 2009E and 2012A through 2022D. The bonds are secured, as described in the General Indenture and the applicable amended and supplemented Series Indenture, by the revenues, moneys, investments, mortgage loans, MBSs and other assets in the accounts established under the General Indenture and each Series Indenture.

Prior to November 2005, the Authority issued bonds under separate Trust Indentures. The bonds were secured as described in each Trust Indenture by the revenues, moneys, investments, mortgage loans, MBSs and other assets in the accounts established by each respective Trust Indenture. As of September 30, 2016 all single family stand-alone bond indentures have been paid off.

The single family mortgage loans purchased with the proceeds of all the bond issuances occurring during fiscal years 2024 and 2023 were pooled and packaged as mortgage loan pass-through certificates insured by GNMA or FNMA.

## NOTE 5 BONDS PAYABLE (CONTINUED)

In December 2009, the Authority entered into a NIBP General Indenture of Trust dated December 1, 2009, to accommodate those bonds issued under the New Issue Bond Program (the NIBP Program) which was developed by the US Treasury in conjunction with Fannie Mae and Freddie Mac. On December 23, 2009, The Authority issued 2009 Series Bonds (GSE Escrow Bond Purchase Program) in the amount of \$155 million. The interest on the GSE Escrow Bond Purchase Program was a variable rate that produces an interest payment equal to investment earnings. The bonds were placed with Fannie Mae and Freddie Mac with bond proceeds being held in an escrow at US Bank National Association. The purpose of the escrow issue was to store private activity volume cap. The escrow bonds could then be rolled out into a maximum of six bond issues to provide funds to originate mortgage loans with all rollouts being initiated by December 31, 2011. In addition, the 2015 Series C and 2016 Series B bonds were issued under this indenture.

During fiscal year 2024, the Authority continued to issue bonds under the General Indenture of Trust dated November 1, 2005, as follows:

- \$125.0 million Single Family Mortgage Program Class I Bonds, 2023 Series D (Tax-Exempt) (Non-AMT). The \$125.0 million 2023 Series D bonds were used to originate new loans.
- \$120.0 million Single Family Mortgage Program Class I Bonds, comprising of \$96.0 million 2024 Series A (Tax-Exempt) (Non-AMT) and \$24.0 million 2024 Series B (Federally Taxable). The aggregate \$120.0 million 2024 Series A and B bonds were used to originate new loans.
- \$125.0 million Single Family Mortgage Program Class I Bonds, comprising of \$87.5 million 2024 Series C (Tax-Exempt) (Non-AMT) and \$37.5 million 2024 Series D (Federally Taxable). The aggregate \$125.0 million 2024 Series C and D bonds were used to originate new loans.
- \$150.0 million Single Family Mortgage Program Class I Bonds, comprising of \$105.0 million 2024 Series E (Tax-Exempt) (Non-AMT) and \$45.0 million 2024 Series F (Federally Taxable). The aggregate \$150.0 million 2024 Series E and F bonds were used to originate new loans.

During fiscal year 2023, the Authority continued to issue bonds under the General Indenture of Trust dated November 1, 2005 as follows:

- \$74.99 million Single Family Mortgage Program Class I Bonds, 2022 Series E (Tax-Exempt) (Non-AMT). The \$74.99 million 2022 Series E bonds were used to originate new loans.
- \$60.0 million Single Family Mortgage Program Class I Bonds, 2023 Series A (Tax-Exempt) (Non-AMT). The \$60.0 million 2023 Series A bonds were used to originate new loans.

## NOTE 5 BONDS PAYABLE (CONTINUED)

- \$80.0 million Single Family Mortgage Program Class I Bonds, 2023 Series B (Tax-Exempt) (Non-AMT). The \$80.0 million 2023 Series B bonds were used to originate new loans.
- \$100.0 million Single Family Mortgage Program Class I Bonds, 2023 Series C (Tax-Exempt) (Non-AMT). The \$100.0 million 2023 Series C bonds were used to originate new loans.

During fiscal years 2024 and 2023, the Authority did not issue any bonds under the NIBP General Indenture of Trust dated December 1, 2009.

# NOTE 6 NOTES PAYABLE

Notes payable with assets pledged as collateral consist of the following (in thousands):

Assets Pledged as Collateral		2024	 2023
PRLF Cash and Loans	\$	2,086	\$ 1,452
Jefferson Building		7,123	7,784
Securities and Loans Held for Sale		57,000	 70,000
Subtotal: Debt With Pledged Collateral		66,209	 79,236
Other Direct Borrowings Without Assets Pledged		-	 106
Total Direct Borrowings	\$	66,209	\$ 79,342

The Authority also has two lines of credit in the amount of \$4,000,000 and \$2,500,000 as of September 30, 2024 and 2023, respectively. The Authority had an outstanding balance of \$-0- and \$-0- as of September 30, 2024 and 2023, respectively.

The Authority's outstanding debt pledged by PRLF cash and loans of \$2,086,000 and \$1,452,000 as of September 30, 2024 and 2023, respectively, contains a provision that in the event of default, the Lender may declare all indebtedness immediately due and payable and may proceed to enforce its rights to any instrument securing the debt.

The Authority's outstanding debt pledged by securities and loans held for sale of \$57,000,000 contains a provision that in the event the FHLB Bank withdraws its approval to participate in the Held For Sale program, the Bank will designate a Held for Sale Transition Date, after which the Authority will not be able to pledge loans until the Authority is re-approved.

The Authority's outstanding debt pledged by the building located at 7425 Jefferson of \$7,123,000 contains a provision that in the event of default, the Lender may declare all indebtedness immediately due and payable.

The Authority's outstanding notes from other direct borrowings of \$-0- and \$106,000 as of September 30, 2024 and 2023, respectively, contains a provision that in the event of default, at Lender's option after giving 30 days' notice, all indebtedness will become immediately due and payable.

## NOTE 7 DEBT SERVICE REQUIREMENTS

A summary of bond and note debt service requirements as of September 30, 2024 is as follows (in thousands):

	 Bonds	le	Note	es from Dir	ect Bo	prrowings		
Year Ending September 30,	Interest		Principal		Interest		Principal	
2025	\$ 77,372	\$	42,639	\$	600	\$	57,846	
2026	76,098		36,520		283		876	
2027	75,007		38,060		249		908	
2028	73,825		39,415		215		941	
2029	72,554		40,795		178		976	
2030 - 2034	340,041		235,530		328		4,022	
2035 - 2039	289,680		309,447		25		371	
2040 - 2044	219,190		434,893		6		269	
2045 - 2049	129,435		436,445		-		-	
2050 - 2054	36,685		309,340		-		-	
2055 - 2059	 11		364		-		-	
Subtotal	1,389,898		1,923,448		1,884		66,209	
Net Unaccreted Premium	 		57,257		-			
Total	\$ 1,389,898	\$	1,980,705	\$	1,884	\$	66,209	

# NOTE 8 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

At September 30, accounts payable and accrued expenses consist of the following (in thousands):

	 2024	2023		
Vendor	\$ 14,973	\$	14,345	
Employee Benefits	819		776	
Advances on Revenue	2,919		4,562	
Total	\$ 18,711	\$	19,683	

## NOTE 9 LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS

### <u>Leases</u>

In fiscal year 2022, the Authority entered into a lease agreement for copier and printer equipment for 60 months beginning in March 2022. Under the terms of the lease, the Authority pays \$1,768 per month over the life of the agreement.

At September 30, 2024, the Authority has recognized a right-to-use asset of \$68,000 and a lease liability of \$68,000 related to this agreement. During the fiscal year, the Authority recorded \$20,000 in amortization expense and \$2,000 in interest expense for the right to use these assets. The Authority used an incremental discount rate of 3.00%, based on the lease agreement.

# NOTE 9 LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS (CONTINUED)

## Leases (Continued)

Remaining obligations associated with these leases are as follows (in thousands):

<u>Year Ending September 30,</u>	Principal		Interest		Total	
2025	\$	20	\$	2	\$	22
2026		20		2		22
2027		9		1		10
2028		-		-		-
Total	\$	49	\$	5	\$	54

## Subscription Based Information Technology Arrangements (SBITA)

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying information technology assets.

For the year ended 9/30/2024, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

As of 09/30/2024, New Mexico Mortgage Finance Authority, NM had 10 active subscriptions. The subscriptions have payments that range from \$5,000 to \$136,920 and interest rates that range from 0.0000% to 5.3400%. As of 09/30/2024, the total combined value of the subscription liability is \$396,218, and the total combined value of the short-term subscription liability is \$224,856. The combined value of the right to use asset, as of 09/30/2024 of \$1,612,443 with accumulated amortization of \$986,808 is included within the Subscription Class activities table found below. The subscriptions had \$57,514 of Variable Payments and \$60,216 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

# NOTE 9 LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS (CONTINUED)

### Subscription Based Information Technology Arrangements (SBITA) (Continued)

The future subscription payments under SBITA agreements are as follows (in thousands):

<u>Year Ending September 30,</u>	Principal		Interest		Total	
2025	\$	225	\$	14	\$	239
2026		100		9		109
2027		71		4		75
Total	\$	396	\$	27	\$	423

In the statement of net position, under noncurrent Assets, the Authority amortized the rightto-use assets as following during the fiscal year (in thousands):

	October 1,						Septe	mber 30,
Lessee Activities	2	2023	Ac	Additions		Deletions		024
Printers and Copiers	\$	68	\$	-	\$	(19)	\$	49
Subscription-Based Technology		416		1,422		(1,213)		625
Total	\$	484	\$	1,422	\$	(1,232)	\$	674
Lessee Activities	October 1, 2022, As Restated		Additions		Deletions		September 30	
Printers and Copiers	\$	89	\$	-	\$	(21)	\$	68
Subscription-Based Technology		500		206		(290)		416
Total	\$	589	\$	206	\$	(311)	\$	484

## NOTE 10 NONCURRENT LIABILITIES AND COMPENSATED ABSENCES

A summary of noncurrent liabilities and compensated absences activity for the years ended September 30 is as follows (in thousands):

	October 1,			September 30,	Current
	2023	Increases	Decreases	2024	Portion
Bonds Payable	\$ 1,547,359	\$ 534,287	\$ (100,941)	\$ 1,980,705	\$ 42,639
Notes from Direct Borrowings	79,342	1,273,454	(1,286,587)	66,209	57,846
Other Noncurrent Liabilities	603		(52)	551	225
Compensated Absences	652	727	(698)	681	681
Total	\$ 1,627,956	\$ 1,808,468	\$ (1,388,278)	\$ 2,048,146	\$ 101,391

## NOTE 10 NONCURRENT LIABILITIES AND COMPENSATED ABSENCES (CONTINUED)

	October 1, 2022, As Restated	Increases	Decreases	September 30, 2023	Current Portion
Bonds Payable	\$ 1,325,981	\$ 325,453	\$ (104,075)	\$ 1,547,359	\$ 29,076
Notes from Direct Borrowings	31,052	279,000	(230,710)	79,342	70,181
Other Noncurrent Liabilities	714	-	(111)	603	289
Compensated Absences	591	694	(633)	652	652
Total	\$ 1,358,338	\$ 605,147	\$ (335,529)	\$ 1,627,956	\$ 100,198

# NOTE 11 LITIGATION

The Authority is involved in litigation arising in the ordinary course of business. Management believes the ultimate outcome of any litigation will not result in a material adverse impact on the Authority's financial statements.

## NOTE 12 EMPLOYEE BENEFIT PLAN

The Authority sponsors the New Mexico Mortgage Finance Authority 401(k) Plan (the Benefit Plan). The Benefit Plan is a defined-contribution 401(k) plan, which covers substantially all of the Authority's employees. Participating employees may make pre-tax salary deferrals of not less than 1% of the participating employee's annual salary. If the employee makes the minimum 1% employee salary deferral, the Authority will make a matching contribution. The Authority match is the same as the employee if they contribute 1% or 2%, if the employee contributes 3% the Authority match is equal to 5% of the participating employee's salary on a per payroll basis. In addition to the matching contribution, the Authority makes a fixed per payroll contribution equal to 11% of each participating employee's salary regardless of whether or not the participant makes a salary deferral. Plan participants become fully vested in the Authority's contributions after five years of service. The Authority also sponsors a 457(b) plan. The Authority's and employees' contributions to the Benefit Plan were approximately \$1,302,000 and \$519,000, respectively, for the year ended September 30, 2024. The Authority's and employees' contributions to the Benefit Plan were approximately \$1,213,000 and \$499,000, respectively, for the year ended September 30, 2023. The Executive Director, Human Resources Director, and Chief Financial Officer have the authority to amend the plans.

## NOTE 13 BOARD-DESIGNATED NET POSITION

The board of directors of the Authority designated the following amounts as of September 30, (in thousands):

	2024		 2023
Single Family and Multifamily Programs as			
Designated by the Board	\$	16,812	\$ 21,403
Future General Operating Budget		34,346	34,153
Housing Opportunity Fund		125,074	117,129
Risk-Sharing Loss Exposure		1,030	1,093
Federal and State Housing Programs Administered			
by the Authority		22,848	21,373
Investment in Mortgage Servicing Rights		22,722	20,140
Total Board-Designated Net Position	\$	222,832	\$ 215,291

The board of directors of the Authority has the discretion to impose and reverse any board-designated unrestricted net position.

## NOTE 14 COMMITMENTS AND CONTINGENCIES

The Authority entered into a risk-sharing agreement with the U.S. Department of Housing and Urban Development (HUD) under Section 542(c) of the Housing and Community Development Act of 1992, whereby HUD and the Authority provide credit enhancements for third party multifamily housing project loans. HUD has assumed 90% of the risk and the Authority guarantees the remaining 10% risk of loss in the event of default on specific loans. As of September 30, 2024 and 2023, the Authority is committed to assume a risk of approximately \$4,110,000 and \$4,373,000 for the 34 and 34 loans closed, respectively. These loans are considered in the Authority's assessment for the allowance for mortgage loan losses. As of September 30, 2024, of the 34 loans closed, 4 of the loans are not included in the Authority's financial statements because they are 100% participations with Fannie Mae. Of the \$4,110,000 risk assumed as of September 30, 2024, the Authority's assumed risk approximated \$143,000 for these off-balance sheet loans. The end dates for the guarantees range from 2027-2058. In situations where the Authority is called upon to honor its guarantee, the Authority will take possession of and sell the loan collateral. HUD and the Authority will make up any shortfall resulting from the sale of the collateral on a 90%/10% pro rata basis.

The Authority entered into a risk-sharing agreement with the U.S. Department of Agriculture under Section 538 Rural Rental Housing Guaranteed Loan Program. The Rural Housing Service (RHS), Department of Agriculture (USDA) provides credit enhancements to encourage private and public lenders to make new loans for affordable rental properties that meet program standards. The USDA has assumed 90% of the risk in the one loan closed and funded by the Authority as of September 30, 2024. As of September 30, 2024 and 2023, the Authority is committed to assume a risk of approximately \$98,000 and \$101,000 for the one loan closed, respectively.

## NOTE 15 CONDUIT DEBT OBLIGATIONS

The Authority issues housing-related conduit debt obligations (CDO) to finance multifamily housing for the benefit of low-income tenants. All CDOs issued and outstanding at year end were issued with the Authority making a limited commitment to maintain the issue's tax-exempt status. The Authority assumes no responsibility for debt service payments beyond the resources provided by borrower/obligor. The aggregate outstanding principal amount of all CDOs issued with limited commitments as of September 30, 2024 and 2023 was \$181,167,000 and \$190,916,000, respectively.

### NOTE 16 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance to cover losses to which it may be exposed. Insurance coverage has remained consistent from prior years.

## NOTE 17 JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING

The Authority has entered into two joint powers agreements (JPAs) or memorandums of understanding (MOU) with various departments of the State. At September 30, 2024, these JPAs and MOUs were as follows:

- (a) The Authority entered into a JPA with the State Investment Council in January 2006. The purpose of the agreement is to establish a relationship under which SIC will act as the investment manager of the Authority's funds. The JPA was effective January 1, 2006, and will continue in force until terminated by the parties.
- (b) The Authority entered into a JPA with the New Mexico State Investment Council and the New Mexico State Treasurer's Office in October 2024. The purpose of the agreement is to allow the investment of up to \$50,000,000 of the New Mexico Housing Trust Fund monies to be invested in the State Treasurer's Office LGIP Short Term Fund.

### NOTE 18 APPROPRIATIONS

The Authority received appropriations funded by state severance tax or general obligation bonds passed through the Department of Finance and Administration to the Authority. Depending on the purpose, the appropriations are recorded as grant award income and expense or recorded as state appropriations in the accompanying financial statements.

# NOTE 18 APPROPRIATIONS (CONTINUED)

The following chart describes the appropriations from the state severance tax or general obligation bonds (in thousands) as of September 30, 2024:

Description	Original Appropriation Appropriation Period		Expenditures to Date				Unencumbered Balance	
Weatherization and Energy Efficiency	\$ 1,000	9/9/20-6/30/24	\$	1,000	\$	-	\$	-
Housing Trust Fund	3,000	11/5/21-6/30/25		3,000		-		-
Housing Trust Fund & Affordable Housing Act	9,000	8/2/22-6/30/26		4,147		4,853		-
Housing Trust Fund	37,530	7/1/23-6/30/26		18,381		15,318		3,831
Housing Trust Fund	34,620	7/1/24-6/30/27		2,660		30,960		1,000
Housing Trust Fund	50,000	Non-Reverting		1,370		10,850		37,780
Total	\$ 135,150		\$	30,558	\$	61,981	\$	42,611

# NOTE 19 TRANSACTIONS WITH NEW MEXICO AFFORDABLE HOUSING CHARITABLE TRUST

In September 2007, the Authority's board of directors approved the creation of the New Mexico Affordable Housing Charitable Trust, a 501(c)3 entity. The purpose of the Trust is to support the purposes and programs of the Authority, to seek gifts and grants of property, to borrow money, and to lend, lease, sell, exchange, or otherwise transfer or distribute property for affordable housing. The Trust is governed by the Authority's board of directors. The Authority supports the ongoing operations of the Trust with an annual contribution in the amount of the cost of operations. During fiscal years 2024 and 2023, the Authority incurred \$1,500 and \$8,400, respectively, on behalf of the Trust. As of September 30, 2024 and 2023, there were \$81,000 and \$44,000 balances due to/from the Trust.

# NOTE 20 ESCROW DEPOSITS AND DEVELOPMENT RESERVES

The escrow deposits represent balances of receipts from single family program homeowners and multifamily program developers for anticipated payments of real estate taxes, property insurance, and mortgage insurance. Development reserves represent operating reserves for repairs and replacement, property improvements, supportive services and potential operating deficits experienced by rental housing program developments. The accounts are individually insured.

# NOTE 21 SUBSEQUENT EVENTS

On October 1, 2024, the Authority sold its Building and Property located at 344 4th Street in Albuquerque, New Mexico. The Authority recognized a gain of \$1.8 million dollars on the sale.

## NOTE 21 SUBSEQUENT EVENTS (CONTINUED)

On December 19, 2024, the Authority will issue \$70,000,000 (2024 Series G) of Single-Family Mortgage Program Class I Bonds under the 2005 General Indenture. The 2024 Series G Bonds will be used to finance certain qualifying mortgage loans under the Single-Family Mortgage Program. A portion of the 2024 Series G bonds are anticipated to be sold at a premium generating \$1,940,000, which will be used to purchase 2023 Series G Certificates, to fund 2024 Series G Participation Loans, and to fund a portion of bond expenses.

# SUPPLEMENTARY INFORMATION

## NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) SINGLE FAMILY MORTGAGE PROGRAMS STATEMENT OF NET POSITION SEPTEMBER 30, 2024 (IN THOUSANDS)

	Single Family Mo	Total	
	2005	2009	Single Family
	General		Mortgage
	Indenture	Indenture	Programs
ASSETS			
CURRENT ASSETS			
Restricted Cash and Cash Equivalents	\$ 42,574	\$ 65	\$ 42,639
Accrued Interest Receivable	6,408	31	6,439
Intra-Entity Payable	(661)	(44)	(705)
Total Current Assets	48,321	52	48,373
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents	142,663	398	143,061
Restricted Securitized Mortgage Loans, Net:			
Securitized Mortgage Loans, Net Cost	1,827,693	8,557	1,836,250
Unrealized Gain on Securitized Mortgage Loans	(86,247)	(70)	(86,317)
Total Restricted Securitized			
Mortgage Loans, Net	1,741,446	8,487	1,749,933
Total Noncurrent Assets	1,884,109	8,885	1,892,994
Total Assets	1,932,430	8,937	1,941,367
DEFERRED OUTFLOWS			
Refundings of Debt	124	-	124
Total Assets and Deferred Outflows	\$ 1,932,554	\$ 8,937	\$ 1,941,491
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accrued Interest Payable	\$ 10,040	\$ 17	\$ 10,057
Accounts Payable and Other Accrued Expenses	39	-	39
Current Portion of Bonds Payable	42,574	65	42,639
Total Current Liabilities	52,653	82	52,735
NONCURRENT LIABILITIES			
Bonds Payable	1,930,156	7,910	1,938,066
Total Noncurrent Liabilities	1,930,156	7,910	1,938,066
Total Liabilities	1,982,809	7,992	1,990,801
Deferred Cost of Refunding	215	-	215
NET POSITION:			
Net Position Restricted for Debt Service	185,237	945	186,182
Unrestricted Net Position	(235,707)		(235,707)
Total Net Position	(50,470)	945	(49,525)
Total Liabilities and Net Position	\$ 1,932,554	\$ 8,937	\$ 1,941,491

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) SINGLE FAMILY MORTGAGE PROGRAMS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEAR ENDED SEPTEMBER 30, 2024 (IN THOUSANDS)

	Single Family Mortgage Programs				Total	
		2005 General ndenture	2009 General Indenture		Ν	igle Family ⁄lortgage Programs
OPERATING REVENUES					<u> </u>	rogramo
Interest on Mortgage Loans and Securitized						
Mortgage Loans	\$	64,773	\$	377	\$	65,150
Interest on Securities and Temporary Investments		6,634		24		6,658
Loan and Commitment Fees		4,560		-		4,560
Administrative Fees and Other		(4,431)		(58)		(4,489)
Total Operating Revenues	-	71,536		343		71,879
OPERATING EXPENSES						
Interest		60,062		222		60,284
Bond Issuance Costs		4,449		-		4,449
Administrative Fees and Other		278		1		279
Total Operating Expenses		64,789		223		65,012
OPERATING INCOME		6,747		120		6,867
NONOPERATING REVENUES (EXPENSES)						
Net Increase in Fair Value of Investments		88,013		556		88,569
Other Financing Uses - Operating Transfers		(1,678)		(80)		(1,758)
Total Nonoperating Revenue (Expenses)		86,335		476		86,811
CHANGE IN NET POSITION		93,082		596		93,678
Total Net Position - Beginning of Year		(143,552)		349		(143,203)
TOTAL NET POSITION - END OF YEAR	\$	(50,470)	\$	945	\$	(49,525)
CONDENSED STATEMENTS OF CASH FLOWS						
NET CASH PROVIDED (USED) BY:						
Operating Activities	\$	(309,244)	\$	1,479	\$	(307,765)
Noncapital Financing Activities	φ	(309,244) 371,894	φ	(1,435)	φ	370,459
Investing Activities		6,634		(1,433) 24		6,658
Investing Activities		0,034		24		0,030
NET INCREASE		69,284		68		69,352
Cash and Cash Equivalents - Beginning of Year		115,953		395		116,348
CASH AND CASH EQUIVALENTS - END OF YEAR	\$	185,237	\$	463	\$	185,700

## NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) SINGLE FAMILY MORTGAGE PROGRAMS STATEMENT OF NET POSITION SEPTEMBER 30, 2023 (IN THOUSANDS)

	Single Family Mo	ortgage Programs	Total
	2005	2009	Single Family
	General	General	Mortgage
	Indenture	Indenture	Programs
ASSETS			
CURRENT ASSETS			
Restricted Cash and Cash Equivalents	\$ 29,036	\$ 45	\$ 29,081
Accrued Interest Receivable	4,555	36	4,591
Intra-Entity Payable	(640)	(23)	(663)
Total Current Assets	32,951	58	33,009
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents	86,917	350	87,267
Restricted Securitized Mortgage Loans, Net:	,-		- , -
Securitized Mortgage Loans, Net Cost	1,457,320	9,772	1,467,092
Unrealized Gain on Securitized Mortgage Loans	(174,259)	(626)	(174,885)
Total Restricted Securitized			
Mortgage Loans, Net	1,283,061	9,146	1,292,207
Total Noncurrent Assets	1,369,978	9,496	1,379,474
Total Assets	1,402,929	9,554	1,412,483
DEFERRED OUTFLOWS			
Refundings of Debt	153	-	153
	100		
Total Assets and Deferred Outflows	\$ 1,403,082	\$ 9,554	\$ 1,412,636
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accrued Interest Payable	\$ 8,190	\$ 20	\$ 8,210
Accounts Payable and Other Accrued Expenses	26	-	26
Current Portion of Bonds Payable	29,031	45	29,076
Total Current Liabilities	37,247	65	37,312
NONCURRENT LIABILITIES			
Bonds Payable	1,509,143	9,140	1,518,283
Total Noncurrent Liabilities	1,509,143	9,140	1,518,283
Total Liabilities	1,546,390	9,205	1,555,595
Deferred Cost of Refunding	244	-	244
NET POSITION:			
Net Position Restricted for Debt Service	115,953	349	116,302
Unrestricted Net Position	(259,505)	-	(259,505)
Total Net Position	(143,552)	349	(143,203)
Total Liabilities and Net Position	\$ 1,403,082	\$ 9,554	\$ 1,412,636

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) SINGLE FAMILY MORTGAGE PROGRAMS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION SEPTEMBER 30, 2023 (IN THOUSANDS)

	Single Family Mortgage Programs				Total
	2005		009		gle Family
	General Indenture		neral enture		/lortgage Programs
OPERATING REVENUES	Indenture			F	Tograms
Interest on Mortgage Loans and Securitized					
Mortgage Loans	\$ 45,933	3 \$	431	\$	46,364
Interest on Securities and Temporary Investments	4,329	9	15		4,344
Other Revenues	3,306	6	-		3,306
Administrative Fees and Other	(4,104	1)	(55)		(4,159)
Total Operating Revenues	49,464	1	391		49,855
OPERATING EXPENSES					
Interest	41,630	)	250		41,880
Bond Issuance Costs	2,819	9	-		2,819
Administrative Fees and Other	183	3	1		184
Total Operating Expenses	44,632	2	251		44,883
OPERATING INCOME	4,832	2	140		4,972
NONOPERATING REVENUES (EXPENSES)					
Net Decrease in Fair Value of Investments	(51,055	5)	(207)		(51,262)
Other Financing Sources (Uses) - Operating Transfers	586	<u> </u>	(76)		510
Total Nonoperating Revenue (Expenses)	(50,469	9)	(283)		(50,752)
CHANGE IN NET POSITION	(45,637	7)	(143)		(45,780)
Total Net Position - Beginning of Year	(97,915	5)	492		(97,423)
TOTAL NET POSITION - END OF YEAR	\$ (143,552	2) \$	349	\$	(143,203)
CONDENSED STATEMENTS OF CASH FLOWS					
NET CASH PROVIDED (USED) BY: Operating Activities	\$ (206,950	)) \$	1,326	\$	(205,624)
Noncapital Financing Activities	\$ (200,950 178,947	, .	(1,538)	φ	(203,024) 177,409
Investing Activities	4,329		(1,556)		4,344
		<u> </u>			.,•
NET DECREASE	(23,674	4)	(197)		(23,871)
Cash and Cash Equivalents - Beginning of Year	139,627	7	592		140,219
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 115,953</u>	<u> </u>	395	\$	116,348

# SINGLE AUDIT INFORMATION

## NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number / Grant Number	Subrecipient Expenditures	Total Federal Expenditures	Beginning Balance, Loan or Loan Guarantees	Total
FEDERAL GRANTS						
U.S. Department of Housing and Urban Development						
Section 8 Housing Assistance Payments Program	14.195	NM800CC001	\$ 36,740,742	\$ 38,049,150	\$ -	\$ 38,049,150
Section 811	14.326	NM22RDD1301	412,993	412,993	-	412,993
Emergency Solutions Grants Program	14.231	E-24-DC-35-0001	1,106,460	1,194,885	_	1,194,885
COVID-19 Emergency Solutions Grants Program - CARES Act	14.231	E-20-DW-35-0001	442,570	447,631	_	447.631
Total Emergency Solutions Grants Program			1,549,030	1,642,516		1,642,516
HOME Investment Partnerships Program	14.239 14.239	M24-SG350100 M21-SP350100	487,671	5,716,226	39,556,591	45,272,817
HOME ARP	14.239	M21-SP350100	2,132,919 2,620,590	3,256,983 8,973,209	39,556,591	<u>3,256,983</u> 48,529,800
			2,820,390	8,973,209	39,550,591	48,329,800
Housing Opportunities for People with AIDS	14.241	NMH24-F999	1,737,447	1,785,425	-	1,785,425
COVID-19 Housing Opportunities for People with AIDS	14.241	NMH20-FHW999		(32)		(32)
Total Housing Opportunities for People with AIDS			1,737,447	1,785,393		1,785,393
APPA Tox Cradit Accietance Brogram	14.258	M-09-ES-35-0100			12.222.697	12.222.697
ARRA-Tax Credit Assistance Program Housing Trust Fund	14.275	F24-SG350100	-	4,241,776	12,222,697 14,864,775	12,222,697
NMAHCT Veterans Housing Rehabilitation & Modification Pilot Program	14.278	V-R1-6N-M0-0002	260,753	263,838		263,838
			200,700	200,000		200,000
Neighborhood Stabilization Program						
Pass-through State DFA (a Community Development	14.228	19-NSP1-2-J-01				
Block/Grant Neighborhood Stabilization Program)	14.228	B-22-RH-35-0001	-	508.824	2,216,902	2,216,902 508,824
Recovery Housing Program Pass-Through State DFA COVID-19 Community Development Block Grant Pass-Through State	14.228	20-CV-1002	(2,010)	508,824 11,987	-	11,987
Total Community Development Block Grants/State's Program	11.220	20 01 1002	(2,010)	520.811	2.216.902	2.737.713
Total U.S. Department of Housing and Urban Development			43,319,545	55,889,686	68,860,965	124,750,651
U.S. Department of Treasury						
Capital Magnet Fund	21.011	201CM055112	-	9,120	4,297,240	4,306,360
Pass-through from New Mexico State DFA:						
COVID-19 Homeowner Assistance Fund	21.026	HAF0013	-	14,460,939	-	14,460,939
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	CSLFRF-DFA-NMMFA-1	2,241,354	7,948,711		7,948,711
Total Department of Treasury			2,241,354	22,418,770	4,297,240	26,716,010
Department of Energy						
Weatherization Assistance for Low-Income Persons	81.042	EE0009918	2,321,531	2,814,893	-	2,814,893
Weatherization Assistance for Low-Income Persons BIL	81.042	EE0010003	3,767,712	4,241,275		4,241,275
Total Weatherization Assistance for Low-Income Persons			6,089,243	7,056,168		7,056,168
Total Department of Energy			6,089,243	7,056,168		7,056,168
U.S. Department of Health & Human Services						
Pass-Through from the NM Department of Human Services:						
Low Income Home Energy Assistance Program	93.568	24-630-9000-0017	2,411,395	2,456,279		2,456,279
Total Federal Grants			54,061,537	87,820,903	73,158,205	160,979,108
			04,001,001	01,020,000	10,100,200	100,010,100
LOAN GUARANTY PROGRAMS						
U.S. Department of Housing and Urban Development:	14.117	N//A				
Mortgage Insurance - Homes (FHA)	14.117	N/A	-	-	17,526,135	17,526,135
U.S. Department of Housing and Urban Development: GNMA Mortgage Backed Security Program	14.000	N/A		296.083.950	1,795,269,415	2.091.353.365
U.S. Department of Veterans Affairs:			-	200,000,900	1,730,203,413	2,031,000,000
Veterans Housing-Guaranteed and Insured Loans	64.114	N/A	-	503,157	-	503,157
U.S. Department of Agriculture:						
Very Low to Moderate Income Housing Loans	10.410	N/A	-	-	2,082	2,082
Section 538 Rural Rental Housing Guaranteed Loans	10.438	N/A	-	-	907,185	907,185
U.S. Department of Housing and Urban Development:	14.188	N/A			07 405 5 5	07.105.015
Housing Finance Agencies Risk Sharing Programs	14.100	IN/A		200 587 107	37,135,645	37,135,645
Total Loan Guaranty Programs			-	296,587,107	1,850,840,462	2,147,427,569
Total Federal Expenditures for Schedule of Federal Awards			\$ 54,061,537	\$ 384,408,010	\$ 1,923,998,667	\$ 2,308,406,677

See accompanying Notes to Schedule of Expenditures of Federal Awards.

## NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2024

# NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. The Authority's reporting entity is defined in Note 1 to the Authority's financial statements. All federal financial assistance received from the federal agencies, including amounts passed through from other governmental entities and disbursed by the Authority, is included in the Schedule in accordance with the requirements of OMB Circular 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

# NOTE 2 RELATIONSHIP TO THE AUTHORITY'S FINANCIAL STATEMENTS

Federal financial assistance program expenditures as presented in the accompanying Schedule primarily represent federal financial assistance payments disbursed by the Authority during the year ended September 30, 2024 or federally insured loans as described in Note 3.

# NOTE 3 MORTGAGE INSURANCE AND GUARANTEES

Certain mortgage loans of the Authority are insured by the Federal Housing Administration (FHA) and partially guaranteed by the Veterans Administration (VA). At September 30, 2024, the Authority recorded approximately \$17,160,000 of FHA insured loans. These serviced loans are included on the accompanying Schedule.

The Authority participates in the Risk Sharing loan program, under which the Department of Housing and Urban Development (HUD) provides credit enhancements for multifamily housing project loans. HUD and the Authority share in the risk of loss on the mortgage. HUD has assumed 90% of the risk in 34 loans. HUD's assumed risk approximated \$38,689,000 at September 30, 2024. Of the 34 loans closed, the Authority funded 30 loans with outstanding principal of \$39,670,000 at September 30, 2024. HUD's assumed risk of loss of approximately \$35,703,000 related to these 30 loans is recorded in the accompanying Schedule.

The Authority participates in the Section 538 Rural Rental Housing Guaranteed Loan Program, under which the Rural Housing Service (RHS), Department of Agriculture (USDA), provides credit enhancements to encourage private and public lenders to make new loans for affordable rental properties that meet program standards. The USDA has assumed 90% of the risk in the one loan closed and funded by the Authority.

## NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2024

## NOTE 3 MORTGAGE INSURANCE AND GUARANTEES (CONTINUED)

At September 30, 2024, the loan had an outstanding principal of \$981,000, of which the USDA assumed risk of loss of approximately \$883,000 is recorded in the accompanying Schedule.

# NOTE 4 LOANS AND LOAN GUARANTEES

Loans and loan guarantees in the accompanying Schedule consist of outstanding principal loans in programs that have ongoing compliance requirements.

The following is a summary of changes in federal loan balances for the year ended September 30, 2024:

	Assistance						
	Listing	Se	eptember 30,	Current Year		5	September 30,
Program Title	Number	2	023 Balance		Activity		2024 Balance
HOME Investment Partnerships Program	14.239	\$	39,556,591	\$	(4,457,518)	\$	35,099,073
ARRA-Tax Credit Assistance Program	14.258		12,222,697		(163,844)		12,058,853
Neighborhood Stabilization Program	14.228		2,216,902		(18,363)		2,198,539
Mortgage Insurance - Homes (FHA)	14.117		17,526,134		(365,768)		17,160,366
Veterans Housing-Guaranteed and Insured Loans	64.114		-		503,157		503,157
Very Low to Moderate Income Housing Loans	10.410		2,082		(2,082)		(0)
Section 538 Rural Rental Housing Guaranteed Loans	10.438		907,185		(24,504)		882,681
GNMA Mortgage Backed Security Program	14.000		1,795,269,415		296,083,950		2,091,353,365
Housing Finance Agencies Risk Sharing Programs	14.188		37,135,646		(2,315,351)		34,820,295
Capital Magnet Fund	21.011		4,297,240		1,032,126		5,329,366
Housing Trust Fund - National	14.275		14,864,775		(3,764,438)		11,100,337
Total		\$	1,923,998,667	\$	286,507,364	\$	2,210,506,031

# NOTE 5 INDIRECT COSTS

The Authority has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance for loans awarded after November 12, 2020.



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#### INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Authority Members New Mexico Mortgage Finance Authority and Joseph M. Maestas, P.E. New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the fiduciary fund of the New Mexico Mortgage Finance Authority (the Authority), a component unit of the state of New Mexico, as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 26, 2024. The report recognizes that the Authority restated beginning net position for the implementation of a new accounting standard.

#### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Authority Members New Mexico Mortgage Finance Authority and Joseph M. Maestas, P.E. New Mexico State Auditor

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clifton Larson Allen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico November 26, 2024



#### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Authority Members New Mexico Mortgage Finance Authority and Joseph M. Maestas, P.E. New Mexico State Auditor

#### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

We have audited New Mexico Mortgage Finance Authority's (the Authority), a component unit of the state of New Mexico, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended September 30, 2024. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

#### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative* Requirements, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Authority Members New Mexico Mortgage Finance Authority and Joseph M. Maestas, P.E. New Mexico State Auditor

#### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to New Mexico Mortgage Finance Authority's federal programs.

#### Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Authority Members New Mexico Mortgage Finance Authority and Joseph M. Maestas, P.E. New Mexico State Auditor

#### **Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiencies, in internal control over compliance with a type of compliance of the type of deficiencies, in internal control over compliance with a type of deficiencies, in internal control over compliance with a type of deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance that weaknesses or significant deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance that we consider to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clifton Larson Allen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico November 26, 2024

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED SEPTEMBER 30, 2024

#### Section I – Summary of Auditors' Results

### **Financial Statements**

1.	Type of auditors' report issued:	Unmodified			
2.	Internal control over financial reporting:				
	Material weakness(es) identified?		yes	X	no
	Significant deficiency(ies) identified?		yes	X	none reported
3.	Noncompliance material to financial statements noted?		yes	X	no
Feder	al Awards				
1.	Internal control over major federal programs:				
	Material weakness(es) identified?		yes	Х	no
	Significant deficiency(ies) identified?		yes	X	none reported
2.	Type of auditors' report issued on compliance for major federal programs:	Unmodified			
3.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		yes	X	no
Identi	fication of Major Federal Programs				
	Assistance Listing Number(s)	Name of Federal Program or Cluster			
	14.000 14.188 21.027	Ginnie Mae Mortgage-Backed Securities Program Risk Sharing Loan Program Coronavirus State and Local Fiscal Recovery Funds(CSLFRF)			
	threshold used to distinguish between A and Type B programs:	\$ <u>3,000,000</u>	<u>)</u>		
Audite	e qualified as low-risk auditee?	X	yes		no

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) YEAR ENDED SEPTEMBER 30, 2024

#### Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) SUMMARY OF PRIOR YEAR AUDIT FINDINGS YEAR ENDED SEPTEMBER 30, 2024

### Section IV – Summary of Prior Year Audit Findings

#### FINDINGS – FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

#### FINDINGS-FEDERAL AWARD PROGRAMS AUDITS

There were no federal award program findings in the prior year.

# OTHER REQUIRED SCHEDULES

#### NEW MEXICO MORTGAGE FINANCE AUTHORITY (A COMPONENT UNIT OF THE STATE OF NEW MEXICO) EXIT CONFERENCE YEAR ENDED SEPTEMBER 30, 2024

An exit conference was conducted on November 25, 2024, in which the contents of this report were discussed with the following:

#### New Mexico Mortgage Finance Authority

Derek Valdo, Vice Chairman of Board and Chairman of Finance Committee Martina CdeBaca, proxy for Attorney General Howie Morales, Lt. Governor, Finance Committee Member Christine Anaya, proxy for Laura M. Montoya, State Treasurer and Finance Committee Member Izzy Hernandez, Executive Director/Chief Executive Officer Arundhati Bose, Chief Financial Officer Joseph McIntyre, Controller

#### CliftonLarsonAllen, LLP

Gaby Miller, Principal Chris Gregory, Audit Manager Maegan Morris, Senior Associate



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# Tab 4

HOUSING NEW MEXICO MFA	MEMO
то:	Housing New Mexico Board of Directors <b>Through:</b> Finance Committee – January 7, 2025 <b>Through:</b> PC Committee – December 30, 2024
FROM:	Justin Carmona, Development Loan Manager Tim Martinez, Assistant Director of Housing Development George Maestas, Director of Housing Development
DATE:	January 15, 2025
SUBJECT:	Proposed Revisions to the National Housing Trust Fund Notice Funding Availability

# **Recommendation:**

Staff recommend Housing NM's Board of Directors approve revisions to the National Housing Trust Fund ("NHTF") Notice of Funding Availability ("NOFA") in order to update funding limits, scoring criteria, Contact Person information, and references throughout the document from MFA to Housing NM.

of

# **Background:**

The National Housing Trust Fund (NHTF) is funded by an assessment on loans made by Fannie Mae and Freddie Mac and administered by HUD. It was established under the Housing and Economic Recovery Act of 2008. On January 30, 2015, HUD published an interim rule (24 CFR Parts 91 and 93) providing guidelines for states to implement their NHTF programs. New Mexico receives an allocation of approximately \$3 million in NHTF.

NHTF allocations allow for the development of units for households earning no greater than 30% of Area Median Income (AMI) or the federal poverty level. Since the NHTF NOFA's initial approval in 2017, Housing NM has allocated this program's funds to 32 projects, helping to finance the development of 2,468 units.

In June 2017, Housing NM's Board of Directors approved the first iteration of NHTF NOFA, to establish the rules by which Housing NM allocates these funds.

In September 2022, Housing NM's Board of Directors approved the current version of the NOFA. Implementing the per project funding limit for any project not receiving 9% Low Income Housing Tax Credits ("LIHTC") to \$1,500,000 was one of the most substantial changes made to the NOFA at this Board meeting. Since then, the number of projects not receiving 9% LIHTC requesting NHTF has grown substantially to the point that, beginning in 2024, Housing NM now forward allocates these funds to projects.

#### **Discussion:**

In sequential order, staff recommend the following revisions to the NHTF NOFA:

- 1. Updating References to Housing NM- On pages 1-11: Our organization changed the name that we do business under from the New Mexico Mortgage Finance Authority ("MFA") to Housing New Mexico ("Housing NM") in 2024. As such, change all references to "MFA" throughout the NOFA to "Housing NM".
- 2. Contact Person- On page 1: To align with current Housing NM staffing, change the contact person from Jacobo Martinez, who has since been promoted to Assistant Director of Housing Development, to Justin Carmona who is the current program manager of NHTF.
- **3. Application Submission-** On page 2: Remove reference to our organization posting an announcement on our website stating the amount of NHTF available to be awarded. Housing NM is not required by statute or regulation to perform this task, nor is it a task we carry out for any other funding program. Developers wishing to ascertain funds availability for any of our programs are encouraged to contact staff directly.
- 4. Funding limits and Restrictions- On page 6: Modify the language regarding per project limits on NHTF to limit awards to a maximum of \$400,000. This change is accomplished by removing references to this limit only applying to projects receiving 9% LIHTC as well as removing language stating that other projects are limited to a maximum of \$1,500,000 per project. Staff believe that limiting the amount of NHTF to \$400,000 per project regardless of other funding sources requested will allow us to utilize these funds to develop housing units for very low-income households in more projects across New Mexico.

Additionally, staff would like to add language to this section granting Housing NM's Board of Directors the discretion to award higher amounts of these funds based on program demand, participation, and funding availability. This language is already found in the section of our organization's Annual Action Plan to HUD; however, we are not currently allowed to exercise this discretion because the NHTF NOFA does not include this language. 5. **Scoring Criteria-** On page 8: Remove reference to the City of Farmington and the City of Roswell as non-Rural places. Doing so will align the NHTF programs' definition of "Urban" with the 2025 Qualified Allocation Plan's definition. Projects in the City of Farmington and the City of Roswell would also now be considered "rural" and eligible for scoring points as such under the NHTF NOFA.

#### Summary:

MFA staff recommends revising the NHTF NOFA to update funding limits, scoring criteria, Contact Person information, and references throughout the document from MFA to Housing NM. Staff view the \$400,000 maximum threshold as an important rule which will result in a more equitable distribution of NHTF throughout our state. Also, removing references to the City of Roswell and the City of Farmington as non-rural will further align definitions across Housing NM programs. As such, staff recommends the approval of all proposed changes to the NHTF NOFA.

# National Housing Trust Fund Notice of Funding Availability (NOFA)

# **Introduction and Background**

The National Housing Trust Fund (NHTF) was established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131. In December 2014, the Federal Housing Finance Agency directed Fannie Mae and Freddie Mac to set aside and allocate funds to the NHTF. On January 30, 2015, the U.S. Department of Housing and Urban Development (HUD) published an interim rule (24 CFR Parts 91 and 93) providing guidelines for states to implement the NHTF. Each state's allocation was published on May 4, 2016, and New Mexico received an allocation of \$3 million. Housing New Mexico | New Mexico Mortgage Finance Authority (MFAhereafter referred to as "Housing NM") will distribute these funds in accordance with 24 CFR Parts 91 and 93.

MFAHousing NM is a governmental instrumentality separate and apart from the state, created by the New Mexico Mortgage Finance Authority Act for the purpose of financing affordable housing for low- and moderate-income New Mexico residents. The state of New Mexico designated MFAHousing NM as the administrator of the state's NHTF program. Ten percent of MFAHousing NM's allocation and of future program income will be used for eligible administrative and planning costs, in accordance with 24 CFR 93.202. MFAHousing NM will distribute the remaining NHTF funds directly to recipients; no funds will be distributed to sub-grantees. Funds will be distributed in the form of forgivable loans, in accordance with the guidelines set forth in this NOFA, as well as priority housing needs identified in the state's Consolidated Plan.

The purpose of the NHTF is to provide a new affordable housing production program that will complement existing federal, state, and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for households whose incomes do not exceed the greater of 30% of Area Median Income (AMI) or the federal poverty line (hereinafter collectively defined as Extremely Low Income or "ELI" households). One hundred percent of rental units funded by NHTF will be occupied by ELI households.

# **Contact Person**

Applicants are encouraged to direct questions regarding the New Mexico Housing Trust Fund Notice of Funding Availability (NOFA) and Funding Application Guidelines to:

Jacobo MartinezJustin Carmona New Mexico Mortgage Finance Authority 344 Fourth Street SW7425 Jefferson St. NE Albuquerque, NM 8710287109 Phone: (505) 843-6880767-2280 or toll-free statewide (800) 444-6880 E-mail: ssu@housingnm.orgjcarmona@housingnm.org

TTY/Voice: 711, or if no answer, 1-800-659-8331 (English) OR 1-800-327-1857 (Spanish)

Approved by MFAHousing NM Board of Directors. Revised September 2022January 2025.

# **Application Submission**

Applications must be received no later than 60 days prior to a regularly scheduled meeting of the MFAHousing NM Board of Directors in-order to be considered at that meeting. Meetings of the MFAHousing NM Board of Directors are generally held every third Wednesday of the month. All applications submitted by the deadline for a particular MFAHousing NM Board of Directors meeting will be treated as one funding round and evaluated concurrently. Subject to fund availability, final funding decisions will be made by MFAHousing NM's Board of Directors. If sufficient funds are not available to fund all applications that meet the requirements outlined in this NOFA, the application receiving the highest score will be recommended to the MFAHousing NM Board of Directors for approval, followed by the next highest scoring application, etc., until the remaining funds are no longer sufficient to fulfill the next highest scoring application's requested loan amount.

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 60 days prior to a regularly scheduled meeting of the MFA Board of Directors in order to be considered at that meeting.

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

# **Eligible Applicants**

Eligible recipients include nonprofit entities, for-profit entities, public housing agencies, and tribally designated housing entities. Participating recipients must be approved by <u>MFAHousing NM</u> 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 NHTF assistance:

- Applicant must not currently be suspended, debarred or otherwise restricted by any department or agency of the federal government or state government from doing business with such department or agency because of misconduct or alleged misconduct.
- Applicant and all members of the development team (developer, general partner, contractor, management company, consultant(s), architect, attorney, and accountant, etc.) of the proposed project must be in good standing with MFAHousing NM and all other state and federal affordable housing agencies or departments. For example, debarment from HUD, MFAHousing NM, or other federal housing programs, bankruptcy, criminal indictments or convictions, poor performance on prior MFAHousing NM or federally-financed projects (for example, late payments within the 18-month period prior to the application deadline, misuse of reserves and/or other project funds, default, fair housing violations, non-compliance (e.g. with the terms of Land Use Restriction Agreements on other projects), or failure to meet development deadlines or documentation requirements) on the part of any proposed development team member or project owner or other principal may result in rejection of an application by MFAHousing NM.
- MFA<u>Housing NM</u> will require CPA audited or reviewed financial statements of the developer's organization and analyze to determine if the developer has sufficient capacity and financial management systems to account for use of Federal funds. The audit system review can help to determine if the financial systems are adequate.

Approved by MFAHousing NM Board of Directors. Revised September 2022 January 2025.

- If applicant has an audited financial statement, the following types of audit findings may disqualify applicant from funding but not limited to:
  - Repeat of unresolved audit findings, as determined by MFAHousing NM;
  - If applicant has received greater than \$750,000 in federal funds in the prior fiscal year end and its single audit did not meet the requirements of 2 CFR 200 Subpart F;
    - For any such single audit, no proof of Federal Audit Clearinghouse submission (FOR SF-SAC);
  - If referenced in audit as a separate communication, no submission of management, response letter and management response to concerns noted in the management letter; and
  - $\circ$   $\;$  If any findings, no submission of management response to findings.
- MFAHousing NM will evaluate developers awarded funding for capacity to carry out the project based on the following:
  - Developer's technical and managerial experience
  - Developer's staff's knowledge and skills to successfully implement the project
  - $\circ$  Developer's ability to meet its financial obligations and absorb the financial risk of the project
- MFAHousing NM will evaluate developers awarded funding for financial capacity based on the following:
  - $\circ$   $\;$  Developer's financial management systems and practices
  - Developer's financial resources to determine they are sufficient to carry the project to completion and through the required affordability period
- Private non-profit entities involved in property acquisition must evidence the following:
  - Proof that the non-profit is organized under state or local law with either a charter or articles of incorporation
  - Proof that no part of its net earnings benefit of any member, founder, contributor, or individual with either a charter or articles of incorporation
  - A 501 (c)(3) or (4) Certificate from the IRS
- Finally, developers and other entities carrying out NHTF funded projects must also evidence good standing in the System for Award Management (SAM) (<u>https://www.sam.gov</u>).

# **Eligible Activities**

Eligible activities include the production, preservation and rehabilitation of affordable rental housing units for ELI households. The use of funds for new construction or rehabilitation of public housing must remain within 24 CFR 93.203 guidelines. Projects may include, but are not limited to, permanent rental housing for individuals or households experiencing homelessness, Single Room Occupancy (SRO) projects, senior projects and other special needs projects. Dormitories and transient housing (e.g. emergency shelters for homeless households) are ineligible. Given the high need for rental housing among ELI households, MFAHousing NM will not fund any homebuyer activities.

MFA<u>Housing NM</u> may, at its discretion, use NHTF funds for refinancing only when needed in order to permit or continue affordability of rental units when (1) rehabilitation is the primary activity, (2) the use of NHTF funds is proportional to the number of NHTF-assisted units in the project, and (3) the rehabilitation cost attributable to the NHTF units is greater than the amount of debt to be refinanced that is attributed to the NHTF units. <u>MFAHousing NM</u>'s minimum affordability period and underwriting standards for an initial

investment of NHTF funds would apply, which include: adequacy of management and owner, feasibility of project to meet operational and debt service requirements, consistency with the market, and review of total development costs and sources available to meet these needs.

Eligible costs are the following: development hard costs, refinancing costs, acquisition costs, related soft costs and relocation costs as defined in 24 CFR 93.201. Up to 10 percent of MFAHousing NM's allocation and of future program income will be used for eligible administrative and planning costs, in accordance with 24 CFR 93.202. For NHTF-assisted units for which project-based assistance is not available, when necessary and subject to the limitations in 24 CFR 93.200 (a) and in accordance with the requirements found in 24 CFR 93.201 (e), NHTF funds may be available to pay for operating cost assistance and operating cost assistance reserves.

# **Beneficiary Income Limits and Rent Restrictions**

Beneficiaries or occupants of units financed by the NHTF must have incomes at or the NHTF income limits published by HUD, which the applicant shall be required to verify. Rents may not exceed the NHTF rent limits published by HUD.

# **Affordability Period**

The minimum affordability period for NHTF-assisted units is 30 years, as set forth in 24 CFR 93.302(d).

Projects will be subject to an annual Compliance Monitoring Fee of \$45.00 per NHTF unit, paid annually in advance, which must be reflected in the project's operating budget. <u>MFAHousing NM</u> may establish a minimum annual Compliance Monitoring Fee that is based on the number of NHTF units in the project. This fee may be waived if required under another <u>MFAHousing NM</u> funding source, as it is <u>MFAHousing NM</u>'s intent to collect one fee per NHTF unit.

# **Limitation on Beneficiaries or Preferences**

Preferences defined in this NOFA may not violate nondiscrimination requirements in the NHTF interim rule at 24 CFR 93.350. Projects may not limit occupancy to or provide preference to students. For NHTF-funded units, owners of NHTF-assisted projects are permitted to limit occupancy to or provide preference to the following populations:

- Households or individuals experiencing homelessness;
- Individuals with disabilities;
- Individuals with severe mental illnesses;
- Individuals with alcohol or other addictions;
- Individuals with HIV/AIDS;
- Victims of domestic violence;
- Senior Housing;
- Veterans;
- Individuals on public housing waiting lists;
- Youth transitioning out of foster care; and

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• Ex-offenders.

See the Definitions section at the end of this NOFA. At the applicant's request, <u>MFAHousing NM</u> may consider alternative definitions on a case-by-case basis.

While not required to limit occupancy or provide preferences to the populations described above, owners of NHTF-assisted projects who do must do so in accordance with 24 CFR 93.303(d). The intent is merely to allow owners of NHTF-assisted projects to limit occupancy to or provide preference to populations identified within this section as well as the priority housing needs identified in the NM Consolidated Plan.

Any limitation or preference must not violate nondiscrimination requirements. Federal fair housing requirements, including the duty to affirmatively further fair housing, are applicable to the NHTF program. A limitation does not violate nondiscrimination requirements if the project also receives funding from a federal program that limits eligibility to a particular segment of the population (e.g. Housing Opportunity for Persons Living with AIDS program, the Section 202 and Section 811 programs or the Housing for Older Persons Act).

# **Environmental Requirements**

New construction and rehabilitation projects funded with NHTF must be assessed in accordance with the NHTF Environmental Provisions described in 24 CFR 93.301(f)(1) and (2) as well as HUD Notice CPD-16-14, "Requirements for Housing Trust Fund Environmental Provisions." Copies of all NHTF Environmental Provisions are posted on <u>MFAHousing NM's</u> website for review at <u>http://housingnm.org/developers/national-housing-trust-fund-environmental-review</u>.

# **Other Federal Requirements**

All projects must meet the affirmative marketing, lead-based paint, relocation, conflict of interest, and other federal requirements described in 24 CFR Section 93 Subpart H.

# **Property Standards**

All projects must meet the standards described in 24 CFR 93.301. All rehabilitation projects must meet the requirements found in Attachment A: National Housing Trust Fund Rehabilitation Standards.

In addition, all projects must meet the requirements described in the MFAHousing NM Mandatory Design Standards for Multifamily Housing in effect at the time of application.

# **Funding Limits and Restrictions**

Awards of NHTF funds are contingent on sufficient appropriations and authorization being made by HUD and the state of New Mexico and are further subject to applicable law. If these are not available, any loan or other agreement between <u>MFAHousing NM</u> and any successful, eligible applicant shall terminate upon written notice being given by <u>MFAHousing NM</u> to the applicant. <u>MFAHousing NM</u>'s decision as to whether sufficient appropriations are available or whether NHTF assistance may be awarded subject to applicable law shall be accepted by any applicant and shall be final.

Awards of NHTF funds are limited by the maximum per-unit subsidy limits and the <u>MFAHousing NM</u>'s underwriting guidelines. Awards of NHTF funds to projects that receive 9% low income housing tax credits are limited to a maximum of \$400,000 per project. <u>Depending on program demand, participation, and fund</u> <u>availability, higher awards may be allowed, at Housing NM Board of Directors' discretion</u>. Awards of NHTF funds to all other projects are limited to a maximum of \$1,500,000 per project. Projects that will include accommodations for individuals with disabilities are likely to have higher development costs. Projects will be evaluated separately for cost-efficiency.

**Maximum Per-Unit Subsidy Limits** - To allow maximum flexibility, the maximum per-unit subsidy limits for NHTF will be set at HUD's applicable limits for the HOME Program effective at the time of commitment of NHTF funds. The maximum per-unit subsidy limits change annually, and applicant should contact <u>MFAHousing NM</u> for the most recent data.

**Developer and Consultant Fees** - Developer fees, inclusive of consultant fees, will be restricted to the maximum limits as described within <u>MFAHousing NM</u>'s General Underwriting Guidelines as a percentage of sum of acquisition and site improvements, hard construction costs, professional fees, financing costs, and soft costs, unless further restricted by other funding sources.

**Builder Fees** - "Builder Fees" generally cover builder overhead, profit and general requirements and are limited to a percentage of site improvements and hard construction costs, Builder Fees will be restricted to the maximum limits as described within <u>MFAHousing NM</u>'s General Underwriting Guidelines, unless further restricted by other funding sources.

# **Project Readiness Standards**

MFAHousing NM intends to make NHTF awards only to projects that are significantly ready to proceed. At the time of application, the project must have all required zoning in place and the applicant should have all significant environmental issues identified with a plan to address such issues. Preference will be given to projects that have all funding commitments, other than MFAHousing NM resources, in place. The applicant must be able to represent to MFAHousing NM that there are no unusual circumstances that would delay a loan closing.

# **Funding Terms and Conditions**

All awards will be subject to the availability of funds and applicable laws and regulations. MFA<u>Housing</u> <u>NM</u> will allocate only the minimum amount of funds that it determines to be necessary for the financial feasibility of a project and its viability throughout the affordability period. Principles of sound underwriting and risk management will be applied when reviewing all applications.

NHTF financing that will be used as a financing resource in a property also allocating LIHTC will be in the form of non-interest-bearing cash flow loans (applicants seeking credits will need to ensure that the proposed loan meets IRS requirements to be included in eligible basis).

NHTF financing that will be used as a financing resource in a property that will **not** use LIHTC will be in the form of a non-interest bearing "compliance loan." If all of the regulatory and contractual requirements are completed, the loan will be forgiven at the end of the NHTF Period of Affordability, and <u>MFAHousing</u>

<u>NM</u>'s secured interest released. <u>MFAHousing NM</u> would have the right to foreclose on the security deed in the event of a determination of nonperformance or substantial noncompliance with the NHTF program requirements.

Loans will be secured by mortgages and/or other appropriate liens. Land Use Restriction Agreements (LURAs) will be required for all loans. LURAs will remain in place throughout the required affordability period (30 years) regardless of the status of the loan or changes in ownership, unless equal or more restrictive restrictions are in place from other funding sources or are imposed through permanent affordability mechanisms such as deed restrictions or land trusts.

# **Evaluation of Applications and Documentation**

MFAHousing NM staff will evaluate applications submitted based on the following Scoring Criteria and all required documentation as outlined in the Universal Rental Development Application. Staff may contact applicants for clarification of information provided. In the event of a tie score, staff will recommend approval based on financial need and applications that are deemed to be most advantageous to achieving the goals of the NHTF.

# **Scoring Criteria**

All projects must meet the following threshold criteria:

- NHTF-assisted units must provide permanent rental housing for ELI households;
- NHTF-assisted units must remain affordable to ELI households for at least 30 years;
- The applicant must certify that NHTF-assisted units will comply with all NHTF requirements;
- The project must be financially feasible;
- NHTF-assisted rehabilitation projects must comply with the rehabilitation standards found in Attachment A: National Housing Trust Fund Rehabilitation Standards; and
- The project must include at least four (4) rental units.

Scoring Criteria	Points
Geographic diversity	
No other Low Income Housing Tax Credit, public housing, or federally-	3 or 5
subsidized housing projects within:	
• ¼ mile radius = 3 points	
• ½ mile radius = 5 points	
Duration of the affordability period beyond the required 30 years	5
Projects committed to an additional five or more years	
Energy efficiency	
Home Energy Rating System (HERS) score exceeds a sufficient HERS rating	5
as stipulated in the then-current MFA <u>Housing NM</u> Design Standards	
Organization type	
Developer/general partner is a New Mexico nonprofit organization, a Tribal	5
Designated Housing Entity (TDHE), or a public housing authority	
Absence of project-based rental assistance	5

Projects without project-based rental assistance or projects that have or w have project-based rental assistance covering less than or equal to 25% of the total units	
Transit-oriented development Projects within 1/2-mile walking distance of public transportation Public transportation must be established and provided on a fixed route will scheduled service. Alternative forms of transportation may be acceptable, provided sufficient documentation is submitted that establishes the alternative form of transportation is acceptable to MFAHousing NM. A future promise to provide service does not satisfy this scoring criterion.	10 ith
Tribal or Rural location         Tribal or Rural Housing projects, defined as follows:         A. Tribal – Projects located on tribal lands, or         B. Rural – Projects located outside of the boundaries of Bernalillo County,         the City of Rio Rancho, the City of Las Cruces, or the City of Santa Fe, the County of Farmington or the City of Roswell.	
<ul> <li>Creation of new units serving ELI households, through new construction, adaptive reuse or conversion of market-rate units</li> <li>Examples: <ul> <li>New construction of 4 new units (minimum project size) consisting of market rate units and 1 ELI unit = 1 point</li> <li>Adaptive reuse of a hotel into 30 units consisting of 10 market rate units, 10 units at 50% AMI, and 10 ELI units = 10 points</li> </ul> </li> <li>Each new ELI unit = 1 points (Capped at 10 points)</li> </ul>	Up to 10
Readiness         Applicant's ability to obligate NHTF funds and undertake eligible activities in a timely manner         Projects that have         (1) evidence of site control =5 points         (2) evidence that the current zoning of the proposed site does not prohibit multifamily housing = 5 points         (3) evidence of all other non-MFAHousing NM funding sources         a.) letters of interest from all other non-MFAHousing NM funding = 5 points         b.) commitment letters from all other non-MFAHousing NM funding	Up to 20
sources = 10 points         Leverage         Use of state, local and private funding sources         Projects that have funding sources outside of federal funding sources, low- income housing tax credits, bond financing, and MFAHousing NM funding sources, as follows:         10% of NHTF funds requested = 4 points         20% of NHTF funds requested = 8 points         30% of NHTF funds requested = 12 points         40% of NHTF funds requested = 20 points         50% of NHTF funds requested = 20 points	Up to 20
5576 6 WITT Julius requested – 20 politis	Up to 20

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housing for persons with severe mental illness, housing for persons with	
disabilities, housing for persons with alcohol or other addictions, housing for	
persons with HIV/AIDS, housing for victims of domestic violence, housing for	
individuals or households experiencing homelessness, as follows:	
10% of NHTF units targeted to any priority housing need = 4 points	
20% of NHTF units targeted to any priority housing need = 8 points	
30% of NHTF units targeted to any priority housing need = 12 points	
40% of NHTF units targeted to any priority housing need = 16 points	
50% of NHTF units targeted to any priority housing need = 20 points	
Total Possible Points = 115	
Minimum Points Required = 40	

Changes to the application/project after award require MFAHousing NM's approval and applicant/owner must notify MFAHousing NM in writing of any changes and include a \$500 Change Fee with the request. If the project received funding under another program that requires payment of the Change Fee, the NHTF Change Fee may be waived. It is the intent of MFAHousing NM to charge this fee only once per change. Changes to the application/project after award, including changes in funding sources, will result in an additional review against the Scoring Criteria. Changes that impact the initial score can result in the loss or reduction of an NHTF award.

# **Application Format and Instructions to Applicants**

All proposals must include the items requested in the application checklist on <u>MFAHousing NM</u>'s website located at http://www.housingnm.org/developers. The checklist includes, but is not limited to, such items as application, schedules, resumes, audits, narrative, certifications and disclosures.

The application fee for NHTF will be \$250.

#### **Incurred Expenses**

MFA<u>Housing NM</u> shall not be responsible for any expenses incurred by an applicant in applying for NHTF funding. All costs incurred by an applicant in the preparation, transmittal or presentation of any application or material submitted in response to this NOFA will be borne solely by the applicant.

# **Award Notice**

MFA<u>Housing NM</u> shall provide written notice of the award to all applicants within fifteen (15) days of the date of the award. The award shall be contingent upon meeting all loan closing conditions determined by <u>MFAHousing NM</u> and execution of all final loan documents.

# **Application Confidentiality**

Prior to the application deadline, <u>MFAHousing NM</u> encourages inquiries from potential applicants regarding the NOFA. <u>MFAHousing NM</u> shall not disclose any information regarding a proposed application provided during such inquiries to any third party. After the application deadline and until awards are made and notice given to all applicants, <u>MFAHousing NM</u> will not disclose the contents of any application or discuss

the contents of any proposal with an applicant or potential applicant, so as to make the contents of any offer available to competing or potential applicants.

After awards have been made and notice given to all applicants, all applications shall be available and open to the public for review.

# **Irregularities in Applications**

MFA<u>Housing NM</u> may waive any technical irregularities in an application selected for award that do not alter the nature or the quality of the services offered. Note especially that the date and time of application submission indicated herein under "Application Submission and Due Date" cannot be waived under any circumstances.

# **Responsibility of Applicants**

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

A responsible applicant means an applicant who submits an application that conforms in all material respects to the requirements of this NOFA and the NHTF application and who has furnished, when required, information and data to prove that the applicant's financial resources, facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the services described in this NOFA.

# Protest

Any applicant who is aggrieved in connection with this NOFA or the award of a loan agreement pursuant to the NHTF application process may protest to MFAHousing NM. The protest must be written and addressed to the Contact Person. The protest must be delivered to MFAHousing NM within five (5) calendar days after the notice of award or decline. Upon the timely filing of a protest, the Contact Person shall give notice of the protest to all applicants who appear to have a reasonable prospect of being affected by the outcome of the protest. The applicants receiving notice may file responses to the protest within five (5) calendar days of notice of protest. A committee appointed by the MFAHousing NM Board Chair shall review the protest and responses to the protest and shall make a recommendation to the Board of Directors regarding the disposition of the protest.

The Board of Directors shall make a final determination regarding the disposition of the protest. Applicants or their representatives shall not communicate with MFAHousing NM Board of Directors or staff members regarding any proposal under consideration, except when specifically permitted to present testimony to the committee of the Board of Directors. A proposal will be deemed ineligible if the applicant or any person or entity acting on behalf of applicant attempts to influence members of the Board of Directors or staff during any portion of the review process, or does not follow the prescribed Application and Protest process.

# **Code of Conduct**

Applicant has no current or proposed business transaction with <u>MFAHousing NM</u> or any of its Board members or employees, nor is aware of any other potential conflict which may give rise to a claim of conflict of interest. Any violation of this provision, as determined by <u>MFAHousing NM</u>, will render the contract void, unless it is approved by the Board of Directors after full disclosure.

Applicant shall provide a statement disclosing any political contribution or gift valued in excess of \$250 (singularly or in the aggregate) made by Applicant or on Applicant's behalf to any elected official of the State of New Mexico currently serving or who has served on the <u>MFAHousing NM</u> Board of Directors in the last three (3) years.

Applicant 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. Applicant shall at all times conduct itself in a manner consistent with the <u>MFAHousing NM</u> Code of Conduct. A copy of the <u>MFAHousing NM</u> Code of Conduct is posted on the <u>MFAHousing NM</u> website for review at http://www.housingnm.org/rfp. Upon request by <u>MFAHousing NM</u>, Applicant shall disclose information the <u>MFAHousing NM</u> may reasonably request relating to conflicts or potential conflicts of interest.

# **Use of Electronic Versions of this NOFA**

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

# Definitions

<u>Households or individuals experiencing homelessness</u> – A household or individual is considered homeless when residing in one of the places described below:

- In places not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings (on the street);
- In an emergency shelter;
- In transitional or supportive housing for homeless households/individuals who originally came from the streets or emergency shelters;
- In any of the above places but is spending a short time (up to 30 consecutive days) in a hospital or other institution;
- Is being evicted within a week from a private dwelling unit and no subsequent residence has been identified and the individual/household lacks the resources and support networks needed to obtain housing;
- Is being discharged within a week from an institution, such as a mental health or substance abuse treatment facility or a jail/prison, in which the person has been a resident for more than 30 consecutive days and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing; and/or

• Is fleeing a domestic violence housing situation and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing.

<u>Individuals with disabilities</u> - Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment. In general, a physical or mental impairment includes hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex and mental retardation that substantially limits one or more major life activities. Major life activities include walking, talking, hearing, seeing, breathing, learning, performing manual tasks and caring for oneself.

Individuals with severe mental illnesses - Serious mental illness (SMI) as defined by the Substance Abuse and Mental Health Services Administration (SAMHSA) - adults aged 18 or older who currently or at any time in the past year have had a diagnosable mental, behavioral, or emotional disorder (excluding developmental and substance use disorders) of sufficient duration to meet diagnostic criteria specified within the 4th edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM-IV) that has resulted in serious functional impairment, which substantially interferes with or limits one or more major life activities. Treatment Severe mental illness is often defined by its length of duration and the disability it produces. These illnesses include disorders that produce psychotic symptoms, such as schizophrenia and schizoaffective disorder and severe forms of other disorders such as major depression and bipolar disorder.

**Senior Housing** - The Fair Housing Act specifically exempts some senior housing facilities and communities from liability for familial status discrimination. Exempt senior housing facilities or communities can lawfully refuse to sell or rent dwellings to families with minor children. In order to qualify for the "housing for older persons" exemption, a facility or community must prove that its housing is:

- Provided under any State or Federal program that HUD has determined to be specifically designed and operated to assist elderly persons (as defined in the State or Federal program); or
- Intended for, and **solely** occupied by persons 62 years of age or older; or
- Intended and operated for occupancy by persons 55 years of age or older.

In order to qualify for the "55 or older" housing exemption, a facility or community must satisfy each of the following requirements:

- At least 80 percent of the units must have at least one occupant who is 55 years of age or older; and
- The facility or community must publish and adhere to policies and procedures that demonstrate the intent to operate as "55 or older" housing; and
- The facility or community must comply with HUD's regulatory requirements for age verification of residents.

# Tab 5

	MEMO
TO:	Housing New Mexico Board of Directors Through: Finance Committee - January 7, 2025 Through: PC Committee – December 23, 2024
FROM:	Dolores Wood, Human Resources Director
DATE:	January 15, 2025
SUBJECT:	2025 Employee Manual Revisions

**Recommendation:** Staff recommends approval of proposed revisions to the Employee Manual.

**Background:** Annually, the MFA Employee Manual is reviewed and updated. The Employee Manual is revised as needed for changes related to compliance, audit findings, clarifications, legal requirements, and changes in general practices.

MFA's Attorney reviews the manual annually and the last evaluation was performed by Quentin Smith at Stelzner Law Firm in December 2024.

After approval from the Board level, each individual staff member is given a revised Employee Manual with outlined revisions and the manual will be posted on MFA's Intranet.

**Discussion:** The revisions in the employee manual are minor in nature. The following is a summary of necessary changes incorporated for consideration:

Changes throughout the document will reflect the change from MFA to Housing New Mexico MFA. In addition, Information Systems will be referred to as Information Technology, which is also reflected throughout this employee manual.

Page #	Policy	Change
Page 13	Types of Employment	Removed language as it relates to exempt staff working from home.
Page 19/20	Telecommuting	Updated the telecommuting policy requiring all staff to be in office three days a week with mandatory Wednesday's.

Page 21	Office Appearance	Policy created to ensure office space, common
		areas, and vacant cubicles are kept clean and
		orderly.
Page	Pregnancy and Childbirth	Policy added to comply with the new Pregnant
22/23	Accommodations	Workers Fairness Act (PWCA)
Page 26	Passwords	Language added to outline the use of Dashlane
		application for passwords and password
		protection.
Page	Employee Educational	Language added to address other forms of
38/39	Assistance	repayment to be considered prior to Housing NM
		reimbursing employee.
		Created an Employee Education Payback
		Agreement. Language added to summarize the
		policy. Full forgiveness after 12 months of
		employment.
Page 50	Parent Teacher Conference	The form requirement is being deleted as the
0		process is now automated through our HRIS
		system.
Page 50	Inclement Weather and	New language created to indicate those who
	Office Closure	have IT connectivity have the ability to work from
		home even in inclement weather and office
		closures.
Page 60	Building Access	Language changed to address the changes in
		environment from the downtown location to the
		Jefferson location.
L		1

**Summary:** Annually, the MFA Employee Manual is reviewed and updated. The Employee Manual is revised as needed for changes as it relates to compliance, audit findings, clarifications, and changes in general practices.

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# EMPLOYEE MANUAL & & POLICIES AND PROCEDURES MANUAL

JANUARY 20242025

Employee Manual

# Contents

INTRODUCTORY STATEMENT.	
HOUSING NEW MEXICO   MFA MANDATE, VISION, MISSION, CORE VALUES AND	9
EMPLOYER STATEMENT	
Housing New Mexico   MFA Mandate	9
Vision Statement	
Mission Statement	9
Employer Statement	9
Equal Employment Opportunity Statement	10
The Americans with Disabilities Act (ADA) & ADA Amendments Act (ADAAA)	
HIRING POLICIES & PROCEDURES.	
Hiring Procedures	11
Background Checks	11
Employment of Relatives	11
TYPES OF EMPLOYMENT	13
Full-Time Employee	13
Part-Time Employee with Benefits	13
Part-Time Employee without Benefits	13
Temporary Employee	13
Term Employee	13
Exempt Employee	13
Nonexempt Employee	13
Outside Employment	13
NEW EMPLOYEE ORIENTATION	15
Human Resources Coordinator's Responsibilities	
Supervisor's Responsibilities	15
Facilities Manger Responsibilities	15
Information Technology Department's Responsibilities	15
Receptionist Responsibilities	
GENERAL OFFICE POLICIES	
Conduct in General	16
Internal Conduct	
Reporting Suspected Fraud, Waste & Abuse and/or Unethical or Illegal Practices	
Whistleblower Protection	
Protection of Confidential, Sensitive or Proprietary Information	
Business Hours	
Standard Workweek	
Work Hours and Flexible Work Schedules	
Attendance	
Breaks	
Lunch	
Scent Sensitivity	
Attire	
Smoking	21

Children in the Workplace	21
Nursing Mothers	
Solicitation	
Religion in the Workplace	
Participation in Housing New Mexico   MFA's Housing Programs and Disclosure	
ACCEPTABLE USE AND DATA SECURITY	
Software License Compliance	
Data Loss/Breach	
Removable Media	23
Security	23
Passwords	23
Backups	24
Training	24
E-Mail	
Clean Desk	
Intranet	26
Internal Controls	27
Social Media	27
Brand Guidelines	27
Confidentiality	27
Training	
Guidelines for Interaction about Housing New Mexico   MFA on the Internet	
Confidential Information	
Respect and Privacy Rights	
Discipline	29
Media Contact	29
Remote Access	29
PAY POLICIES AND PROCEDURES	30
Pay Process	30
Documentation of Time	
Overtime Procedures	30
Compensable Travel Time for Non-Exempt Employees	
Non-Compensable Travel Time and Expenses	31
General Rules Applying to All Travel	31
Redline Compensation Policy	
SUMMARY OF EMPLOYEE BENEFITS	32
General Statement	32
Health, Vision and Dental Insurance	
Domestic Partners	
Flexible Spending Accounts	
Short- and Long-Term Disability Insurance	
Group Term Life Insurance and AD&D Insurance	
Supplemental Life and AD&D Insurance	
Spouse/Domestic Partner Supplemental Life and AD&D Insurance	
Employee Assistance Plan	
401(k) Retirement Plan	

Employee Contributions	
Automatic Deferral Increases	
Employer Matching Contributions	
Employer Non-Elective Contributions	
Loans	
Vesting	
457(b) Deferred Compensation Plan	
Employee Educational Assistance	
Mass Transit	
Costco/Sam's Club Reimbursements	
Seminars and Conferences	
Compensable Time at Seminars and Conferences (non-exempt employees)	
Volunteerism	
INCENTIVE COMPENSATION PLAN	
Performance Evaluations	
Merit Increases	
Spot Incentive Awards	
Annual Incentive Awards	40
LEAVE WITH PAY	
Vacation Leave	
Full-Time Employees	
Part-Time Employee with Benefits	
Use of Vacation Leave	
Paid Personal Day	
Part-Time Employee with Benefits	
Paid Sick Leave	
Full-Time Employees	
Part-Time and Temporary Employees	
Use of Sick Leave	
Transfer of Sick Leave	
Forty (40) Consecutive Hour Leave	45
Paid Holidays	45
Holidays Observed	
Working on an Housing New Mexico   MFA Paid Holiday	46
Paid Administrative Leave	
Bereavement Leave	
Part-Time Employee with Benefits	46
Voting Time	
Jury Duty/Subpoenas	47
Parents with School Aged Children	47
Inclement Weather	48
Office Closure	48
LEAVES OF ABSENCE	
Family and Medical Leave Policy	
Eligibility for FMLA Leave	
Basic FMLA Leave Entitlement	49

Servicemember Leave Entitlement	
Intermittent Leave and Reduced Leave Schedules	
No Work While on Leave	
Use of Paid Leave and Continuation of Benefits	
Restoration of Employment and Benefits	
Notice and Certification Requirements	
Military Leave of Absence	
Paid Parental Leave Policy	
Personal Leave of Absence/Leave without Pay	
Reinstatement	
Educational Leave	
Domestic Abuse Leave	
SAFETY, VIOLENCE, SECURITY, AND DRUG AND ALCOHOL-FREE WORKPLACE	
Safety	
Work-Related Injuries and Illnesses	
Restraining Orders	
Use of Personal and Housing New Mexico   MFA-Issued Cell Phones	
Building Access	
Violence	
Security	
Drug and Alcohol-Free Workplace	
STANDARDS OF CONDUCT & DISCIPLINARY ACTION	
Misconduct	
Disciplinary Action	
Disagreements with Supervisors	
ANTI-DISCRIMINATION AND HARASSMENT POLICY	64
Objective	64
Harassment Defined	
REPORTING DISCRIMINATION OR HARASSMENT	65
Employee Responsibilities	
Supervisor, Manager and Management Responsibilities	
Investigation of Reports	66
Retaliation	66
Harassment by Non-Employees	
ANTI-BULLYING POLICY	
Objective	67
Bullying Defined	
Reporting Bullying	
Employee Responsibilities	
Supervisor, Manager and Management Responsibilities	
Investigation of Reports	
PERSONNEL FILES AND PERSONAL INFORMATION	
Personnel Files	
Personal Information	
EMPLOYEE PERFORMANCE EVALUATIONS	
Timing of Evaluations and Salary Adjustments	70

Approval	70
Job Descriptions	70
Promotions	70
Demotions	71
RESIGNATIONS, TERMINATIONS AND EMPLOYMENT REFERENCES	71
Resignations	71
VOLUNTARY SEPARATION INCENTIVE PROGRAM	
Continuation of Benefits	72
Accrued Vacation and Sick Leave and Personal Day	72
Exit Interviews	72
Housing New Mexico   MFA Property	72
Final Pay	
Employment References	73

## **INTRODUCTORY STATEMENT**

The statements and policies contained in this Employee Manual (Manual) constitute guidelines for the New Mexico Mortgage Finance Authority (Housing New Mexico | MFA) and its employees. Housing New Mexico | MFA's Executive Director/CEO reserves the right and retains sole, absolute discretion to make unilateral exceptions to these guidelines in instances it deems appropriate to do so. Any statements contained in this Manual may be altered, amended, or dispensed with entirely, or new policies added, at any time and without advance notice by Housing New Mexico | MFA. Changes or additions, if any, to the Manual shall be made only in writing and approved by Housing New Mexico | MFA's Board of Directors (Board).

This Manual is not a contract of employment, nor is any provision in it meant to be part of any contract of employment either expressed or implied. Employment with Housing New Mexico | MFA is at all times established as employment "at will." This means that either the employee or Housing New Mexico | MFA may terminate the employment relationship at any time, for any or no reason, and with or without advance notice. No employee or supervisor of Housing New Mexico | MFA, other than the Executive Director/CEO or his/her designee in writing, has the authority to enter into any agreement for employment for any specified period, or to make any agreement contrary to the provisions set forth in this Manual.

The statements and policies contained in this Manual and as implemented or revised from time to time shall become effective as approved by the Board of Housing New Mexico | MFA and as disseminated to employees. This Manual supersedes and replaces all previously distributed editions of Housing New Mexico | MFA's Employee Manual.

# HOUSING NEW MEXICO | MFA MANDATE, VISION, MISSION, CORE VALUES AND EMPLOYER STATEMENT

#### Housing New Mexico | MFA Mandate

In 1975 the New Mexico state legislature created the New Mexico Mortgage Finance Authority, a public body politic and corporate, separate and apart from the state, constituting a governmental instrumentality, with the power to raise funds from private investors in order to make such private funds available to finance the acquisition, construction, rehabilitation and improvement of residential housing for persons and families of low or moderate income within the state.

#### **Vision Statement**

All New Mexicans will have quality affordable housing opportunities.

#### **Mission Statement**

Housing New Mexico | MFA is New Mexico's leader in affordable housing. We provide innovative products, education and services to strengthen families and communities.

#### **Core Values**

#### Responsive

To meet New Mexico's needs, Housing New Mexico | MFA optimizes resources, cultivates partnerships and makes our programs accessible.

#### Professional

Housing New Mexico | MFA upholds high personal and professional standards. We comply with regulations and ensure prudent financial stewardship.

#### Dynamic

Housing New Mexico | MFA is a dynamic place to work. Our employees are our strength. We embrace diversity and provide opportunities for personal and professional growth.

#### **Employer Statement**

Our employees are key to our success. Each day presents new challenges as we are called upon to develop solutions that satisfy multiple cultural values and meet the rapidly changing environment.

Housing New Mexico | MFA strives to provide safe working conditions; to pay competitive wages for employees' services; to deal fairly and honestly with all employees; and to promote a harmonious and friendly working environment.

Our goal is to provide the highest level of service, friendliness, and courtesy to all those we do business with; to promote and advocate sound financial decisions; and to create a rewarding working environment for our employees where there is mutual respect, trust, and opportunity for personal and professional growth and development.

#### **Equal Employment Opportunity Statement**

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at Housing New Mexico | MFA will be based on qualifications, abilities, and merit. It is the policy of Housing New Mexico | MFA to recruit, employ, and provide compensation, benefits, promotion, training and other conditions of employment, without regard to an applicant's or an employee's race (including on the basis of traits historically associated with race, such as hair texture, length of hair, protective hairstyles, or cultural headdresses), color, religion, sex, national origin, ancestry, age, disability, serious medical condition, sexual orientation, gender identity, marital status, genetic information, status as a veteran, or any other factors identified and protected by federal, state, and local discrimination laws. This Equal Employment Opportunity statement is consistent with the requirements of the Cranston-Gonzales National Affordable Housing Act.

#### The Americans with Disabilities Act (ADA) & ADA Amendments Act (ADAAA)

The ADA of 1990, as amended by the ADAAA, protects qualified employees and applicants with disabilities from discrimination by employers based on their disabilities.

Housing New Mexico | MFA does not discriminate against people with disabilities or serious medical conditions and will provide reasonable accommodation to otherwise qualified individuals with disabilities, including pregnant employees who are temporarily disabled or who have an impairment resulting from pregnancy, in accordance with the ADAAA.

A reasonable accommodation may be provided when it enables the employee to perform the essential functions of the job, unless it can be demonstrated that such an accommodation will impose an undue hardship on the conduct of the business at Housing New Mexico | MFA. Such reasonable accommodation may take the form of making existing facilities readily accessible or usable to qualified individuals with a disability, restructuring jobs, modifying schedules, acquiring or modifying equipment, adjusting training materials, adjusting employment policies, and the like. In determining the extent of accommodations to be made, Housing New Mexico | MFA may consider the business necessity of having employees with certain qualifications in certain jobs, and the financial and administrative costs of making requested accommodations.

The Human Resources Director is designated as the ADA Coordinator. Employees have a responsibility to notify the ADA Coordinator if they feel in need of a reasonable accommodation, or if they believe Housing New Mexico | MFA is in violation of the ADAAA.

## **Hiring Policies & Procedures**

The following rules and procedures will be followed in the hiring process:

- It is the responsibility of directors to recommend filling or creating a position.
- All prospective applicants must complete an online employment application. The hiring process, including all interviews, will be conducted in a non-discriminatory manner.
- If employment fees are involved, such as those charged by a placement agency, the payment or non-payment will be determined by Management on an individual basis prior to a job offer being extended. As used in this Manual, the term "Management" is defined as the Executive Director/CEO, Chief Officers, and the Human Resources Director.
- Through a third party, Housing New Mexico | MFA will check references of applicants prior to a job offer being extended, Housing New Mexico | MFA will only conduct pre-employment background checks of applicants consistent with guidelines issued by the Equal Employment Opportunity Commission (EEOC) and consistent with applicable state and federal law. If employment already has commenced, continued employment may be contingent upon results of the background check.
- Housing New Mexico | MFA relies on the accuracy of data provided by an applicant including that in the employment application. Any misrepresentations, falsifications, or material omissions in any of the data provided by an applicant, including in an employment application, may result in an applicant being excluded from further consideration for employment or, if an individual has already been hired, termination of employment.
- Housing New Mexico | MFA may administer tests applicable to the position; provided, however, that all applicants for a position will be given the same test or tests.
- The Human Resources Director will recommend the appropriate salary to be offered and other terms and conditions of employment for final approval from the Executive Director/CEO.

## **Background Checks**

Housing New Mexico | MFA is committed to having well-qualified and professional staff capable of performing the essential functions of the positions for which they were hired. Housing New Mexico | MFA also is committed to the protection of all those who do business with Housing New Mexico | MFA including clients, members of the community, staff, visitors, and others as well as to the protection of its resources, finances, and business reputation. All employees will be subject to a background check. Checks may include, but not necessarily be limited to, driving records, educational records, criminal records, and credit history. Background checks will be done in compliance with guidelines issued by the EEOC and applicable state and federal laws.

## **Employment of Relatives**

Housing New Mexico | MFA is committed to a policy of employment and advancement based on qualifications and merit and does not discriminate in favor of or in opposition to the employment of relatives. Housing New Mexico | MFA also wants to ensure that its employment practices do not create situations such as conflict of interest or favoritism based on employment of relatives. Therefore, relatives, partners, those in a dating relationship, or members of the same household are not permitted to be in positions that have reporting responsibility to each other, nor are they permitted to have any influence (direct or indirect) on the hiring, promotion, pay, discipline, or any other material terms and conditions of employment of each other.

The term "relative" for purposes of this policy means spouse, domestic partner, children (including stepchildren), mother, father, brother, sister, grandparent, mother-in-law, father-in- law, brother-in-law, sister-in-law, aunt, uncle, or first cousin.

Individuals will not be hired or promoted into a position that would create a violation of this policy. If employees begin a dating relationship or become relatives, partners, those in a dating relationship, or members of the same household, and one party is in a supervisory position, the person in the supervisory position is required to immediately inform the Executive Director/CEO and/or the Human Resources Director of the relationship. Housing New Mexico | MFA will then strive to resolve the situation within thirty (30) days. The resolution may include transfer or, if necessary, termination of one of the employees.

If there is a situation where an action of Housing New Mexico | MFA, such as a reorganization or a reduction in force, results in an involuntary circumstance in which relatives, partners, or members of the same household may be reporting to each other, Housing New Mexico | MFA will strive to reassign one of the employees within thirty (30) days. During those thirty (30) days, the supervisory employee cannot provide direct input in any employment decisions involving the other employee.

Housing New Mexico | MFA reserves the right to apply this policy to situations where there is a conflict or the potential for conflict because of the relationship between the parties, even if no reporting relationship or authority is involved. In these situations, Housing New Mexico | MFA will strive to reassign one of the employees within thirty (30) days.

Any exceptions to this policy must be approved by the Executive Director/CEO and Human Resources Director. Written justification for the exception must be submitted to the Human Resources Director prior to any employment decisions. Moreover, the hiring and/or promotion of any relative, partner, or member of the same household of the Executive Director/CEO must be approved by the Housing New Mexico | MFA Board.

Any employee who violates this policy, including by hiring, promoting, or influencing any employment decision involving a relative, partner, or member of the same household, will be subject to discipline, up to and including termination of employment.

## **HUD-FHA Programs**

Any individual, who is debarred, suspended or subject to a Limited Denial of Participation or otherwise restricted from participation in Housing and Urban Development (HUD)-Federal Housing Administration (FHA) programs will not be hired into HUD origination, underwriting or servicing type positions with Housing New Mexico | MFA. All employees will be checked against the Debarred List and the Limited Denial of Participation List at date of hire and semi- annually thereafter. Continued employment will be contingent upon results obtained.

## **TYPES OF EMPLOYMENT**

Housing New Mexico | MFA classifies employees into the following categories for purposes of determining their eligibility to receive benefits and whether they must be paid overtime compensation in accordance with the Fair Labor Standards Act (FLSA):

#### **Full-Time Employee**

An employee who is hired for an indefinite period, and who is scheduled to work forty (40) hours per workweek and eighty (80) hours per pay period, and two thousand and eighty (2080) hours annually on a regular basis. Full-time employees are eligible for employee benefits.

#### **Part-Time Employee with Benefits**

An employee who is hired to work twenty (20) hours or more per week but less than forty hours (40) hours per workweek on a regular basis. Part-time employees with benefits are eligible for certain employee benefits as described in this Manual.

#### **Part-Time Employee without Benefits**

An employee who is scheduled to work less than twenty (20) hours per workweek on a regular basis is not eligible for any employee benefits, except for sick leave.

#### **Temporary Employee**

An employee who is assigned to Housing New Mexico | MFA by a temporary staffing agency. Temporary employees are not eligible for any employee benefits, except for sick leave.

#### **Term Employee**

An employee who is hired by Housing New Mexico | MFA for a specific amount of time. Term employees may be eligible for employee benefits. The hiring of a term employee and the conditions of the employment must be reviewed by policy committee with final approval by the Executive Director/CEO.

#### **Exempt Employee**

An employee whose position meets specific tests established for exemption from overtime pay requirements under the FLSA. Exempt employees are not eligible for compensatory time or overtime. Exempt employees are expected to work whatever hours are necessary to perform the duties of their positions. From time-to-time and in certain situations, exempt employees may be permitted to work from home.

#### **Nonexempt Employee**

An employee whose position does not meet FLSA exemption tests and who must be paid, at the rate of time and a half, of his/her regular rate of pay for all hours worked in excess of forty (40) in one workweek, as required by federal and state law.

#### **Outside Employment**

Any employee wishing to engage in outside employment (including self-employment) while employed by Housing New Mexico | MFA must obtain the approval of the Executive Director/CEO prior to accepting outside employment and must be approved by the Executive Director/CEO on an annual basis. Anyone already engaged in outside employment must disclose this upon hire. The Housing New Mexico | MFA Board must approve any outside employment by the Executive Director/CEO prior to his/her accepting such employment.

In addition to the above categories of employees, Housing New Mexico | MFA may, from time to time, use

**Independent Contractors** to provide specific products or services. All Independent Contractors will work under a detailed Independent Contractor Agreement which will meet the requirements for an independent contractor relationship as set out by the Internal Revenue Service (IRS). Independent Contractors are not employees of Housing New Mexico | MFA and, therefore, are not eligible for employee benefits.

# **NEW EMPLOYEE ORIENTATION**

## Responsibilities for orientation of new employees are as follows:

Human Resources will provide the new employee a comprehensive Organizational Orientation with all of management.

## Human Resources Coordinator's Responsibilities

- Completing all pertinent paperwork
- Entering all required payroll data
- Providing job description
- Providing Employee Manual
- Explaining the employee benefits plans
- Assigning required training through Housing New Mexico | MFA's Learning Management System
- Setting a first day agenda
- Photographing new employee and sending to respective supervisor
- Notifying the Facilities Manager for access to building
- Notifying the Information Technology Department, via work ticket, for computer and phone access

## Supervisor's Responsibilities

- Announcement to all Housing New Mexico | MFA employees informing them of the new hire and start date, via intranet.
- Giving employees a tour of the office and introducing employees to all other employees
- Review and obtain signatures on Job Description
- Setting Goals
- Reviewing Employee and Policies and Procedures Manual

## **Facilities Coordinator Responsibilities**

- Review security system
- Review Emergency Management Plan
- Assigning of keys and FOB
- Review procedures for ordering supplies
- Review fire exits

## Information Technology Responsibilities

- Phone training to include initial voice message recording
- Computer set-up and training
- Review of Data Security Policy
- Review Help Desk Process

## **Receptionist Responsibilities**

- Explaining copier and fax machine use
- Order new hire name plates

## **Marketing Responsibilities**

- Order new hire business cards
- Order new hire name badge

# **General Office Policies**

#### **Conduct In General**

Employees' actions should reflect a professional image while representing Housing New Mexico | MFA. Housing New Mexico | MFA expects its employees to conduct themselves in a manner that would reflect favorably on Housing New Mexico | MFA and in accordance with Housing New Mexico | MFA's Code of Conduct (which is set out in Section 1.2 of Housing New Mexico | MFA's Policies and Procedure Manual). Housing New Mexico | MFA expects each employee to conduct himself/herself in such a manner as to be a credit to Housing New Mexico | MFA. Employees are expected to treat one another, associates, customers, and visitors respectfully. Employees are further expected to be supportive of their colleagues and respect the privacy and human dignity of all people with whom they come into contact.

## **Internal Conduct**

Housing New Mexico | MFA expects its employees to be considerate and respectful of co-workers. In determining appropriate cubicle and office etiquette, employees are to consider the appropriateness of conversation, behavior, use of cell phones, use of fragrant products, and any other noise factors that may be distracting to co-workers.

### Reporting Suspected Fraud, Waste & Abuse and/or Unethical or Illegal Practices

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

All Housing New Mexico | MFA board members, management, employees, contractors, subcontractors, grantees, sub- recipients and business associates should avoid any situation that involves or may involve a conflict between their personal interests and the interests of Housing New Mexico | MFA.

## Whistleblower Protection

It is the responsibility of all employees, regardless of classification, to report suspected fraud, waste and abuse, and/or unethical or illegal activities engaged in by any Housing New Mexico | MFA board member, management or employee, which violates federal or state laws or regulations, a state administrative rule, a law of any political subdivision of the state, or Housing New Mexico | MFA's Code of Conduct. All reports are anonymous unless the individual making the report chooses otherwise. To ensure anonymity and encourage compliance with best practices, Housing New Mexico | MFA has contracted with a third-party service provider to receive reports of fraud, waste and abuse and/or unethical or illegal activities. Individuals may report such activities anonymously by:

Calling toll free (877)778-5463, 24 hours a day, 7 days a week Username: nmmfa Password: housing E-mailing www.reportit.net Username: nmmfa Password: housing All reported activities received through the *Report-It* hotline/website, by written or verbal communication, or via telephone, will be treated the same and will be promptly investigated by Housing New Mexico | MFA, which may include engagement of a third-party investigative services provider if deemed necessary. Upon completion of the investigation, Housing New Mexico | MFA will take appropriate action should the reported activities be substantiated and determined to be fraudulent, unethical, illegal and/or in violation of Housing New Mexico | MFA's Code of Conduct.

If the individual making the report chooses not to remain anonymous, he/she will be made aware of the outcome of the investigation. All individuals who make good-faith reports will be protected from discharge, demotion, discrimination, or any other type of retaliation. Allegations of retaliation may be reported to (877)778-5463 or at <u>www.reportit.net</u>. All reports of retaliation also will be promptly investigated by Housing New Mexico | MFA, which may include engagement of a third-party investigative services provider if deemed necessary. Upon completion of the investigation, Housing New Mexico | MFA will take appropriate action if the reported retaliation is substantiated.

Complete information on how to report fraud, waste and abuse, and unethical or illegal activities can be found on Report-It flyers posted within Housing New Mexico | MFA's premises and on Housing New Mexico | MFA's website at <u>www.housingnm.org</u>.

## Protection of Confidential, Sensitive or Proprietary Information

During employment, employees may acquire knowledge of materials, procedures, and information of a confidential, sensitive or proprietary nature. Much of the personal information that is contained in Housing New Mexico | MFA files, and/or that enters Housing New Mexico | MFA either electronically or physically during business, is considered "sensitive" or proprietary information owned by Housing New Mexico | MFA that must be kept confidential and protected from disclosure to persons, including Housing New Mexico | MFA employees, contractors and agents not authorized to access the information in order to conduct Housing New Mexico | MFA business.

Confidential, sensitive, or proprietary information that might be present in Housing New Mexico | MFA files or enter Housing New Mexico | MFA during the normal course of business consists of, but is not limited to:

- Social Security numbers
- Credit card/debit card numbers, security codes, access codes, passwords
- Bank account information
- Personal data, birthdates, family members' names and ages, home addresses, phone or fax numbers, home e-mail addresses
- Driver's license number, photocopy of driver's license, vehicle identification number, any number that can be used to identify an individual
- Criminal records
- Employment and educational records
- Medical history
- Finger and voice prints
- Photographs

• Registration, membership, or admission of participation in an organization or activity

To safeguard confidential, sensitive, or proprietary information employees shall take particular care with the following:

- Fax machines
- Copiers
- Desktops
- Computers and all other electronic devices
- Paper and electronic files/storage
- Shredding bins
- Recycling bins
- Keys to file drawers, office doors, and storage areas

## **Business Hours**

Housing New Mexico | MFA's regular **business hours** are 8 a.m. to 5 p.m. Monday through Friday.

## **Standard Workweek**

For payroll purposes (e.g., calculation of overtime) Housing New Mexico | MFA's **standard workweek**, for non- flexible schedules, runs from 12:00 a.m. on Saturday through 11:59 p.m. on the following Friday. The compressed workweek begins at noon on Fridays. However, depending on workloads, supervisors may deem it necessary to adjust non-exempt employees' working hours.

## Work Hours and Flexible Work Schedules

## Work Hours – Schedule Options

Housing New Mexico | MFA strives to maintain a work schedule that provides balance to the business needs of Housing New Mexico | MFA and the personal and family needs of its staff. Therefore, options have been developed to accommodate most staff needs while maintaining or enhancing Housing New Mexico | MFA's business performance.

The standard and official hours of business of Housing New Mexico | MFA are 8 a.m. to 5 p.m. Monday through Friday. These hours may be extended or changed for the benefit of Housing New Mexico | MFA as directed by the Executive Director/CEO. During these hours, all business groups are expected to have sufficient employee coverage to ensure that the group is fully functional. The hours of 9 a.m. to 3:30 p.m. are designated as core hours. Unless otherwise approved, all full-time employees must include these core hours within their set schedules. The basic workweek for full time employees is forty (40) hours.

All employees, both exempt and non-exempt, are expected to work the standard schedule unless an alternate schedule is approved by their supervisor and Chief Officer. Alternative schedule options are outlined below. Alternative schedules cannot be guaranteed and may be discontinued temporarily or permanently by Housing New Mexico | MFA at any time to meet the business needs of Housing New Mexico | MFA or for performance related issues.

Option One – The **Flexible Hours Schedule** – Under this option the employee will work eight (8) hours daily, regularly scheduled, Monday through Friday. This regular schedule may begin as early as 7 a.m. and end as late as 6 p.m. A minimum of a one-half hour unpaid lunch break must be included in the schedule. This daily schedule must include the core hours of 9 a.m. to 3:30 p.m.

When establishing flexible work hours for non-exempt employees, supervisors must notify the Human Resources Director to ensure compliance with the FLSA. The Human Resources Director must be informed of all flex schedules upon approval. Exempt employees are expected to work whatever hours necessary to get the job done.

Not all departments may be able to grant flexible schedules to all <del>non-exempt</del> employees. This decision is left to the discretion of the supervisor.

Option Two – **Compressed Work Week** – Under this option, a schedule will consist of four (4) nine (9)-hour days, Monday through Thursday and an eight (8) hour day on Friday of week one and four (4) nine (9)-hour days, Monday through Thursday with Friday off in the following week. The hours will be regularly scheduled and may begin as early as 7 a.m. and end as late as 6 p.m. A minimum of a one-half hour unpaid lunch break must be included in the daily schedule. This daily schedule also must include the core hours of 9 a.m. until 3:30 p.m. On the Friday worked, non-exempt staff must work four (4) hours before 12:00 Noon and four (4) hours must be worked after 12:00 Noon. For pay purposes, the work week is seven (7) consecutive days beginning at 12:00 Noon on Friday. This option will require that staff be assigned to one of two groups. Group one will start the two-week rotation in week one, the second group will start the two-week rotation in week two. Supervisors will manage group assignments to ensure full coverage and continuity of operations. Employees may opt into a compressed schedule at the first pay period of the month.

To review the Compressed Work Week Guidelines, employees should refer to Housing New Mexico | MFA's Intranet.

Option Three-**Telecommuting**-This option allows employees to work at home or in a satellite location within New Mexico <u>up to two days a week</u> for part of their regular work week. Telecommuting is a voluntary work alternative that may be appropriate for some employees and some jobs and must be designed and authorized based on business needs. Telecommuting is not an entitlement, and it in no way changes the terms and conditions of employment with Housing New Mexico | MFA. Telecommuting can be intermittent or recurring.

- a) Intermittent may be appropriate on an intermittent basis for employees who, for example, are working on special projects requiring limited distractions and increased focus, have a short-term medical or personal need to work from home, have weather- related safety concerns, or are experiencing a family care emergency. Intermittent telecommuting must be approved in advance and in writing by the respective Chief Officer.
- b) Recurring can be planned and structured or can be a floating/flexible schedule. Before entering into any recurring telecommuting arrangement, employees, and their supervisor, with the assistance of Human Resources, will evaluate the suitability of such an arrangement. Each recurring telecommuting request will be assessed on a case-by-case basis and must be approved in advance and in writing by the employee's immediate supervisor and Chief Officer.

An employee must have satisfactorily completed ninety (90) days of continuous regular employment and have met or exceeded performance expectations. Staff who transfer/promoted to another position must consult with their new direct supervisor regarding the telecommuting

schedule.

Telecommuting for new staff may be allowed on an ad hoc basis under extenuating circumstances, i.e. inclement weather, power outages, etc.

Telecommuting arrangements may be discontinued at any time at the request of either the telecommuter or by Housing New Mexico | MFA.

Specific days shall be determined by the employee's supervisor in consultation with the employee and any other divisions impacted by the employee's work. In accordance with the current telecommuting policy. Wednesdays are mandatory in office days for all employees.

To review the Telecommuting Policy and Agreement in its entirety, employees should refer to Housing New Mexico | MFA's Intranet.

#### Attendance

Timely and regular attendance is an expectation and requirement of performance for all Housing New Mexico | MFA employees. To ensure adequate staffing, positive employee morale, and to meet expected productivity standards throughout the organization, employees will be held accountable for consistently adhering to their workplace schedule.

Absences must be arranged with the employee's supervisor as far in advance as possible. If an employee must leave early or take time off during the day, the employee must request prior approval from his/her supervisor. Such absences may be made-up during the workweek unless accrued vacation or sick leave can be appropriately applied. Unexpected absences should be reported to the employee's supervisor no later than thirty (30) minutes before the employee's scheduled start time. If an employee has not reported for work and has not called in to report the absence for that day, this may be considered absent without leave and may be subjected to discipline, up to termination. If an employee has been absent without leave for three (3) consecutive workdays, the employee will be deemed to have abandoned his/her job.

Supervisors will monitor their employees' attendance on a regular basis and address unsatisfactory attendance in a timely and consistent manner. Employees who have exhibited unsatisfactory attendance will be disciplined accordingly.

#### Breaks

Employees may take a paid fifteen (15) minute break for every block of four (4) hours worked. Breaks are not to be taken in conjunction with the beginning of a workday, lunch break, or end of a workday.

#### Lunch

Lunch schedules need to be responsive to meeting the needs of those Housing New Mexico | MFA serves. Supervisors must ensure their departments are covered appropriately so that everyone does not routinely go to lunch at the same time. Non-exempt employees working six (6) hours, or more are required to take at least a thirty (30) minute, uninterrupted lunch break for which they are not compensated; provided, non-exempt employees must be completely relieved of all duties during such lunch breaks. While exempt employees are not required to take a meal break, exempt employees may not generally work through their meal break in order to leave work earlier than their regular schedule. Employees are not to take lunch or breaks in conjunction with the beginning of a workday or end of a workday.

#### Scent Sensitivity

Recognizing that employees may have sensitivities or allergies to fragrant products, including but not limited to perfumes, colognes, fragrant body lotions, hair products, or other scented products including candles, room sprays and air fresheners, Housing New Mexico | MFA asks, out of concern for others in the workplace that employees use these scented products in moderation, subject to restrictions.

### Attire

Maintaining a professional, business-like appearance is very important to the success of Housing New Mexico | MFA.

Regardless of the employee's interaction with customers, partners, suppliers, contractors, each employee projects the reputation of the organization. Part of this impression depends on each employee's choice of dress.

All employees, including temporary and contract employees, are expected to dress in a manner suitable to a professional/casual environment. Casual is defined as a comfortable, relaxed version of business attire without compromising professionalism.

Supervisors are responsible for ensuring the proper appearance of their staff. Each supervisor has the discretion to send an inappropriately dressed employee home to change his/her clothing. The employee will be required to make up this time.

From time to time the Executive Director/CEO or the Human Resources Director may alter the dress guidelines for special occasions.

To review the Dress guidelines in its entirety, employees should refer to Housing New Mexico | MFA's Intranet.

## **Office Appearance and Cubical Etiquette Policy**

Housing New Mexico establishes this policy on office appearance in accordance with our Core Values upholding high personal and professional standards. As an expression of those values, all office areas, including employee work areas, common areas, and vacant workspaces should be kept neat and orderly.

## Smoking

As provided by local ordinance and state law, the use of tobacco, including cigarettes, chewing tobacco and e-cigarettes, in any indoor workplace of Housing New Mexico | MFA is prohibited. Smoking cigarettes and e-cigarettes also is prohibited near any entrance, window, or ventilation system of any Housing New Mexico | MFA workplace. Smoking is only allowed in specifically designated locations.

## Children in the Workplace

Housing New Mexico | MFA supports a family environment and welcomes brief visits from family members, children, and grandchildren. Housing New Mexico | MFA also realizes that from time-to-time situations may arise which require an employee to bring his/her child(ren) to work to accommodate a last-minute need; however, children are not to be brought to the workplace on a

regular basis in lieu of childcare. The purpose of this policy is to provide guidelines for an employee bringing his/her child(ren) to work.

An employee may bring his/her child(ren) to work in the event of an emergency (a last-minute need). Under these circumstances, Housing New Mexico | MFA asks that child(ren) be on Housing New Mexico | MFA property for brief periods of time not to exceed two (2) hours and that an employee attempts to ensure that such instances are infrequent. It is important that an employee maintain supervision of his/her child(ren) as appropriate at all times while the child(ren) are on Housing New Mexico | MFA property. An employee will be responsible for any damage caused by his/her child(ren) while on Housing New Mexico | MFA property. Further, no ill child(ren) may be brought by any Housing New Mexico | MFA employee onto Housing New Mexico | MFA property.

Housing New Mexico | MFA also encourages and supports time off and allows flexibility in an employee's work schedule to accommodate unanticipated childcare needs. An employee should work with his/her supervisor to come up with an agreed upon alternate schedule if appropriate.

It is important that Housing New Mexico | MFA provide these guidelines to balance the requirements of its business as it relates to safety, and productivity, with the needs of Housing New Mexico | MFA employees by providing some flexibility. An employee must immediately notify his/her supervisor should the employee have a need to bring his/her child(ren) to work. The supervisor will notify the appropriate Chief Officer and Human Resources.

## **Nursing Mothers**

Housing New Mexico | MFA complies with state and federal law and provides flexible break time and a clean private space (not a restroom) for a nursing mother to use a breast pump at work. If an employee does not use a regular paid break for the purpose of expressing milk, she will not be paid for this time and no employee will be entitled to overtime for time spent using a breast pump. Housing New Mexico | MFA will not be responsible for the storage or refrigeration of breast milk. Any employee who requires space to express milk at work should speak to the Human Resources Director.

## **Pregnancy and Childbirth Accommodations**

Housing New Mexico | MFA will provide reasonable accommodation to employees and applicants with limitations related to pregnancy, childbirth, or related medical conditions, unless the accommodation will cause undue hardship to Housing New Mexico | MFA. Examples of related medical conditions include infertility and fertility treatment, use of contraception, miscarriage, stillbirth, abortion, and lactation.

Limitations can be physical or mental conditions. Examples of limitations include common pregnancy symptoms (e.g., fatigue and nausea), pregnancy conditions (e.g., gestational diabetes), and postpartum conditions (e.g., depression and back pain). Limitations can also include the need to maintain a healthy pregnancy, the need for safety, and the need to alleviate pain.

An employee or applicant may request accommodation due to pregnancy, childbirth, or a related medical condition by submitting the request in writing to the Human Resources Director. The request should include an explanation of the pregnancy-related limitations, the accommodation needed, and

any alternative accommodation(s) that might be reasonable. Depending on the nature of request, the employee or applicant may be requested to submit a statement from a healthcare provider substantiating the need for the accommodation.

Upon receiving a request for accommodation, the Human Resources Director will contact the employee or applicant to discuss the request and determine if accommodation is reasonable and can be provided without causing an undue hardship on operations. While the reasonableness of each accommodation request will be assessed on an individual basis depending on the nature of the pregnancy-related limitations and duties of the position, possible accommodations include but are not limited to:

- Periodic sitting or standing, as needed.
- Receiving closer parking spot.
- Part-time or modified work schedules.
- Time off for prenatal appointments.
- Receive additional break time to use the restroom, eat, and/or rest.
- Time off to recover from childbirth.
- Excusal from strenuous activities and/or activities that involve exposure to compounds deemed unsafe during pregnancy.

Any employee may request paid or unpaid leave as a reasonable accommodation under this policy; however, Housing New Mexico | MFA will not require any employee to take time off if another reasonable accommodation can be provided that will allow the employee to continue to work.

Housing New Mexico | MFA prohibits any retaliation, harassment, or adverse action due to an individual's request for accommodation under the is policy or for reporting or participating in an investigation of unlawful discrimination under this policy.

#### Solicitation

No solicitations of any kind, ticket or merchandise sales, or distribution of literature are permitted at any time by non-employees within Housing New Mexico | MFA building or on Housing New Mexico | MFA premises. Housing New Mexico | MFA employees are prohibited from solicitation or participation in any solicitation activities while the employees are on working time or, at any time, in a working area of Housing New Mexico | MFA.

Upon approval by the Executive Director/CEO or Human Resources Director, limited charitable exceptions to this policy may be made for promoting fund raising events for school related or extracurricular activities on Housing New Mexico | MFA premises. Upon approval, solicitations may be posted on Housing New Mexico | MFA's Intranet.

## **Religion in the Workplace**

Housing New Mexico | MFA will reasonably accommodate an employee's sincerely held religious beliefs, observances, or practices unless doing so would impose an undue hardship on Housing New Mexico | MFA. Employees seeking some type of religious accommodation should contact the Human Resources Director. Housing New Mexico | MFA also prohibits all forms of harassment in the workplace including harassment based on religious beliefs or the lack of such beliefs. Such harassment occurs when an employee is required or coerced to abandon, alter, or adopt a religious practice as a condition of employment. While Housing New Mexico | MFA does

not prohibit religious-related events during non-working time, such as during breaks or over the lunch hour, participation in such events must be strictly voluntary and no supervisor or manager can require an employee he/she supervises to attend such events. Interjecting religious activities, such as prayers, into business events during working hours is not permitted.

## Participation in Housing New Mexico | MFA's Housing Programs and Disclosure

Employees of Housing New Mexico | MFA can participate in housing programs. Employees participating in such programs should recognize that certain co-workers may have financial information required to apply for and participate in such programs. Personal information, financial information, personal household information, information about performance under such programs, and more are contained in program files. If an employee does not want such information revealed to co- workers whose job it is to administer these programs, the employee may not want to participate in the programs Housing New Mexico | MFA offers. An employee should notify the respective Program Director in advance of participating.

## ACCEPTABLE USE AND DATA SECURITY

#### **Software License Compliance**

Housing New Mexico | MFA is legally responsible for all software used by employees on Housing New Mexico | MFA computers. Therefore, the installation of all software purchased, or downloaded from the Internet for evaluation or purchase, must be performed and approved in advance by the Information Technology Department.

Most software licensing agreements do not allow copying. Therefore, it is prohibited as well as illegal to copy Housing New Mexico | MFA-purchased software. The Information Technology Department will advise staff of software that can be copied.

#### Data Loss/Breach

All users have a responsibility to promptly report the theft, loss or unauthorized disclosure of Housing New Mexico | MFA proprietary information. In the event of a verified breach of Housing New Mexico | MFA customer data, the Data Breach Notification Procedures will be implemented.

#### **Removable Media**

Housing New Mexico | MFA staff may only use Housing New Mexico | MFA removable media in their work computers if it has been approved by IT and is encrypted. Housing New Mexico | MFA removable media may be connected to or used in computers that are not owned or leased by the Housing New Mexico | MFA if required for business purposes. Sensitive information should be stored on removable media only when required in the performance of your assigned duties or when providing information required by other state or federal agencies. When sensitive information is stored on removable media, it must be encrypted.

#### **Smartphones**

Employees can use their personal smartphone to access their Housing New Mexico | MFA issued e-mail account only after the installation of endpoint protective software has been configured and secured by the IT department.

#### Security

The Information Technology Department will provide security levels based upon the processing requirements of the user. The employee's supervisor and the Information Technology Department must approve subsequent requests for security level changes. Workstations will automatically be locked after ten minutes of being idle.

#### Passwords

All users are required to change their passwords for Housing New Mexico | MFA's internal systems every three (3) months. The Administrator/IT Department's password is subject to guidelines detailed in the Information Technology Policies Manual.

Passwords must be a minimum of twelve (12) characters in length; may not be the same as the user ID; and require a combination of any two of the following: alpha, numeric, and special characters. Previously used passwords can be reused after seven (7) password changes have occurred. It is strongly suggested to avoid using common passwords or dictionary words as they are easily guessed. Passwords are case sensitive. A very secure password can be created using these guidelines (example, @TmB1w2yPR9! "This may be one way to remember"- do not use this

password example).

Users should change passwords on systems external to Housing New Mexico | MFA every three (3) months, or as required, following the guidelines for such external sites. Users should not use the "Remember Password" feature of applications such as web browsers. The IT Department has provided the Dashlane application for generation and secure storage of strong passwords and strongly encourages its use.

Anyone suspecting his/her password may have been compromised must report the incident to Information Services and change all passwords.

#### Backups

Housing New Mexico | MFA network systems are backed up completely each business day. Provisions have been made for off-site storage daily. A log is maintained by the Information Technology Department, documenting the schedule and completion of all backups. Backups are not performed on individual PC's internal hard drive.

Requests to archive seldom-used large files or images to CD should be directed to the Information Technology Department.

### Training

Trained personnel can more effectively contribute to the overall success of Housing New Mexico | MFA. An integral part of employee self-improvement is training. It is incumbent upon the employee to become involved in self-study methods to learn PC fundamentals and become skilled in the software applications he/she uses.

To assist in managing risk related to the potential compromise of network systems and data security, Housing New Mexico | MFA will maintain a security awareness training and education program. The security awareness and education program will help Housing New Mexico | MFA document, communicate, and train employees on security best practices and concepts.

On an annual basis (when preparing budget) the Sr, Director of Information Technology, with the input of department directors, will determine third-party training requirements needed for software applications. Efforts will then be made by supervisors to schedule staff for training at times convenient to Housing New Mexico | MFA and during normal work hours, if possible.

#### E-Mail

All information that is transmitted through Housing New Mexico | MFA's e-mail system is considered Housing New Mexico | MFA property and is subject to Management's review. The communication of confidential information including but not limited to Personal Identifiable Information (PII), which may be detrimental to the professional or economic operation of Housing New Mexico | MFA should always be protected and encrypted when being transferred. All Housing New Mexico | MFA data contained within an email should not contain unauthorized attachments, like software, shareware, executable scripts, music files, music and the like. Housing New Mexico | MFA reserves the right to monitor e-mail usage and to access any e-mails sent or received through Housing New Mexico | MFA's e-mail system at any time, in Management's sole discretion, in order to ensure proper usage and identify any misuse of the system. Therefore, employees shall not have any reasonable expectation of privacy in connection with their use of Housing New Mexico | MFA's e-mail system, regardless of whether an e-mail communication

sent or received is personal or business related.

Copies of Housing New Mexico | MFA e-mails may be requested by employees with Management approval. E-mail messages received from an unknown source and/or that contain suspicious content should not be opened and should be promptly reported to the IT Department and deleted immediately. E-mails that are not of a business nature and that are directed to "all employees" must be approved by the Human Resources Director prior to being sent.

Any misuse of Housing New Mexico | MFA's e-mail system is considered misconduct and may result in disciplinary action, up to and including termination of employment, in Management's sole discretion.

Misuse of e-mail includes, but is not limited to, the following examples:

- Sending or forwarding e-mails containing discriminatory, harassing, defamatory, or unprofessional statements about Housing New Mexico | MFA employees, associates or customers
- Communication of confidential information that may be detrimental to the professional or economic operation of Housing New Mexico | MFA
- Sending or forwarding e-mails that are threatening, intimidating or coercive in nature
- Sending or forwarding non-business-related e-mails that are disruptive to the workplace
- Sending or forwarding e-mails that are not acceptable in a professional workplace
- Sending or forwarding e-mails that advocate specific religious or political beliefs
- Sending non-business-related e-mails using an official Housing New Mexico | MFA position title for personal gain or influence
- Solicitation of any kind, collection for any purpose, ticket or merchandise sales, or distribution of literature, while the employees are on working time, unless approved by the Executive Director/CEO or Human Resources Director
- Sending unauthorized file attachments or saving received unauthorized file attachments. Unauthorized file attachments include, but are not limited to, software, shareware, executable scripts, music files and movies
- Accessing non-Housing New Mexico | MFA e-mail systems from Housing New Mexico | MFA computers for personal use. Examples include, but are not limited to: Yahoo, MSN, and Gmail
- Participation in any non-business on-line chat programs

## **Clean Desk**

The purpose of this policy is to establish the minimum requirements for maintaining a "clean desk" to ensure sensitive/confidential information about Housing New Mexico | MFA employees, intellectual property, customers, and vendors is properly secured.

- Authorized users are required to ensure that all sensitive/confidential information in hardcopy or electronic form is secure in their work area at the end of the day and when they are expected to be gone for an extended period
- Computer workstations must be locked when workspace is unoccupied
- Any restricted or sensitive information must be removed from the desk and locked in a drawer when the desk is unoccupied and at the end of the workday
- File cabinets containing restricted or sensitive information must be kept closed and locked when not in use or when not attended
- Keys used for access to restricted or sensitive information must not be left at an unattended desk

- Passwords may not be left on sticky notes posted on or under a computer, nor may they be left written down in an accessible location
- Printouts containing restricted or sensitive information should be immediately removed from the printer
- Upon disposal restricted and/or sensitive documents should be shredded in the official shredder bins or placed in the locked confidential disposal bins
- Whiteboards containing restricted and/or sensitive information should be erased
- Mass storage devices such as CD\_ROM, DVD or USB drives should be treated as sensitive and secured in a locked drawer
- All printers and fax machines should be cleared of papers as soon as they are printed; this helps ensure sensitive documents are not left in printer trays for the wrong person to pick up

## Intranet

Subject to the provisions of Housing New Mexico | MFA's Solicitation Policy, any employee may post comments on Housing New Mexico | MFA's Intranet Bulletin page. The Bulletin page is not intended to be used as a social networking site similar to Facebook, Twitter, etc. The following are examples of the kind of topics about which comments might be posted on the Intranet Bulletin page:

- Birth or adoption announcements
- Items for sale or donation
- Wanted items
- Lost items
- Interested carpoolers
- School-related fund raisers
- Upcoming events
- Limited charitable causes
- Garage/yard sales

Employees should remember that all comments posted on the Bulletin page may be read by any employees. Therefore, discretion must be exercised when posting comments so as not to offend fellow co-workers and to protect the privacy of others. Posts must be set with an expiration date or removed manually from the bulletin page at its conclusion.

As a general rule, use of Housing New Mexico | MFA's Internet access by employees is permitted only where such use supports the goals and objectives of Housing New Mexico | MFA. Employees are expected to use the Internet responsibly and productively. Internet usage should be limited to job-related functions, including research and educational activities that assist in performance of job responsibilities. Engaging in Internet activities that waste Housing New Mexico | MFA resources and staff time constitutes a violation of this policy.

All Internet data that is composed, transmitted and/or received through Housing New Mexico | MFA's computer systems is considered Housing New Mexico | MFA property. Housing New Mexico | MFA reserves the right to monitor Internet traffic and to access and review any information that is composed, sent or received through Housing New Mexico | MFA's online connections at any time. Therefore, employees shall not have any expectation of privacy in connection with their use of Housing New Mexico | MFA's Internet access. Any misuse of Housing New Mexico | MFA's Internet access is considered major misconduct and may result in

disciplinary action up to and including termination of employment at Management's sole discretion.

Misuse of Housing New Mexico | MFA's Internet access includes, but is not limited to:

- Visiting sites that contain obscene, hateful, pornographic, violent or otherwise illegal material
- Visiting gambling sites or web-based email sites
- Sending or posting discriminatory, harassing, or threatening messages or images
- Sending or posting information that is defamatory to Housing New Mexico | MFA, its products/services, employees, associates and/or customers
- Sharing confidential information that may be detrimental to Housing New Mexico | MFA customers, associates, employees or to the professional or economic operation of Housing New Mexico | MFA
- Sending or posting chain letters
- Solicitation of any kind, collection for any purpose, ticket or merchandise sales, or distribution of non-Housing New Mexico | MFA related literature, while the employees are on working time, unless approved by the Executive Director/CEO or Human Resources Director
- Downloading, copying or pirating software and electronic files that are copyrighted or without authorization, including but not limited to shareware, executable scripts, music files, and movie files
- Using the Internet to access and play games
- Participating in any non-Housing New Mexico | MFA related chat programs

If an employee is unsure about what constitutes acceptable Internet usage, then the employee should ask his/her supervisor for further guidance and clarification.

Housing New Mexico | MFA's Internet Usage Policy applies where Internet access is provided by Housing New Mexico | MFA for non-Housing New Mexico | MFA owned devices.

## **Internal Controls**

A system of written controls for the Information <u>SystemsTechnology</u> function will be maintained by the Sr. Director of Information Technology and reviewed periodically by an independent expert.

The controls shall include, but not be limited to, procedures pertaining to backup, logical and physical security controls, and Help Desk maintenance. The controls are made part of the Information <u>SystemsTechnology</u> Policy.

## Social Media

Housing New Mexico | MFA recognizes the importance of the company's website, intranet and its social media accounts in shaping external and internal opinions about Housing New Mexico | MFA and its current and potential services and products, employees, partners and customers. Housing New Mexico | MFA also recognizes the importance of employees' involvement in social media and the intranet. Housing New Mexico | MFA is committed to supporting employees who participate in these activities while protecting the Housing New Mexico | MFA brand and reputation. To that end, the following policies apply to Housing New Mexico | MFA's social media accounts, the personal social media accounts of Housing New Mexico | MFA employees and employee intranet and Housing New Mexico | MFA website activities.

## **Brand Guidelines**

Housing New Mexico | MFA has invested time and money in its brand and reputation. In order to protect that brand, images and names associated with Housing New Mexico | MFA must always be represented in a professional manner.

### Confidentiality

Employees are prohibited from revealing any Housing New Mexico | MFA confidential or proprietary information, trade secrets or any other material covered by Housing New Mexico | MFA's confidential information policy when engaged in social media or when on external websites. Employees are expected to follow Housing New Mexico | MFA's confidentiality policy.

Roles and Responsibilities of Housing New Mexico | MFA's Communications and Marketing Department

Housing New Mexico | MFA's Communications and Marketing Department is solely responsible for the management, engagement, publishing and removal of content on all Housing New Mexico | MFA social media accounts. Suggestions for posts to Housing New Mexico | MFA accounts are welcome; employees should contact the Communications and Marketing Department.

Removal of Posts and Edits from Housing New Mexico | MFA's Online Platforms

Housing New Mexico | MFA does not discriminate against viewpoints, nor does it agree with or endorse comments that are posted on its accounts. Employees are fully responsible for the content of the posts and edits they make on Housing New Mexico | MFA platforms. However, Housing New Mexico | MFA reserves the right to delete posts or edits that are determined to be inappropriate.

## Training

To assist in managing risk related to accessing and contributing to social media sites, Housing New Mexico | MFA will train employees annually regarding the policies that apply to Housing New Mexico | MFA's social media accounts, the personal social media accounts of Housing New Mexico | MFA employees as well as employee intranet and Housing New Mexico | MFA website activities.

## Guidelines for Interaction about Housing New Mexico | MFA on the Internet

- If an employee is developing a website or using social media that will mention Housing New Mexico | MFA and/or current and potential services, employees, associates, or customers, he/she must identify that he/she is an employee of Housing New Mexico | MFA and that the views expressed on social media or website are the employee's alone and do not represent the views of Housing New Mexico | MFA. No employee is authorized to speak on behalf of Housing New Mexico | MFA, or to represent that he/she does. Housing New Mexico | MFA's logo may not be used without explicit permission in writing from Housing New Mexico | MFA, in order to prevent the appearance that an employee speaks for or officially represents Housing New Mexico | MFA.
- If an employee is developing a site or using social media that will mention Housing New Mexico | MFA and/or current and potential services, employees, associates, or customers, he/she must inform his/her manager. The manager may choose to visit the site or social media from time to time to understand the employee's point of view.

## **Confidential Information**

No employee may share confidential, sensitive and/or proprietary information about Housing New Mexico | MFA with anyone outside Housing New Mexico | MFA. This includes information about upcoming programs and services, finances, number of employees, organization strategy, and any other information that has not been publicly released by Housing New Mexico | MFA. Transferring data containing confidential information using non-secure services such as Dropbox is prohibited.

## **Respect and Privacy Rights**

- Employees must communicate respectfully about Housing New Mexico | MFA and its current and potential employees, customers, and partners. Employees must not engage in name calling or behavior that will reflect negatively on Housing New Mexico | MFA's reputation.
- Any unauthorized use of copyrighted materials, unfounded or derogatory statements, or misrepresentations by an employee will be viewed unfavorably by Housing New Mexico | MFA and may result in disciplinary action up to and including termination of employment.
- Employees must honor the privacy rights of current employees by seeking their permission before writing about or displaying information about internal Housing New Mexico | MFA happenings that might be considered a breach of their privacy and confidentiality.

## Discipline

Employees may be disciplined by Housing New Mexico | MFA, up to and including termination of employment, for any commentary, content, or images they send, post or forward using Housing New Mexico | MFA's computer and communication systems that are defamatory, pornographic, proprietary, or harassing in nature, or that otherwise create a hostile work environment.

## Media Contact

Media contacts about Housing New Mexico | MFA and its current and potential services, employees, associates, customers, and competitors should be referred for coordination and guidance to Housing New Mexico | MFA's Marketing and Communications Director.

#### **Remote Access**

Remote access to Housing New Mexico | MFA's computer and communication systems is provided via the Internet. Remote access is limited to designated Housing New Mexico | MFA personnel identified and approved by the employee's supervisor. Multifactor Authentication must be used when accessing any Housing New Mexico | MFA resources remotely. All security controls and restrictions defined elsewhere in the systems apply.

To review the Acceptable Use & Data Security and Social Media Policies in its entirety, employees should refer to Housing New Mexico | MFA's Intranet.

## **PAY POLICIES AND PROCEDURES**

### **Pay Process**

Housing New Mexico | MFA pay periods are two (2) weeks in duration providing employees with twenty-six (26) pay periods annually. Hours are recognized in fifteen (15) minute increments. With employee consent, payroll checks are directly deposited into individual employee bank accounts. Paper statements are distributed on the Friday following a pay period for staff who choose to not to have direct deposit. Payment arrangements, other than direct deposit, may be made through the Human Resources Director.

There will be no release of an employee's paycheck or payroll advice slip to someone other than the employee without the employee's written authorization.

### **Documentation of Time**

- Non-exempt employees. The FLSA and corresponding federal regulations require that each non-exempt employee complete accurate time records for each pay period showing hours worked each day, total hours worked each workweek and the pay period. Non-exempt employees must approve the hours worked and the employee's supervisor must verify and approve the hours worked in ADP, Housing New Mexico | MFA's electronic time
- keeping system. Failure to submit time records in a timely manner may result in delay of pay.
  Exempt employees are required to report exceptions, i.e., vacation, administrative or sick leave taken during the applicable pay period

#### **Overtime Procedures**

Only non-exempt employees are eligible for overtime. Overtime is paid, at the rate of time and a half, for time worked in excess of forty (40) hours in a workweek.

Non-exempt employees must obtain verbal approval from their supervisors prior to working overtime. A non-exempt employee who works overtime without obtaining approval from his/her supervisor may be subject to discipline.

All overtime hours are logged on the employee's time record with notation that verbal approval was obtained and the reason for the overtime. Supervisors are responsible for approval or denial of overtime and managing overtime within approved budget.

#### **Compensable Travel Time for Non-Exempt Employees**

Non-exempt employees may be eligible for compensation for the time spent when travelling on Housing New Mexico | MFA business. The compensation that a non-exempt employee receives depends on the kind of travel and whether the travel takes place within the employee's normal work hours. For the purpose of this policy, "normal work hours" are defined as the employee's regularly-scheduled work hours, e.g., 8:00 a.m. - 5:00 p.m. This definition applies to normal workdays (Monday through Friday) and to weekends (Saturday and Sunday).

• *Travel for One-Day Assignment in Another City* – An employee who regularly works at a fixed location and is given a special one-day assignment in another city and returns home the same day will be paid for the time spent traveling to and from the other city.

- *Travel During Workday* Time spent by an employee traveling as part of his or her regular job duties, such as travel from the office to an offsite meeting, is work time and will be paid as such.
- *Travel Away from Home* Travel that keeps an employee away from home overnight is travel away from home. Travel time that takes place within the employee's normal work hours, regardless of the day of week, is treated as work hours. When an employee travels between time zones, the time zone associated with the point of departure will be used to determine whether the travel falls within the employee's normal work hours. Time spent travelling from home to the airport terminal or train station terminal is considered commute time and is not treated as hours worked. Time spent waiting at the terminal until arrival at the destination is compensable when it falls during normal work hours. Employees should strive to time their arrival at an airport terminal so that their wait time before departure is limited to approximately two hours.
- □ Travel Time as Driver/Passenger of Automobile All authorized travel time spent driving an automobile is treated as work hours, regardless of whether the travel takes place within the employee's normal work hours or outside of the employee's normal work hours. Time spent as a passenger in an automobile is not automatically treated as work hours. Travel as a passenger in an automobile is treated the same as all other forms of travel.

In order to manage overtime within approved budget, supervisors have the discretion to adjust a non-exempt employee's work schedule during the workweek in which compensable travel time occurs so that the employee's total work hours during that workweek will not exceed forty (40) hours.

Irrespective of the foregoing rules regarding compensation for travel time, non-exempt employees will not experience a loss of wages, nor will any employee be required to use benefit time when traveling on behalf of Housing New Mexico | MFA.

## Non-Compensable Travel Time and Expenses

Not all time spent traveling by non-exempt employees and not all expenses incurred in connection with such travel are compensable. For example:

- A non-exempt employee who travels from home before the regular workday to work and then returns to his/her home at the end of the workday is engaged in ordinary home-to-work travel, which is not considered compensable travel time under the FLSA and corresponding federal regulations.
- Mileage from home to the airport or train or bus station is not compensable.

## **General Rules Applying to All Travel**

If a non-exempt employee is offered the most economical public transportation, but asks for and receives permission to drive instead, Housing New Mexico | MFA may only compensate the employee for the time to travel on the public transportation offered. Consistent with the above rules, all travel must conform to Housing New Mexico | MFA's travel policies, as set forth in Housing New Mexico | MFA Policies & Procedures Manual, and an

effort must be made to travel by the most economical means possible considering overtime, cost of transportation, and available options.

### **Redline Compensation Policy**

New Mexico Mortgage Finance Authority works toward a level of compensation that is externally competitive and internally equitable for all employees. Entry, mid and maximum ranges have been established for all grades/classifications. There are instances when an employee may have reached or surpassed the established range maximum for their position, which is referred to as redlining. A redlined employee would no longer be eligible for further base pay increases until such time the range maximum surpasses the employee's pay rate.

### **Bonus in Lieu of Merit Increase**

Housing New Mexico | MFA believes that it is in the best interest of both the organization and employees to recognize the efforts and contributions of redlined staff; therefore, Housing New Mexico | MFA may elect at its discretion to award a merit increase to redlined employees in the form of a bonus.

The amount of the bonus may be equal to the percentage increase the employee would have realized had he/she not been redlined.

Any such bonus will be paid out in equal increments in November, April and July.

## **SUMMARY OF EMPLOYEE BENEFITS**

#### **General Statement**

The benefits discussed in this Employee Manual are provided at Housing New Mexico | MFA's discretion and may be altered or discontinued at any time. If there is a conflict between the terms of any of the benefits described below and the terms of the benefits described in a particular benefit plan, the particular benefit plan controls. Any questions about a particular benefit should be directed to the Human Resources Director.

#### Health, Vision, and Dental Insurance

All full-time employees and part-time employees, working 20 hours or more are eligible for individual and dependent coverage under Housing New Mexico | MFA's group health insurance plan, dental plan and vision plan on the first day of employment. All employees that are enrolled under Housing New Mexico | MFA medical plan are also eligible to participate in the Wellness Plan provided by Presbyterian.

#### **Domestic Partners**

Housing New Mexico | MFA extends health, vision, and dental insurance benefits to the domestic partners of eligible employees who meet qualifying criteria established by Housing New Mexico | MFA, to the same extent that these benefits are available to spouses of eligible employees. Information regarding the qualifying criteria for domestic partner benefits is available from the Human Resources Director. For purposes of such benefits, "domestic partners" is defined as being two individuals who live together in a long-term relationship of indefinite duration. There must be an exclusive mutual commitment similar to that of marriage in which the partners agree to be financially responsible for each other's welfare and share financial obligations.

#### **Flexible Spending Accounts**

All full-time and part-time employees working 20 hours, or more are eligible to participate in Housing New Mexico | MFA's Flexible Spending Account program on the first day of

employment. Housing New Mexico | MFA allows eligible employees to set aside money in a flexible spending account for healthcare and related costs and/or for dependent care, on a pre-tax basis. Eligible employees may set aside an amount up to the allowable maximum for healthcare and related costs, and up to the allowable maximum amount for dependent costs.

## **Health Savings Account**

All full time and part time employees working 20 hours or more who are on a high deductible medical plan are eligible to participate in Housing New Mexico | MFA's Health Savings Account. A Health Savings Account (HSA) is a tax-deferred personal savings account that allows you to pay for current health expenses and save for future qualified medical and retiree health expenses on a tax-free basis. With an HSA your funds carry over from year to year. Eligible employees may set aside an amount up to the allowable maximum for healthcare and related costs.

### Short- and Long-Term Disability Insurance

All full-time and part-time employees working 30 hours or more become eligible for Short and Long-Term Disability Insurance on the first day of employment. Short- and Long-Term Disability Insurance is a benefit provided to eligible employees and paid for by Housing New Mexico | MFA.

Short term benefits begin on the  $15^{\text{th}}$  day of disability and employees receive 70% of the employees' pre\_disability earnings. Employees may choose to supplement the additional 30% with sick or vacation accruals.

Long-term benefits begin after 90 days of disability and receive 60% of the employees' pre\_disability earnings. Employees may choose to supplement the additional 40% with sick or vacation accruals.

## Group Term Life Insurance and AD&D Insurance

All full-time and part-time employees working 30 hours or more become eligible for Group Term Life Insurance and AD&D Insurance on the first day of employment. Group Term Life Insurance and Accidental Death & Dismemberment (AD&D) Insurance is provided to eligible employees by Housing New Mexico | MFA. Coverage is one (1) time the employee's annual salary plus \$10,000, with a minimum benefit of \$10,000, and a maximum benefit of \$100,000.

#### Supplemental Life and AD&D Insurance

All full-time and part-time employees working 30 hours or more become eligible for Supplemental Life and AD&D Insurance on the first day of employment. Supplemental Life and AD&D Insurance is available to eligible employees at their expense. Employees may purchase coverage in increments of \$10,000 to a maximum of \$300,000.

## Spouse/Domestic Partner Supplemental Life and AD&D Insurance

Spouse/Domestic Partner Supplemental Life and AD&D Insurance are available to eligible employees at their expense only if the employee has elected employee coverage. Elections may be made in increments of \$10,000 to a maximum of \$100,000 not to exceed 100% of the employee's approved election.

- All full-time employees with spouses become eligible for Spousal Supplemental Life and AD&D Insurance on the first day of employment if they have elected employee coverage.
- All full-time employees with domestic partners become eligible for Domestic Partner Supplemental Life and AD&D Insurance on the first day of employment if they have

elected employee coverage and have met qualifying criteria for domestic partner benefits established by Housing New Mexico | MFA.

## **Employee Assistance Plan**

All full-time and part-time employees with benefits are eligible for services under the Employee Assistance Plan on the first day of employment. Housing New Mexico | MFA has two options for an Employee Assistance Plan to provide confidential assistance to eligible employees. Employees may access the services at:

Compsych Guidance Resources Sponsored by Prudential 800.311.4327 Company CoOnline: guidanceresources.com Company Code: GEN311 The Solutions Group Sponsored by Presbyterian 1-866-254-3555 or 505-254-3555

Flyers for both plans can be found in Housing New Mexico | MFA's break room.

To utilize the Employee Assistance Plan, an employee must identify him/herself as an "Housing New Mexico | MFA" employee. The identity of the employee utilizing the services is not made known to Housing New Mexico | MFA.

### 401(k) Retirement Plan

Housing New Mexico | MFA has adopted a 401(k) Plan to provide eligible employees the opportunity to save for retirement on a tax-advantaged basis. Detailed information concerning the terms and conditions of the 401(k) Plan is contained in the Plan Highlights, which are available on Housing New Mexico | MFA's Intranet.

Upon meeting the requirements described in the Plan Document, all full-time and part-time employees with benefits who are over age 19 are eligible to participate in Housing New Mexico | MFA's 401(k) Plan, starting with the first day of the month after date of hire. A term employee is eligible if his or her offer letter states the individual is eligible for 401(k) benefits.

## **Employee Contributions**

Under the 401(k) Plan, eligible employees may elect to reduce their compensation by a specific percentage or dollar amount and have that amount contributed to their retirement account on a pretax basis through payroll deductions. Employee contributions are not subject to federal and state income taxes when made and may grow, tax deferred, until paid out, when the contributions will be taxable as ordinary income. All employee contributions are one hundred percent (100%) vested when made. The minimum amount an employee may contribute is one percent (1%) of their compensation, up to an annual dollar limit which is set by law.

#### **Automatic Deferral Increases**

Salary deferrals will be automatically increased by 1% every year in January, up to a salary deferral percentage of 8% of compensation. The Participant may opt out of automatic deferral increases by signing on to <u>www.startright.bokf.com</u> and revising the contribution election in their personal

#### 401(k) account.

### **Employer Matching Contributions**

Housing New Mexico | MFA will make a matching contribution for salary deferral contributions. Housing New Mexico | MFA will match one dollar for every dollar the participant puts into the plan for the first 1% or 2% of participant's eligible compensation. If the participant defers 3% or more, Housing New Mexico | MFA will match 5% of participant's eligible compensation each pay period (up to allowable tax limits to the 401(k) plan under IRC Section 402(g)).

Housing New Mexico | MFA will true-up for those who deferred the maximum deferral under IRC 402(g) but did not receive Matching Contributions because of the timing of deferrals. As chosen by the Employer this true-up can be made on a per pay period basis or at year end. Housing New Mexico | MFA will not give a true-up to a Participant who starts and stops his or her deferrals throughout the year, if they did not make the 3% deferral minimum each pay period.

#### **Employer Non-Elective Contributions**

Housing New Mexico | MFA will make a "non-elective" contribution to the 401(k) Plan equal to eleven percent (11%) of the eligible compensation of all Plan participants eligible to share in allocations. Housing New Mexico | MFA's non-elective contribution is contributed on a biweekly basis.

#### Loans

The Plan Documents of the New Mexico Mortgage Finance Authority 401(k) Plan offer the option of an employee taking up to two (2) loans from his/her retirement account. Any employee thinking about borrowing from his/her 401(k) plan should consider all options carefully.

Participants are allowed to borrow money from the Plan based on the following limitations (see the Plan Loan Procedures for additional information):

- Minimum amount \$1,000.00.
- Maximum amount 50% of vested account balance not to exceed \$50,000 (minus the difference between the highest outstanding balance of loans in the past 12 months and the outstanding balance of loans from the Plan on the date the loan is made).
- The duration of the loan will be limited to five years unless it is for purchase of primary residence.
- The interest rate will be based on National Prime plus 2%.
- Only two outstanding loans will be permitted at any time.
- Loan origination fee \$100.00.

For additional information, an employee should contact the Human Resources Director.

#### Vesting

An employee's "vested percentage" of the matching and non-elective contributions made to the 401(k) Plan by Housing New Mexico | MFA is based on "Years of Service." To earn a "Year of Service," an employee must be credited with at least one thousand (1,000) hours of service during a Plan Year. An employee's vested percentage is determined according to the following schedule:

#### Vesting Schedule

Less than Two Years0%Two Years but less than three25%

Three Years but less than four	50%
Four Years but less than five	75%
Five Years or more years	100%

### 457(b) Deferred Compensation Plan

Housing New Mexico | MFA also has adopted a 457(b) Plan, which allows eligible employees to set aside money for retirement on a pretax basis by entering into a salary reduction agreement with Housing New Mexico | MFA. Detailed information concerning the terms and conditions of the 457(b) Plan is available from the Human Resources Director or Bank of Oklahoma.

An eligible employee for purposes of the 457(b) Plan means an employee who has made in any prior year salary reduction contributions to Housing New Mexico | MFA 401(k) Plan equal to the IRC 402(g) limit.

- Under the 457(b) Plan: Employees may elect salary reduction amounts up to the IRC 402(g) limit.
- Only employee contributions are allowed unless otherwise stated through Board action.
- All employee contributions in the 457(b) Plan are one hundred percent (100%) vested.

In case of conflict between this Employee Manual or any summary of the 401(k), 457(b) Plans or any other benefit plans, the Plan Documents will govern.

### **Employee Educational Assistance**

Housing New Mexico | MFA encourages continuing education for eligible employees for specific job-related course work or employee education considered by Chief Officer to be in the best interest of Housing New Mexico | MFA.

Full-time employees with satisfactory work and attendance standards who have completed one (1) year of employment with Housing New Mexico | MFA are eligible to participate provided that they are not receiving assistance or a scholarship from any other source. Those employees wishing to be reimbursed by Housing New Mexico | MFA for attending and completing job-related college or trade school level courses must first complete the Educational Reimbursement <u>Application and</u> obtain their manager's and respective Chief Officer's approval and then forward those approvals to the Human Resources Director for final approval. All approvals must be obtained in advance and should be submitted during the budget process.

Tuition reimbursement for college or trade school level courses will not exceed standard semester credit hour rates charged by a state university in New Mexico. Tuition reimbursement for approved courses is limited to the following number of credit hours per fiscal year:

- Following one year of employment, nine (9) credit hours per fiscal year.
- Following three years of employment, twelve (12) credit hours per fiscal year; and
- Following five years employment, fifteen (15) credit hours per fiscal year.

Employees who receive other forms of financial aid, such as private scholarships or grants, assistance from a government department, and/or veterans' tuition benefits will be reimbursed only for the difference between reimbursable expenses and the aid received from other sources; that is, employees will only receive

reimbursement for their actual out-of-pocket expenses. Employees who receive other assistance must provide documentation of such assistance to the Human Resources Director.

Employees will be reimbursed for a percentage of the registration fee, technology fee, facility fee, tuition, textbooks, and related courses work fees, after submitting receipts and evidence of successful completion of the approved course or class as follows:

- With a grade of "A or B": one hundred percent (100%) reimbursement.
- With a grade of "C": Ninety percent (90%) reimbursement.
- Employees receiving a grade of "C-" or below will not be eligible for reimbursement of registration fees, tuition, or textbooks.

Textbook expenses will be reimbursed up to one hundred dollars (\$100) per book. The cost of other course materials will not be reimbursed.

MFA's Educational Assistance Repayment Agreement is a provision that requires an employee to repay amounts received for Educational Assistance in the event employment be terminated voluntarily or for cause, within twelve months of receiving tuition reimbursement. An employee who has given notice to separate employment will not be eligible for tuition reimbursement.

Part-time employees will be reimbursed on a prorated basis determined by average hours worked in the calendar quarter.

Any employee who is requesting reimbursement will be required to enter into a payback agreement prior to receiving the reimbursement. The agreement will be in place for a minimum of twelve months.

Housing New Mexico | MFA will pay for successful completion of job-related training, professional development, profession related certifications and associated preparation courses and any testing fees for up to two attempts of the same test. Prior approval from direct supervisor and Chief Officer is required.

#### Mass Transit

Housing New Mexico | MFA fully subsidizes the cost of bus passes and Rail Runner passes for use solely by Housing New Mexico | MFA employees. All employees are eligible to receive mass transit passes or subsidies. Bus passes may be obtained from Human Resources upon request. Rail Runner passes must be purchased by employees for reimbursement at a later date.

#### **Costco/Sam's Club Reimbursements**

All full-time employees are eligible for reimbursement for the annual cost of basic membership to either Costco or Sam's Club. Employees must be employed prior to the purchase of the membership to be eligible for reimbursement.

An employee who has given notice to separate employment will not be eligible for reimbursement.

#### Seminars and Conferences

All employees are eligible to attend business-related seminars and conferences upon recommendation by their supervisor and approval by the respective Chief Officer. Employees reporting to the Executive Director/CEO must obtain Executive Director/CEO approval. Housing

New Mexico | MFA will reimburse eligible employees for expenses incurred in connection with attendance at recommended and approved business-related seminars and conferences. Registration fees, travel and lodging expenses will be paid by Housing New Mexico | MFA with prior supervisor approval.

### **Compensable Time at Seminars and Conferences (non-exempt employees)**

On occasion, luncheons and social hours are conducted in conjunction with a conference or seminar. Generally, regular mealtimes are **not** compensable and attendance at a luncheon or social hour by a non-exempt employee is considered voluntary. Therefore, when a non-exempt employee attends a conference or seminar (or a monthly association luncheon or similar activity), his/her time during the lunch or social hour is not compensable.

**Exception:** If a non-exempt employee's attendance at a luncheon or social hour or similar activity is required by Housing New Mexico | MFA, then the employee's time is compensable.

### Volunteerism

Eligible full-time employees may take up to four hours of paid time off each fiscal year to volunteer for a charitable purpose. Part-time employees may take up to two hours of paid time off each fiscal year to volunteer for a charitable purpose. Employees may not use volunteer time to support political or lobbying projects.

To be eligible, employees have been rated Valuable Performaer or above and must not be on any disciplinary status.

Volunteer time should not conflict with the peak work schedule and other work-related responsibilities, cause a non-exempt employee to need to work overtime, or cause conflicts with other employees' schedules. Interested employees should meet with their managers to discuss their volunteer choice, schedule and to receive approval.

Volunteers must wear Housing New Mexico | MFA logo'd apparel during volunteer event.

# **INCENTIVE COMPENSATION PLAN**

## **Performance Evaluations**

The goal setting and performance evaluation process is intended as a means for discussing, planning, and reviewing the performance of each employee. Quarterly coaching and annual performance evaluations are designed to:

- Clearly define responsibilities, provide criteria by which performance will be evaluated, and suggest ways in which performance can be improved.
- Identify employees with potential for advancement.
- Help managers distribute and achieve department and company goals.
- Provide a fair basis for possible Merit Increases and Annual Awards.

Performance evaluations will be conducted on an annual cycle corresponding to the fiscal year end. Employees will receive a performance evaluation and new goals in November of each year. No performance evaluation will change the employment status of any employee which, at all times, shall remain at-will and no evaluation will guarantee that an employee will advance with Housing New Mexico | MFA.

## **Merit Increases**

Merit Increases are *not* guaranteed. They are a compensation tool based on company performance, available budget, and individual performance. Merit Increases, if awarded, will be reflected no later than first payroll cycle of December following the award.

All employees are eligible to be considered for Merit Increases, if they also satisfy the following criteria:

- Employees must have been hired on or before June 30<sup>th</sup> of the year in which the Merit Increase is awarded.
- Employees must be employed on the date the Merit Increase is awarded.

During the first-year transition period and/or the first year of employment Merit Increases will be pro-rated over the evaluation period through the first payroll cycle in which merit is awarded of any given year.

## **Spot Incentive Awards**

Housing New Mexico | MFA's Spot Incentive Program is designed to provide one-time awards for exemplary performance to eligible employees. All employees are eligible to be considered for a Spot Award, with the following limitations: Employees must be employed on the date the Spot Award is paid out. The Spot Award period runs from October 1<sup>st</sup> of any given year through September 30<sup>th</sup> of the following year. Spot Awards will be paid out during the payroll cycle in which approvals are obtained.

- Spot Awards reward outstanding individual performance on a case-by-case basis.
- Spot Awards provide recognition for exemplary employee actions on a case-by-case basis.
- Spot Awards recognize contributions to the organization.

• Spot Awards may be granted at any time throughout any given fiscal year.

Spot Awards are not guaranteed but are recommended by the supervisor and must be approved by the Department Director, Chief Officer, Human Resources Director and the Executive Director/CEO.

## Annual Incentive Awards

Annual Incentive Awards are based on the Strategic Plan and budget as approved by Housing New Mexico | MFA's Board of Directors. Housing New Mexico | MFA's Annual Incentive Program is designed to provide incentive compensation for eligible employees by rewarding and motivating staff as staff performance leads to achievement of company-wide goals. All full-time employees and part-time employees with benefits are eligible to be considered for an Annual Incentive Award.

Each member of senior management will be allotted a percentage of the Annual Incentive pool based on total eligible salaries within his/her department. The supervisor will recommend payout percentage for each eligible employee within his/her department. Final incentive awards are approved by the Chief Officer and Executive Director/CEO. Twenty-five percent (25%) of total incentive compensation earned after taxes will be allocated to each eligible employee on a pro rata basis relative to the total company's gross payroll for the fiscal year. Seventy-five percent (75%) of total incentive compensation earned after taxes will be allocated to department directors on a pro rata basis relative to their employees' share of the total company's gross payroll for the fiscal year. Seventy-five percent (75%) of total incentive compensation earned after taxes will be allocated to department directors on a pro rata basis relative to their employees' share of the total company's gross payroll for the fiscal year. Seventy-five percent directors on a pro rata basis relative to their employees' share of the total company's gross payroll for the fiscal annual incentive compensation equals the sum of both the twenty-five and seventy-five percent components. Total annual incentives will not exceed ten percent (10%) per employee per year.

An additional two percent (2%) incentive pool will be allocated for distribution to the Chief Officers and the Executive Director/CEO.

All employees are eligible for Annual Incentive Awards, provided that they also satisfy the following criteria:

- All full-time and part-time Employees must have been hired on or before June 30<sup>th</sup> of any given year.
- Employees must be employed on the date the Annual Incentive Award is paid out.
- Annual Incentive Awards are granted at the manager's discretion and must be consistent with overall individual performance evaluation and time worked during the evaluation period.

The Annual Incentive Award period runs from October 1<sup>st</sup> of any given year through September 30<sup>th</sup> of the following year. Annual Incentive Awards will be paid out no later than the first payroll cycle in December in any given year.

- Annual Incentive Awards are not guaranteed but are awarded based on contributions to the achievement of company-wide goals, available budget, and individual performance.
- Annual evaluations are the basis for proposed Annual Incentive Awards.

During the first-year transition period and/or the first year of employment Annual Incentive Awards will be pro-rated for the evaluation period through the end of the fiscal year. After the transition period and/or first year of employment all employees will be on the same Annual Incentive Awards schedule.

A full copy of the Incentive Compensation Plan can be found on Housing New Mexico | MFA's Intranet.

Changes, modifications, or exceptions to the Incentive Compensation Policy must be approved by Housing New Mexico | MFA's Board of Directors.

# LEAVE WITH PAY

# Vacation Leave

# **Full-Time Employees**

Vacation leave accrues on a biweekly basis. Full-time employees accrue vacation leave based on years of service as follows:

- The first two (2) years of employment
  - Twelve (12) days per year (accruing at 3.69 hours per pay period)
- After the completion of two (2) years and through five (5) years of employment
  - Fifteen (15) days per year (accruing at 4.61 hours per pay period)
- After the completion of five (5) years and through ten (10) years of employment
  - Twenty (20) days per year (accruing at 6.15 hours per pay period)
- After completion of ten (10) years and through fifteen (15) years of employment
   Twenty-three (23) days per year (accruing at 7.07 hours per pay period)
- After completion of fifteen (15) years and through twenty (25) years of employment
  - Twenty-five (25) days per year (accruing at 7.69 hours per pay period)
- After completion of twenty-five (25) years and through twenty (30) years of employment
  - Twenty-Seven (27) days per year (accruing at 8.30 hours per pay period)
- After completion of thirty (30) years
  - Thirty (30) days per year (accruing at 9.23 hours per pay period)

The Executive Director/CEO has authorization to allow director level and above positions to accrue vacation leave up to the maximum available under the vacation leave policy.

# **Part-Time Employee with Benefits**

All part-time employees with benefits are eligible for vacation time. Employees will accrue vacation at a pro-rated amount that is determined based on the number of hours they were scheduled to work in the preceding fiscal quarter.

# **Accrued Vacation Days**

A maximum of thirty-five (35) accrued vacation days (two hundred and eighty (280) hours) may be carried forward from one fiscal year to the next. Any accrued vacation leave in excess of 280 hours that is not used before the fiscal year end (September 30<sup>th</sup>) will be forfeited. Upon resignation or termination of employment, employees will receive pay for any accrued unused vacation leave (up to 360 hours).

# **Use of Vacation Leave**

Employees begin to accrue vacation leave with the first pay period after date of hire and may use vacation leave after one (1) day is accrued. Accrual amounts are noted on pay stubs each pay period. Vacation can be taken only with the supervisor's consent and may be taken in quarter hour increments. Requests will be considered based on work demands and staffing needs, and consent may be withheld based on those and other factors that affect the conduct of Housing New Mexico | MFA's business.

Employees are encouraged to request vacation leave that exceeds two (2) days as far in advance as possible. If an employee wishes to take vacation time that exceeds the employee's accrued vacation leave, approval must be obtained in advance from the respective Chief Officer, or the Executive Director/CEO if appropriate. If approved, the excess vacation time will be taken without pay. Accrued sick leave may not be used in lieu of vacation leave.

## **Paid Personal Day**

Full-time employees are eligible employees that may take one (1) paid 8 (eight) hour personal day each fiscal year after completing ninety (90) days of employment. If personal days are not used by the last pay date of the fiscal year, they will be forfeited. Personal days are not accrued and therefore are not paid out at time of resignation or termination. Personal days can be taken only with the supervisor's consent. Requests will be considered based on work demands and staffing needs, and consent may be withheld based on those and other factors. Employees on a compressed work week will need to request an additional hour of vacation to complete a 9 (nine) hour workday.

## **Part-Time Employee with Benefits**

All part-time employees with benefits are eligible for a paid personal day. Part-time employees will earn a personal day at a pro-rated amount that is determined based on the number of hours they were scheduled to work in the preceding fiscal quarter.

#### **Paid Sick Leave**

#### **Full-Time Employees**

Sick leave is accrued on a biweekly basis beginning with the first pay period after date of hire. Full-time employees accrue thirteen (13) days of sick leave per year, at the rate of four (4.00) hours per pay period. Accrued sick leave may be carried over from one fiscal year to the next.

# **Part-Time and Temporary Employees**

Sick leave is accrued on a biweekly basis beginning upon the commencement of employment. All part-time and temporary employees are eligible for sick leave. Part-time employees will accrue sick leave at a pro-rated amount that is determined based on the number of hours regularly scheduled to work.

#### Use of Sick Leave

Employees may begin to use sick leave as it is accrued. If an employee is going to be absent because of sickness, except in cases of emergency, the employee must contact Housing New Mexico | MFA no later than thirty (30) minutes before the employee's scheduled start time and should make every effort to speak directly to his/her immediate supervisor. If the supervisor is not available, the employee should make every effort to speak directly to the manager next in the chain of command. Leaving messages with co-workers may result in unexcused absences.

Sick leave may be used in cases of employee illness or illness of a family member, including the employee's spouse, domestic partner, or anyone who is related to the employee or employee's spouse or domestic partner as his or her child (whether biological, adopted, foster, step, or legal ward), parent or legal guardian (whether biological, foster, step, or adopted), spouse or domestic partner of a family member, or any individual whose close association with the employee or the employee's spouse or domestic partner is the equivalent of a family relationship.

Sick leave may be used for any medical purpose, e.g., doctor and dentist appointments. Sick leave may also be used for meetings at the employee's child's school or place of care related to the child's health or disability or for any absence necessary due to domestic abuse, sexual assault, or stalking suffered by the employee or a family member of the employee.

Documentation may be required for absences of three (3) or more consecutive workdays. Employees will be allowed up to fourteen (14) days from the date of return of work to provide the required documentation. Failure to provide the required documentation within the allotted time period may result in the leave being retroactively counted as unexcused absences.

Employees requesting time off due to the illness of a child may be asked to provide a notice from the child's school or healthcare provider for absences of two (2) or more consecutive days.

#### **Exhaustion of Sick Leave**

Sick time that exceeds accrued sick leave will be taken without pay unless an alternative arrangement (e.g., the transfer of sick leave by a fellow employee to assist the sick employee) is approved at the discretion of the Executive Director/CEO or his/her designee. Accrued vacation leave also may be used to cover sick time in lieu of leave without pay.

#### Nonuse of Sick Leave

Employees are encouraged to use sick leave for medical purposes, however employees who do not need to use sick leave will accrue four (4) additional hours of vacation leave time during the fiscal year for every six (6) months worked, if during that six (6) month period, sick leave is not used.

#### **Payout of Unused Sick Leave**

Employees may choose to be paid in cash for accrued unused sick leave in excess of four hundred (400) hours up to a maximum of one hundred twenty (120) hours in the first full pay period in January and/or July. The hours will be paid at a rate equal to fifty percent (50%) of the employee's hourly wage. Immediately prior to retirement from employment, employees will be paid accrued sick leave in excess of four hundred (400) hours (two hundred (200) hours maximum) at an hourly rate equal to fifty percent (50%) of their hourly wage. Employees will be solely responsible for any tax consequences of such a sellback of accrued sick leave.

Accrued unused sick leave will not be paid to an employee upon termination from Housing New Mexico | MFA. If an employee is rehired by Housing New Mexico | MFA within twelve (12) months of termination, the employees previously accrued sick leave will be reinstated.

#### **Transfer of Sick Leave**

Housing New Mexico | MFA allows an employee to transfer a portion of his/her accrued sick leave to assist a fellow employee who has a serious medical condition. Transfer of sick leave is subject to the following conditions and limitations:

- The ill employee must have exhausted all of his/her own accrued sick and vacation leave prior to obtaining a transfer of sick leave from another employee.
- An employee may not transfer more than forty (40) hours of sick leave in any fiscal year.
- Sick leave may not be transferred from a subordinate to an immediate supervisor.
- The transferring employee must have a minimum of sixty-four (64) hours of sick leave

remaining after the transfer.

- Transfer of sick leave will only be available for use during the waiting period of Short-Term Disability.
- Transfer of sick leave can be transferred to an employee that is experiencing a qualifying event that does not involve the employee (i.e., taking care of child or parent).
- The donor and the recipient must complete a Sick Leave Donation/Recipient Request form.
- Any unused sick time that was donated will be transferred back to the donor.
- Donated hours will be transferred to the recipient as needed on a per pay period basis.
- The Human Resources Director must approve the transfer request.
- The Human Resources Director will post the request for donations on Housing New Mexico | MFA's intranet. Employees should not solicit donations on their own.

Transferred sick leave will run concurrently with the amount of Family and Medical Leave (FMLA) of Absence available to an employee under the FMLA policy below, arising out of the same illness or medical catastrophe.

# Forty (40) Consecutive Hour Leave

Certain employees are required to take forty (40) consecutive business hours of leave during each full fiscal year following their first twelve (12) months of employment. Any forty (40) consecutive business hours of leave taken will be recorded regardless of how many total leave hours are taken within a fiscal year. All types of leave identified in this Manual, including training conducted away from Housing New Mexico | MFA, may be used to meet the forty (40) consecutive business hour leave requirement except holidays. Waivers to this policy may be granted as necessary and must be approved sixty (60) days in advance by the Executive Director/CEO.

A full copy of the Consecutive Hour Leave Policy can be found on Housing New Mexico | MFA's Intranet.

# **Paid Holidays**

Eligible employees are entitled to pay for holidays observed by Housing New Mexico | MFA. Fulltime employees are eligible for eight (8) hours of pay on day of holiday. Part-time employees with benefits are eligible for holiday pay at a pro-rated amount that is determined based on the average amount of hours they were scheduled to work in the previous fiscal quarter. Employees on unpaid leave will not be eligible to receive holiday pay. Employees on a compressed work week will need to request an additional hour of vacation to complete a 9 (nine) hour workday.

# **Holidays Observed**

At the beginning of each calendar year, a list is published detailing paid holidays observed by Housing New Mexico | MFA and their exact dates for that year.

The Holidays that are observed by Housing New Mexico | MFA are:

- New Year's Day
- Martin Luther King Jr. Day
- President's Day
- Memorial Day
- Juneteenth

- Independence Day
- Labor Day
- Indigenous Peoples Day
- Veterans Day
- Thanksgiving Day
- Christmas Day
- Personal Day (please see Paid Personal Day policy above)

Holidays that fall on a Saturday will be observed on Friday before the holiday. Holidays that fall on a Sunday will be observed on the following Monday.

# Working on a Housing New Mexico | MFA Paid Holiday

Working on a Housing New Mexico | MFA paid holiday is discouraged and prohibited unless prior approval is obtained from the respective Chief Officer and/or Executive Director/CEO, if applicable.

**Exempt Employees**: If it is necessary and in the best interests of Housing New Mexico | MFA to work on a paid holiday, then the employee will be granted floating time off equivalent to the actual number of hours worked on the holiday, which should be taken within 30 days that the holiday is worked.

**Non-Exempt Employees**: Working on a paid holiday generally is prohibited if it will result in the employee working more than forty (40) hours in a workweek unless approved by the respective Chief Officer or Executive Director/CEO. If the hours worked by the non-exempt employee on the holiday result in the employee working more than forty (40) hours in a workweek, the employee will receive overtime compensation, at the rate of one and one-half times their regular rate of pay, for each hour of overtime worked in that workweek.

#### Paid Administrative Leave

The Executive Director/CEO or his/her designee may authorize administrative leave with pay, for a reasonable amount of time, due to office closures, under unusual circumstances, or when it is in the best interests of Housing New Mexico | MFA to do so.

#### **Bereavement Leave**

Full-time employees are eligible for bereavement leave. Bereavement leave is leave with pay for absences due to the death of the employee's spouse, domestic partner, child, stepchild, child-inlaw, mother, father, stepmother, stepfather, mother-in-law, father-in-law, grandparents, grandchildren, brother, sister, or anyone residing in the employee's household, or as approved by the Executive Director/CEO on a case-by-case basis.

# **Part-Time Employee with Benefits**

All part-time employees with benefits are eligible for bereavement leave. Part-time employees will be paid bereavement leave at a pro-rated amount that is determined based on the number of hours regularly scheduled to work.

# **Bereavement Leave Duration**

Approval from the employee's supervisor must be obtained for the requested duration of the leave.

Up to four (4) days or thirty-two (32) hours can be granted to an employee per bereavement occurrence. Up to three (3) additional days or twenty-four (24) hours can be granted if out-of-state travel is necessary. Accrued vacation may be used for any additional time an employee takes in connection with a bereavement occurrence.

#### Voting Time

Housing New Mexico | MFA encourages all employees to vote at each scheduled election. All employees who are registered voters are entitled to paid time to vote for up to two hours. Scheduling of voting time should be arranged with the employee's immediate supervisor.

#### Jury Duty/Subpoenas

Housing New Mexico | MFA recognizes that employees who are called to serve on jury duty or subpoenaed as a witness have a legal obligation to do so. Housing New Mexico | MFA provides paid leave to eligible employees for the time necessary to comply with those legal obligations. Full-time employees are eligible for paid administrative leave for jury duty and to appear as a witness in response to a subpoena.

The employee must notify his/her supervisor immediately upon receipt of notice of impending jury duty or required appearance in response to a subpoena before a federal or state grand jury or court or a federal or state agency.

A copy of the notice of jury duty or subpoena must be submitted to the Human Resources Director for the employee's personnel file. When a full-time employee is called for jury duty or to appear as a witness in response to a subpoena before a federal or state grand jury or Court or a Federal or State Agency, the employee will be compensated for his/her regular work schedule. The employee must turn in a timecard receipt to Human Resources showing attendance in order to be compensated. An employee who is subpoenaed in his/her capacity as an employee of Housing New Mexico | MFA will be compensated for his/her regular work schedule, to include overtime pay if applicable.

Employees who are dismissed early from jury duty should return to work if four (4) or more hours remain in the regularly scheduled workday or use accrued vacation time.

For an employee who is a plaintiff or a defendant in a lawsuit unrelated to his/her employment by Housing New Mexico | MFA, accrued vacation leave may be used for time off from work required for the litigation, and/or the employee may request leave without pay which must be authorized by the Executive Director/CEO or his/her designee.

Attendance fees received for jury duty or witness fees received in connection with a subpoena must be remitted to Housing New Mexico | MFA's Human Resources Director. Travel reimbursement received for jury duty must be remitted to Housing New Mexico | MFA if the court destination is in the Albuquerque downtown area.

#### Parents with School Aged Children

Housing New Mexico | MFA will allow up to four (4) hours of paid leave for the fall semester and up to four (4) hours of leave in the spring semester to allow parents, aunt, uncle, stepparents, grandparents, brother, sister, or anyone residing in the employees' household, or as approved by

the Executive Director/CEO on a case-by-case basis, that have school aged children to attend parent-teacher conferences and/or meetings. (Employees may use accrued sick leave in excess of these four (4) hours for meeting at the employee's child's school or place of care related to the child's health or disability.) As with other benefits, leave should be submitted for approval via ADP.

Employees will be required to complete a Parent Teacher Conference form and approval of leave needs to be approved by the Supervisor, Human Resources Director and Executive Director/CEO and must be turned into payroll for processing.

#### **Inclement Weather**

If Housing New Mexico | MFA decides to close the offices due to inclement weather, all employees will be contacted via text, email and/or a phone call from Housing New Mexico | MFA's alerting system. Time for that day will be charged to paid administrative leave. If the weather conditions are too dangerous, such that an employee cannot travel to work, the employee may stay home after notifying his/her supervisor as required by the attendance policy and call-in procedures. Vacation time or personal days must be used to cover the absence, otherwise the time off will be unpaid. Delays and office closings occurring on a day that an employee is telecommuting will not apply to that employee's work schedule because the employee will not have to commute. In the event of an office closure during non-telecommuting days, employees who have the ability to connect to Housing New Mexico information systems will be expected to work from home. Employees who do not have the ability to connect to Housing New Mexico information systems will be expected to more from home. Employees who do not have the ability to connect to Housing New Mexico information systems will be expected to work from home. Employees who do not have the ability to connect to Housing New Mexico information systems will be expected to work from home. Employees who do not have the ability to connect to Housing New Mexico information systems will be expected to work from home. Employees who do not have the ability to connect to Housing New Mexico information systems or are otherwise not set up to telework will be paid administrative time for the duration of the office closure due to inclement weather.

It is at the employee's discretion to adhere to weather related office closures.

# **Office Closure**

If <u>MFAHousing New Mexico</u> | <u>MFA</u> decides to close the office due to an unforeseen event, all employees will be contacted via text, email and/or a phone call from <u>MFAHousing New Mexico</u> | <u>MFA</u>'s alerting system. This time will be charged to paid administrative leave. Lunches and breaks are not to be taken in conjunction with the beginning of a workday or end of a workday. Office closings occurring on a day that an employee is telecommuting will not apply to that employee's work schedule because the employee will be working away from the office.

In the event of an office closure during non-telecommuting days, employees who have the ability to connect to Housing New Mexico information systems will be expected to work from home. Employees who do not have the ability to connect to Housing New Mexico information systems or are otherwise not set up to telework will be paid administrative time for the duration of the office closure.

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# **LEAVES OF ABSENCE**

# Family and Medical Leave Policy

Eligible employees may be entitled to a leave of absence in accordance with the Family and Medical Leave Act (FMLA). Employees who are ineligible for leave under the FMLA may nonetheless be granted unpaid medical leave of a definite duration, if necessary, as a reasonable accommodation under the Americans with Disabilities Act (ADA). This policy is intended as a guideline, and it is not intended to provide employees with greater rights than they are afforded under the FMLA or the ADA. All terms used in this policy are defined the same as they are defined in the FMLA and ADA and their implementing regulations.

#### **Eligibility for FMLA Leave**

FMLA leave is available to eligible employees. An eligible employee must:

- Have been employed by Housing New Mexico | MFA for at least twelve (12) months (which service need not be consecutive);
- Have been employed by Housing New Mexico | MFA for at least twelve hundred and fifty (1,250) hours of service during the twelve (12) month period immediately preceding the commencement of the leave; and
- Be employed at a worksite where fifty (50) or more employees are located within seventy-five (75) miles of the worksite.

# **Basic FMLA Leave Entitlement**

Eligible employees are entitled to take up to 12 weeks of unpaid FMLA leave in a 12-month period for the following circumstances:

- During the 12 months following the birth of a natural child in order to care for that child.
- During the 12 months following the placement of a child with an employee for adoption or foster care; or
- For the serious health condition of the employee or to care for the employee's spouse, domestic partner, child (biological, adopted or foster children, stepchild, legal ward, or a child of a person standing *in loco parentis*), or parent (biological or who stands or stood *in loco parentis*) who has a serious health condition.

#### Servicemember Leave Entitlement

Eligible employees with a spouse, domestic partner, son, daughter, or parent on active duty or call to active duty in the Armed Forces, National Guard, or Reserves who are deployed to a foreign country may use their 12 weeks of FMLA leave entitlement to address certain qualifying exigencies. Qualifying exigencies include: (1) short-notice deployment (*i.e.*, seven days or less of notice); (2) military event and related activities; (3) arranging for alternative childcare; (4) financial and legal arrangements; (5) counseling; (6) rest and recuperation; (7) post-deployment activities; and (8) any other event that the employee and Housing New Mexico | MFA agree is a qualifying exigency.

An eligible employee who is the spouse, son, daughter, parent, or next of kin of a covered servicemember is also entitled to take up to 26 work weeks of FMLA leave during a 12-month period to care for the servicemember who incurred a serious injury or illness in the line of active

duty in the Armed Forces. The combined total leave in any single applicable 12-month period for servicemember family leave and any other qualify FMLA leave is 26 workweeks, although servicemember family leave does not limit the availability of FMLA leave.

#### **Intermittent Leave and Reduced Leave Schedules**

An employee with a serious health condition or with a spouse, parent, or child with a serious health condition, or an employee on servicemember family leave to care for a servicemember may be entitled to take FMLA leave on an intermittent or reduced leave schedule. Housing New Mexico | MFA may require an employee who chooses this option to transfer temporarily to an alternative position which better accommodates Housing New Mexico | MFA's workflow. The employee will receive equivalent pay and benefits during the temporary transfer.

# FMLA Leave Counting

FMLA leave will be counted on a "rolling" 12-month period measured backward from the date an employee uses such leave. In other words, each time an employee takes FMLA leave, the remaining FMLA leave entitlement would be the balance of the 12 weeks (or 26 weeks, if applicable0 that has not been used during the immediately preceding 12 months.

#### No Work While on Leave

Accepting another job while on FMLA leave or any other authorized family or medical leave of absence is grounds for immediate termination, to the extent permitted by law.

#### Use of Paid Leave and Continuation of Benefits

Employees may be required to use accrued sick leave for any part of unpaid FMLA leave. If an employee has exhausted all of his/her accrued sick leave while on FMLA leave, the employee may elect to use accrued vacation for the remainder of the unpaid FMLA leave. The use of accrued sick leave and/or accrued vacation leave while on FMLA leave does not extend the duration of the FMLA leave allowed.

Health and life insurance coverage will be continued for employees on leave on the same terms that such coverage would have been provided if the employee had continued employment. If the employee fails to return to work from FMLA leave, Housing New Mexico | MFA may recover premiums paid for maintaining the employee's health coverage.

#### **Restoration of Employment and Benefits**

If the employee returns to work within 12 weeks following FMLA leave (or 26 weeks, if applicable), the employee will be reinstated to his or her former position or to an equivalent position in terms of pay, benefits, status, and seniority. The employees' restoration rights are the same as they would have been had the employee not been on leave. If the position would have been eliminated or the employee would have been terminated but for the leave, the employee does not have the right to reinstatement upon return from leave. If the employee fails to return to work by the previously agreed-upon date, in the absence of further communication, the employee will be considered to have abandoned his or her job.

If the employee is unable to return to work upon the exhaustion of the employee's FMLA leave for his or her own serious health condition, Housing New Mexico | MFA will engage in the interactive process to determine whether the employee is a qualified individual with a disability and whether additional leave or some other reasonable accommodation can be provided. If no reasonable accommodation can be provided or reasonable accommodation would result in an undue hardship for Housing New Mexico | MFA, then the employee who fails to return to work from FMLA leave will may be medically separated.

#### **Notice and Certification Requirements**

For foreseeable FMLA leaves such as births or adoptions and planned medical treatments, employees are required to give 30 days of advance notice. For unforeseeable FMLA leaves such the onset of a serious medical condition of the employee or a family member, employees are required to provide as much advance notice as possible under the circumstances. The failure to give advance notice when required may result in the denial of the requested FMLA leave.

Within 5 days after the employee requests leave or after Housing New Mexico | MFA learns that leave already taken may be for an FMLA-qualifying reason, Housing New Mexico | MFA will provide written notice stating whether the employee is eligible for FMLA leave and, if not eligible, provide at least one reason why not. Housing New Mexico | MFA will also provide a written notice stating whether FMLA leave is available, how much leave has been designated as FMLA leave, and how much leave remains. For a leave of unspecified duration, Housing New Mexico | MFA will update the notification every 30 days as to how much leave has been designated as FMLA leave and how much available FMLA leave remains.

For requested FMLA leave for a serious health condition of the employee or a family member (including a covered servicemember's serious injury or illness), the employee will be required to have a qualified health care provider complete the Certification of Health Care Provider Form for Family and Medical Leave. The purpose of the Certification is for the health care provider to certify the employee's own serious health condition, the family member's serious health condition, or the covered service member's serious injury or illness. The Certification for the serious health condition of a family member or covered service member should further indicate the need for the employee's attendant care for the family member or for the covered service member. Housing New Mexico | MFA may require a second or third opinion, periodic reports on status and intent to return to work, and/or a fitness-for-duty report to return to work. Failure to timely provide requested documentation may result in the denial or delayed approval of requested FMLA leave. Documentation relating to the employee's or family member's medical condition will be held in strict confidence and maintained in the employee/s medical records file.

#### **Military Leave of Absence**

Housing New Mexico | MFA is required under the Uniformed Services Employment and Reemployment Rights Act (USERRA) and state law to provide enhanced leave rights and job protections for employees absent for military service.

**Eligibility:** Every employee who is a member of the uniformed services is eligible for military leave of absence regardless of length of employment or part-time status, with the exception of workers employed for brief, non-recurrent periods.

USERRA applies to employees who are members of the uniformed services of the United States, which include the Army, Navy, Air Force, Marine Corps., Coast Guard, and their reserves; the

Army and Air National Guards, including periods of training; the Public Health Service commissioned corps: and other categories that may be designated by the President in times of emergency.

A military leave of absence includes voluntary or involuntary active duty, active duty for training, inactive duty training, and full-time National Guard duty. It also includes any absence needed for an examination to determine whether a person is fit to perform military duty.

#### Request

Unless the giving of advance notice is impossible, unreasonable, or precluded by military necessity, an employee who requests military leave of absence must submit a copy of the military orders or other official documentation, to the employee's supervisor, for approval by the respective Chief Officer, or the Executive Director/CEO if appropriate. Employees must give written or verbal notice of the need for military leave as far in advance as is reasonable under the circumstances, preferably at least thirty (30) days in advance of the start of the military leave.

# Nature of Military Leave

An employee's salary will not continue during a military leave, with one exception: if an employee is a member of an organized reserve unit of the armed forces, Housing New Mexico | MFA will give the employee up to fifteen (15) working days of military leave with pay annually (based on a military training year) in addition to other authorized unpaid leave when the employee is ordered to active-duty training or for the purpose of attending officially authorized training or instruction.

An employee may request to use any vacation or sick leave they have accrued to cover all or part of their military leave. Health benefits coverage will continue for thirty-one (31) days as long as the employee pays their normal portion of the cost of benefits during that period. For leave lasting longer than thirty-one (31) days, an employee will be eligible to continue health benefits under COBRA and will be required to pay the total cost of their health benefits if they wish to continue benefits.

# **Reemployment Rights**

To be entitled to reemployment rights, an employee on military leave must report back to work or apply for reemployment at Housing New Mexico | MFA according to the following schedule:

- If the military leave was less than 31 days, the employee must return to work the next regularly scheduled workday following completion of his/her military service and the expiration of eight (8) hours after a time for safe transportation back to his/her residence.
- If the military leave was 30 days to 180 days, the employee must apply for reemployment with Housing New Mexico | MFA no later than 14 days following the completion of his/her military service.
- If the military leave was 181 or more days, the employee must apply for reemployment with Housing New Mexico | MFA no later than 90 days following the completion of his/her military service.

An employee's failure to reapply for reemployment within these deadlines may result in the

employee being denied reemployment at Housing New Mexico | MFA following his or military service. Upon application for reemployment, the employee will be required to provide Housing New Mexico | MFA with military discharge documentation to establish the timeliness of the application for reemployment, the duration of the military service, and his/her honorable discharge. Upon return from military leave, an employee will be reinstated with the same seniority, pay, status, and benefit rights that they would have had if they had worked continuously. If service was for less than ninety (90) days, the employee must be restored to the same job. If service was longer than ninety (90) days, the employee must be restored to his/her their same job or another job of like seniority, status, and pay, the duties of which the employee qualified to perform.

If an employee was a participant in Housing New Mexico | MFA's 401(k) and/or 457(b) retirement plans at the time they left for military duty, they will be permitted to make additional contributions to the plan(s) as of their reemployment date.

Rights for reemployment and benefits depend upon satisfactory completion of military service. Housing New Mexico | MFA is not required to reemploy a returning employee if the employee fails to apply for reemployment in a timely manner; if Housing New Mexico | MFA's circumstances have so changed as to make reemployment impossible or unreasonable; if reemployment would pose an undue hardship upon Housing New Mexico | MFA; if the employee's employment prior to the military leave was for a brief, non-recurrent period and there was no reasonable expectation that the employment would have continued indefinitely or for a significant period; or if the employee was separated due to a dishonorable or bad conduct discharge or under less than honorable conditions.

# **Paid Parental Leave Policy**

# Purpose

The New Mexico Mortgage Finance Authority (Housing New Mexico | MFA) will provide eligible employees with paid parental leave. The purpose of paid parental leave is to provide parents with time to care for and bond with their new child(ren). Eligible employees as defined in this policy will be provided twelve (12) workweeks of fully paid parental leave following the birth or adoption of a child. This policy will run concurrently with leave taken under the Family and Medical Leave Act (FMLA), as applicable.

New Mexico Mortgage Finance Authority will provide up to 12 weeks of paid parental leave to employees following the birth of an employee's child or the placement of a child with an employee in connection with adoption or foster care.

# Eligibility

To be eligible for paid parental leave, employees must meet the following criteria:

- Be a full-time, regular employee.
- Have been employed with Housing New Mexico | MFA for at least 12 consecutive months prior to the start of the paid parental leave, excluding any temporary and term employment.
- Have given birth to a child or be a spouse or domestic partner of a woman who has given birth to a child, (an affidavit for domestic partnership must be on file with human resources at the time leave is requested) or

• Have adopted a child (the child must be age 17 or younger).Children brought into the household due to marriage or domestic partnership would not be a qualifying event for paid parental leave.

# Duration and Timeframe of Paid Parental Leave

- Eligible employees will receive a maximum of 12 weeks of paid parental leave for the birth, adoption of a child or children in the six-month time frame immediately following the birth or placement.
- All paid parental leave must be taken during the first 6 months following the birth, adoption, or foster care placement of the child. Parental leave not utilized within the 6-month period or any unused paid parental leave will be forfeited.
- Eligible employees may utilize one term of paid parental leave (up to 12 weeks) per birth or adoption event.
- Employees must take paid parental leave in one continuous period of leave.
- Paid parental leave taken under this policy will run concurrently with leave under the FMLA, any leave taken under this policy will also be counted toward the 12 weeks of available FMLA leave.
- If both parents or domestic partners work for Housing New Mexico | MFA, each parent or domestic partner is eligible to receive paid parental leave under this policy.
- Paid parental leave may not be donated to any other employee.

# Pay and Benefits During Parental Leave

- Each week of paid parental leave is compensated at regular, straight-time weekly pay.
- Paid parental leave will be paid on a bi-weekly basis on regularly scheduled pay dates.
- If a holiday occurs while the employee is on paid parental leave, it will be paid as holiday pay; however, it will not extend the total paid parental leave entitlement.
- Employees will continue to accrue vacation and sick time during paid parental leave.
- Upon termination of the employment at Housing New Mexico | MFA, he or she will not be paid for any unused paid parental leave for which he or she was eligible.

# **Requests for Paid Parental Leave**

- The employee will provide his or her supervisor and the human resource department with notice of the request for leave at least 30 days prior to the proposed date of the leave (or if the leave was not foreseeable, as soon as possible).
- The employee must complete the necessary HR forms and provide all documentation as required by the HR department to substantiate the request.

New Mexico Mortgage Finance Authority reserves the right to interpret this policy, or to modify it as business needs dictate with or without notice.

# Personal Leave of Absence/Leave without Pay

The Executive Director/CEO or his/her designee may authorize a personal leave of absence with or without pay, for a reasonable amount of time, under unusual circumstances when it is in the best interests of Housing New Mexico | MFA to do so. Employees requesting a personal leave of absence without pay for eight (8) hours in a pay period or more must submit a Personnel Action Form. The granting of a personal leave of absence without pay for more than eight (8) hours is

solely within the discretion of the Executive Director/CEO or his/her designee. Except as otherwise described in Housing New Mexico | MFA's Vacation and Sick leave "Use" policies, appropriate accrued vacation and/or sick leave must be exhausted before applying for personal leave or leave without pay.

# Reinstatement

Reinstatement following an unpaid personal leave of absence is not guaranteed. Management will attempt to reinstate an employee returning from a personal leave of absence into the employee's former position or, if that is not available, a comparable position. If the employee's former position is not available, Management will consider the employee for any available position for which he or she is experienced and qualified.

# **Educational Leave**

Full-time employees are eligible to request educational leave with or without pay for training related to their position with Housing New Mexico | MFA. The granting of educational leave of absence is solely within the discretion of the Executive Director/CEO or his/her designee.

# **Domestic Abuse Leave**

An employee may take up to fourteen (14) days or 112 hours per calendar year to:

- Pursue an order of protection or other judicial relief from domestic abuse.
- Meet with law enforcement officials, consult with attorneys, or district attorneys' victim advocates, or attend court proceedings related to domestic abuse of themselves or a member of their family.
- Obtain medical or psychological treatment or other counseling, relocate, prepare for or participate in legal proceedings, or obtain services or assist a family member of the employee with any of these activities due to domestic abuse, sexual assault, or stalking suffered by the employee or a family member of the employee.
- An employee may choose to use accrued sick, or vacation leave for any domestic abuse leave.

# Definition

"Domestic Abuse" for purposes of this policy means an incident of stalking or sexual assault whether committed by a household member or not, or any incident by a household member against another household member consisting of or resulting in:

- physical harm
- severe emotional distress
- bodily injury or assault
- a threat causing imminent fear of bodily injury by any household member
- criminal trespass
- criminal damage to property
- repeatedly driving by a residence or workplace
- telephone harassment
- harassment; or
- harm or threatened harm to children

# Notice

In an emergency, employees needing domestic abuse leave must notify Housing New Mexico |

#### MFA within twenty-four

(24) hours of starting the leave. Otherwise, employees needing domestic abuse leave must provide as much notice as possible in the circumstances. Notification can be given to the employee's supervisor/manager, the Human Resources Director, respective Chief Officer, or Executive Director/CEO.

#### **Use of Sick Leave**

An employee who has accrued sick leave available may elect to use any accrued sick leave to receive payment during their absence. An employee who does not have accrued sick leave available for all or part of their domestic abuse leave may elect to use any accrued vacation leave to receive payment during their absence. Any employee who does not have either accrued sick leave or accrued vacation leave available may take domestic abuse leave without pay.

#### Verification

Employees must provide Housing New Mexico | MFA with verification of the leave as soon as verification is obtained. The verification may be a police report indicating that the employee or a member of the employee's family was a victim of domestic abuse; a copy of an order of protection or other court evidence produced in connection with an incident of domestic abuse; or a written statement from the employee's attorney, district attorney's victim advocate, or prosecuting attorney stating that the employee, employee's child, or a child for whom the employee is a guardian appeared or is scheduled to appear in court in connection with an incident of domestic abuse.

#### Confidentiality

Housing New Mexico | MFA will keep all information regarding domestic abuse leave strictly confidential, including the fact that the employee or employee's family member was involved in a domestic abuse incident; that the employee requested or took domestic abuse leave; and the verification provided by the employee. No information regarding domestic abuse leave will be kept in personnel files. Housing New Mexico | MFA will disclose information related to domestic abuse only when the employee consents, or when a court or administrative Housing New Mexico | MFA orders such disclosure, or when such disclosure is otherwise required by federal or state law.

#### **No Retaliation**

Housing New Mexico | MFA will not penalize or retaliate against an employee for requesting or taking domestic abuse leave. Housing New Mexico | MFA will not withhold benefits coverage from an employee during the time they are on domestic abuse leave. Time taken for domestic abuse leave will not be included in calculating eligibility for benefits.

# SAFETY, VIOLENCE, SECURITY, AND DRUG AND ALCOHOL-FREE WORKPLACE

#### Safety

It is the intent of the Housing New Mexico | MFA Board of Directors and Management to ensure a safe, productive work environment and to protect all employees and Housing New Mexico | MFA property from harm. Safety is the responsibility of all employees. Every effort should be made to develop safe working conditions.

For the safety of Housing New Mexico | MFA's employees and visitors the following rules apply:

- Restrooms are for use only by Housing New Mexico | MFA employees and visitors who have legitimate business reasons for being on the premises.
- All visitors, including family and friends of employees, and business associates, will be required to remain in the lobby until the appropriate employee is notified and physically greets the visitor.
- All visitors must sign in at the reception desk and must be escorted to the appointed destination.
- At the conclusion of meeting, all visitors must be escorted back to the reception desk to sign out

If anyone becomes aware of a potential hazard, it must be reported to Management or to the employee's supervisor immediately.

#### Work-Related Injuries and Illnesses

Federal law requires that Housing New Mexico | MFA keep records of all accidents and illnesses that occur during the workday. State law also requires that employees report any injury or illness sustained on the job, no matter how minor it may be. Employees must inform Human Resources immediately and complete an accident report no matter how minor the injury may appear. If an employee fails to report an injury, his or her right to collect workers' compensation payments and health benefits may be jeopardized.

If anyone becomes aware of a potential hazard, it must be reported to Management or to the employee's supervisor immediately.

#### **Restraining Orders**

Employees are required to inform their direct supervisor if they have obtained a court-ordered restraining order against any person. A copy of the restraining order must be provided to Human Resources as soon as it is issued by a court.

#### Use of Personal and Housing New Mexico | MFA-Issued Cell Phones

The use of personal or Housing New Mexico | MFA-issued cell phones while at work may present a hazard or distraction to the user and/or co-employees. This policy is meant to ensure that cell phone use during work hours is safe, does not disrupt business operations, and is consistent with other policies regarding Housing New Mexico | MFA property.

Employees whose job responsibilities include regular or occasional driving and who use a cell phone for business are expected to use caution while driving. Cell phones may **not** be used for

Housing New Mexico | MFA business purposes while driving **unless** they are equipped with a hands-free device or built- in speakers that allow for hands-free use. Text messaging is prohibited while driving during work hours.

Under no circumstances are employees allowed to place themselves at risk when using cell phones to fulfill business needs. Employees who are charged with traffic violations resulting from the use of their phone while driving will be solely responsible for all fines that result from such actions. Employees in possession of company equipment such as cellular phones are expected to protect the equipment from loss, damage, or theft.

Employees in violation of this policy will be subject to disciplinary action, up to and including termination of employment.

#### **Building Access**

Housing New Mexico | MFA strives to provide exceptional customer service. This includes having <u>walk-in</u> customers for the full ranges of programs provided on a regular basis.\_<u>To</u> minimize risks, Housing New Mexico has a double barrier to enter the building. Access to the building is only available with a magnetic key provided to staff or by the receptionist allowing access to visitors. The following steps are taken to minimize risk to staff and individuals in the building:

◆ Staff must be vigilant when entering the building to ensure no one enters the building other than Housing New Mexico | MFA staff.

◆ The receptionist will only allow individuals into the building that she/he is familiar with or that have identified themselves via speaker located at the entrance to the building. MFA's customer service policies and MFA's location bring with it some risks. Staff must be vigilant when entering the building to ensure no one, other than MFA staff, enters the building with them unless they have been identified and are escorted to the receptionist desk.

#### Violence

Housing New Mexico | MFA seeks to provide a safe workplace for all employees. Violence of any kind will not be tolerated at Housing New Mexico | MFA. Violence, causing physical harm to another, or threats of violence and/or the possession of a firearm in the Housing New Mexico | MFA building is prohibited and will result in disciplinary action, up to and including termination of employment. Refusal to permit inspection for the presence of a firearm in Housing New Mexico | MFA workspace, or refusal to participate in an investigation into workplace violence may also result in disciplinary action, up to and including termination of employment.

The procedures outlined below should be followed if employees of or visitors to Housing New Mexico | MFA become violent or threatening:

- Any employee who feels he/she is in imminent danger, should call 911, otherwise;
- Call the receptionist at extension 2201. He/she will follow the emergency response procedures.
- Remain calm so as not to heighten the situation.
- Do not physically try to calm the situation or restrain the individual.
- Forward harassing or threatening phone calls to the Human Resources Director.

# Security

Housing New Mexico | MFA is closed and secured at all times other than business hours.

If the building is entered at times other than business hours, the building security alarm will activate. At this time, the alarm company will attempt to contact Housing New Mexico | MFA office by telephone. If no one answers the telephone and/or the security code is not given, the security company will assume a breach of security and the police will be called. Every attempt should be made to use care in entering and leaving the building without accidentally setting off the alarm. Employees must immediately notify their supervisor or the Facilities Coordinator in cases of accidental alarm activation.

# Drug and Alcohol-Free Workplace

Housing New Mexico | MFA will not tolerate the use, sale, manufacture, distribution, purchase, and/or possession of illegal controlled substances (including medical cannabis and recreational marijuana) or alcohol during work hours or in its workplace, inspection sites, office rental vehicles, and personal vehicles when mileage is reimbursed by Housing New Mexico | MFA. Being under the influence of alcohol/drugs while at work or consuming drugs/alcohol while on breaks or lunch is not permitted. Receiving a DUI (Driving under the Influence) citation will not be tolerated and may result in termination of employment. A full disclosure to immediate supervisor who is required to report to respective Chief Officer or Executive Director/CEO and Human Resources Director is required within twenty-four (24) hours of receipt of such violation and or citation.

Disclosure is required for prescription medications (including medical cannabis) that may cause impairment. Human Resources will maintain the confidentiality of such information on a strict need-to-know basis.

Housing New Mexico | MFA wants to continue to provide a safe and healthy work environment for employees and clients that is free from drugs and alcohol. The following policy is in furtherance of that goal.

Housing New Mexico | MFA prohibits:

- The use, possession, solicitation for, or sale of narcotics or other illegal drugs, alcohol, or prescription medication without a prescription on Housing New Mexico | MFA premises
- Being impaired or under the influence of legal or illegal drugs or alcohol away from Housing New Mexico | MFA premises while on a work assignment if such impairment or influence adversely affects the employee's work performance, the safety of the employee or of others, or puts at risk Housing New Mexico | MFA's reputation
- Being impaired or under the influence of legal or illegal drugs or alcohol during any Housing New Mexico | MFA- sponsored event, or event in which Housing New Mexico | MFA participates, and regardless of whether the employee is still considered to be working, if such impairment or influence adversely affects the employee's work performance, the safety of the employee or of others, or puts at risk Housing New Mexico | MFA's reputation
- Possession, use, solicitation for, or sale of legal or illegal drugs or alcohol away from Housing New Mexico | MFA premises, if such activity or involvement adversely affects the employee's work performance, the safety of the employee or of others, or puts at risk Housing New Mexico | MFA's reputation
- The presence of any detectable amount of prohibited substances in the employee's system while at work, while on the premises of Housing New Mexico | MFA, or while Housing New

Mexico | MFA business. "Prohibited substances" include illegal drugs, alcohol, recreational marijuana, or prescription drugs not taken in accordance with a prescription given to the employee

#### Medical Cannabis

Employees shall not use, possess, or be impaired by medical cannabis or marijuana when they report to work or while on duty irrespective of their status as a registered or authorized user of medical cannabis under state law. Any employee in a safety-sensitive position who tests positive for cannabis components or metabolites may be subject to discipline, up to and including termination of employment, irrespective of the employee's status as a registered or authorized user of medical cannabis or cardholder status. A "safety-sensitive position" is any job designated by Housing New Mexico | MFA that includes duties or tasks that Housing New Mexico | MFA has determined could affect the safety or health of the employee or others, including but not limited to operating a motor vehicle, equipment, machinery, or power tools.

Any employee in a non-safety-sensitive position who tests positive for cannabis components or metabolites will not be disciplined based solely on the positive test if they are a registered or authorized user of medical cannabis. However, if there is a good-faith reason to believe that such an employee was impaired by medical cannabis when the employee reported to work or while on duty, the employee may be subject to discipline, up to and including termination of employment, irrespective of the employee's status as a registered or authorized user of medical cannabis or cardholder status. A good-faith belief that an employee is impaired may be based on any of the following: observed conduct, behavior, or appearance; written, electronic, or verbal statements; video or audio recordings; records of government agencies, law enforcement agencies, or courts; and any other information reasonably believed to be accurate or reliable.

Any employee who has been prescribed medical cannabis or its components by a healthcare provider who is legally authorized to issue such a prescription may request a reasonable accommodation to the Human Resources Director. Housing New Mexico | MFA will make an individualized assessment as to whether the employee can and will be accommodated, which accommodation may include but not be limited to authorizing a medical leave of absence while the employee is actively using medical cannabis or its components, temporarily relieving the employee of safety- sensitive duties while the employee is actively using medical cannabis or its components, and/or permanently reassigning the employee from a safety-sensitive position to an open non-safety- sensitive position for which the employee is otherwise qualified. Housing New Mexico | MFA reserves the right to deny any request for accommodation that is required under federal or state law and/or that would create an undue hardship.

# **Drug & Alcohol Testing**

Housing New Mexico | MFA may ask an employee to submit to a drug and/or alcohol test at any time under any of the following circumstances:

# **Reasonable Suspicion Testing**

"Reasonable suspicion" exists when an employee exhibits patterns of behavior that suggest impairment from drug or alcohol use or when job performance or safety is affected. An employee may be requested to take a drug test or alcohol test if management officials or supervisors have reasonable cause to believe that the employee's faculties are impaired while at work due to drug or alcohol use. For purposes of this policy, actions by an employee which will support "reasonable; suspicion" drug or alcohol testing include, but are not limited to, unauthorized leave from work areas; excessive tardiness when returning from breaks or meal periods; accidents on the job; evidence of drugs or alcohol on or about the employee's person or in the employee's vicinity; and significant swings on normal behavior, morale, or level of productivity. Reasonable suspicion testing will be preceded by the supervisor completing a Reasonable Suspicion Checklist in a form provided by Human Resources.

Drug and alcohol tests will be done by a certified private laboratory selected by the Housing New Mexico | MFA and this laboratory will ensure that split samples are taken so that retesting can be done if requested by the employee. Positive test results may result in the termination of employment. If an employee is tested for drugs or alcohol outside of the employment context and the results indicate a violation of this policy, or if an employee refuses a request to submit to testing under this policy, the employee also may be subject to appropriate disciplinary action, up to and including termination of employment. In such a case, the employee will be given an opportunity to explain the circumstances prior to any final employment action becoming effective.

Housing New Mexico | MFA maintains an Employee Assistance Program (EAP) under which employees may seek assistance. In the event of a positive drug or alcohol test, however, a referral to the EAP may or may not be available under the circumstances.

Any employee violating this policy will be subject to disciplinary action up to and including termination of employment. In lieu of termination, Housing New Mexico | MFA may grant the employee a leave of absence to participate in and successfully complete a drug/alcohol abuse assistance program or rehabilitation program approved by a federal, state or other appropriate agency.

The employee will not be permitted to return to work until certification is presented to the Human Resources Director that the employee is capable of performing their job. Failure to cooperate with an agreed-upon treatment plan may result in disciplinary action to include termination.

Participation in a treatment program does not insulate an employee from disciplinary action for violations of this or other Housing New Mexico | MFA policies. An employee who has been arrested for a violation of a criminal drug statute that occurred during work hours is required to notify Housing New Mexico | MFA no later than five calendar days after such conviction. Housing New Mexico | MFA will decide on a case-by-case basis whether to terminate the employee or place the employee on unpaid administrative leave pending the outcome of the criminal charges against the employee.

# **STANDARDS OF CONDUCT & DISCIPLINARY ACTION**

Groups of people who work together for any purpose require certain guidelines regarding their conduct and relationships. Housing New Mexico | MFA expects employees to conduct themselves in an honest, polite, respectful, and professional manner at all times, which includes being well-mannered and respectful to one another, as well as to visitors, customers, associates, and partners of Housing New Mexico | MFA.

## Misconduct

As previously stated, employment with Housing New Mexico | MFA is at will and either the employee or Housing New Mexico | MFA may terminate the employment relationship at any time, for any or no reason, and with or without advance notice. Although Management may attempt to help employees correct their behavior through progressive discipline or other means, immediate termination is always an option. Although there is no way to identify every possible violation of standards of conduct that might rise to the level of misconduct, the following is a partial list of examples that will result in discipline, up to and including termination of employment:

- Fighting or other disorderly conduct.
- Loud and/or disruptive behavior.
- Theft from Housing New Mexico | MFA or a co-worker.
- Dishonesty of any kind.
- Failure to complete or falsification of any document or record, including hiring and timekeeping records including Personnel Activity Reports.
- Unauthorized use or disclosure of Housing New Mexico | MFA's confidential information and/or records, such as salary information, or other confidential information, which may become available to the employee during employment.
- Violation of Housing New Mexico | MFA's Confidentiality Agreement.
- Deliberate conflict of interest.
- Willful destruction or negligent abuse, waste, or theft of Housing New Mexico | MFA property or the property of a co-worker.
- Any use of illegal drugs or abuse of prescription drugs, or being under the influence of drugs or alcohol, during working hours or on Housing New Mexico | MFA premises.
- Possession of any weapons or firearms on Housing New Mexico | MFA premises.
- Threatening, intimidating, bullying, defaming, or coercing others by word or action.
- Engaging in discrimination, including sexual or other harassment, of an Housing New Mexico | MFA employee or any visitor, customer or person providing services to Housing New Mexico | MFA.
- Violation of any safety, security, or health rules.
- Engaging in any actions prohibited by the Fair Housing Amendments of 1988.
- Insubordination (including refusal to accept a job assignment or to acknowledge written counseling).
- Failure to perform job responsibilities.
- Not performing at an acceptable level of competency.
- Repeated absenteeism and/or tardiness.
- Unauthorized use or misuse of Housing New Mexico | MFA property (for example, unauthorized use or misuse of Housing New Mexico | MFA's computers or E-mail).

• Unauthorized soliciting, collecting contributions or distribution of literature for any purpose on Housing New Mexico | MFA premises.

#### **Disciplinary Action**

Management in its sole discretion determines what disciplinary steps or action may be appropriate to address employee behavior and/or performance problems. Disciplinary action may take different forms, depending upon the specific facts and circumstances, including, but not limited to, the following:

- Oral counseling, which may or may not be documented in writing.
- Written counseling signed by the employee's supervisor and acknowledged by the employee and placed in the employee's personnel file after consultation with the employee.

Additional disciplinary steps that may be taken, depending upon the seriousness of the behavior or performance problem being addressed, including but are not limited to the following, which may be taken only with the approval of the Executive Director/CEO:

- Delay in expected salary adjustments.
- Evaluations other than annual.
- Suspension without pay.
- Performance and/or conduct improvement plan.
- Demotion.
- Termination.

Not all of the foregoing steps may be required to correct instances of inappropriate employee behavior, poor performance or misconduct, nor are these steps required to be taken in the order in which they are listed. Because of the at-will nature of employment at Housing New Mexico | MFA, employment may be terminated by Housing New Mexico | MFA or the employee, at any time, for any reason or for no reason, with or without advance notice and with or without disciplinary steps having first been followed.

#### **Disagreements with Supervisors**

While Housing New Mexico | MFA strives to maintain pleasant and effective working conditions, it recognizes that misunderstandings and disagreements between employees and their supervisors may arise. In such cases, and in cases where disciplinary action has been taken with which an employee is dissatisfied, the following procedures will generally be followed:

The employee should first discuss the problem or disciplinary action with his/her supervisor.

- The supervisor will make a decision regarding the problem or disciplinary action based on discussions with the employee.
- Every effort should be made to resolve problems or conflicts with the immediate supervisor prior to utilizing the chain of command.
- If the employee does not agree with the decision of the supervisor, the employee should consult with the next level of management.
- The next level of management will confer with all parties and make a decision about the problem or corrective action.

If the employee does not agree with the decision, the employee should consult with the Human Resources Director.

The Human Resources Director will confer with all parties and then make the final decision about the problem or corrective action, unless the disagreement involves the Human Resources Director, in which event the Executive Director/CEO or his/her designee will make the final decision.

# ANTI-DISCRIMINATION AND HARASSMENT POLICY

#### Objective

Housing New Mexico | MFA is committed to maintaining an employment environment in which all individuals are treated with respect and dignity. Each individual has the right to work in an atmosphere that promotes equal opportunities and prohibits discriminatory practices and harassment.

Discrimination or harassment based on an individual's race (including on the basis of traits historically associated with race, such as hair texture, length of hair, protective hairstyles, or cultural headdresses), gender, color, religion, sex, sexual orientation, gender identity, marital status, pregnancy, parenthood, national origin, age, physical or mental disability, serious medical condition, genetic information, status with regard to public assistance, status as a veteran, ancestry, or any other classification protected by applicable federal, state or local law, is strictly prohibited and will not be tolerated by Housing New Mexico | MFA.

This anti-discrimination and harassment policy prohibits any type of discrimination or harassment by any Housing New Mexico | MFA employee against any individual in our workplace, and in other work-related settings such as business trips and social events attended by employees. Housing New Mexico | MFA also will not tolerate any form of discriminatory or harassing behavior against an Housing New Mexico | MFA employee by any non-employees, such as visitors, customers, associates, or persons providing services or products to Housing New Mexico | MFA.

#### Harassment Defined

Sexual and other harassment are forms of discrimination that are prohibited by Title VII of the Civil Rights Act of 1964 and 1991, and by the New Mexico Human Rights Act.

Harassment refers to unwelcome behavior that is based on a protected characteristic of the person(s) being harassed (e.g., age, sex, religion, national origin, etc.), and that creates an intimidating, hostile or offensive working environment. Harassment in the workplace is demeaning to the person(s) against whom it is practiced and destroys the fair and harmonious working environment essential to the continued success of Housing New Mexico | MFA.

Prohibited harassment may take many forms, including, but not limited to, the following:

- Harassing or discriminatory remarks or actions against an individual or group on the basis of their race (including on the basis of traits historically associated with race, such as hair texture, length of hair, protective hairstyles, or cultural headdresses), gender, color, religion, sex, sexual orientation, gender identity, marital status, pregnancy, parenthood, national origin, age, physical or mental disability, serious medical condition, genetic information, status with regard to public assistance, status as a veteran, ancestry or any other characteristic protected by law.
- Crude/vulgar language, sexual advances or other verbal, visual, or physical conduct of a sexual nature, intimidation, baiting, hazing, bullying, banter/teasing, spreading rumors, sending or posting offensive or lewd materials (including pictures, sayings or cartoons), ridicule, hostility and threats or acts of violence.
- Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

- A. submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment.
- B. submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting the individual; or
- C. such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

# **REPORTING DISCRIMINATION OR HARASSMENT**

# **Employee Responsibilities:**

- All employees are equally responsible and accountable for maintaining a workplace that respects the dignity and rights of their fellow employees and the customers they serve.
- Employees are encouraged to be supportive of one another and sensitive to remarks and actions that can be personally harmful and/or disruptive to others in the workplace.
- Employees who believe they are being discriminated against or harassed are encouraged to firmly and promptly inform the offender that his/her behavior is unwelcome, harmful, or offensive. Some offenders may be genuinely oblivious to the effect of their words or conduct on other people and might be willing to change if they knew they were hurting or offending someone. However, Housing New Mexico | MFA recognizes that power and status disparities between an alleged harasser and a target or other circumstances may make such a confrontation difficult or impossible in some instances.
- Any employee who is aware of or who has experienced an incident of discrimination or harassment should report the matter immediately to his/her supervisor or any member of Management to minimize the risk of repeat incidents or retaliation by the offender.
- If the supervisor is the offender, report the incident to Management. If Management is the subject of the report, the employee should inform the Human Resources Director.
- Reports of discrimination or harassment, whether oral or written, should include an accurate, detailed description of the objectionable behavior, including date(s), time(s), and place(s) of the alleged discrimination or harassment, and should identify any other individuals who may have witnessed or heard the offensive conduct.

# Supervisor, Manager and Management Responsibilities:

- Supervisors, managers and Management must serve as positive role models with respect to proper conduct in the workplace.
- Along with their own conduct, supervisors, managers and Management should always be alert in identifying negative behavior among employees, whether intentional or not, that may affect the work environment.
- Supervisors, managers and Management should also encourage employees to discuss and ask questions to become better informed and to bring concerns and observations to the attention of their supervisors for discussion and follow-up, as appropriate.
- In the event that a supervisor, manager or Management becomes aware of a discrimination or harassment incident or complaint, or potential problem situation, he/she should contact the Human Resources Director immediately for guidance in investigating and addressing the problem.
- Supervisors, managers and Management should cooperate fully with efforts to investigate and resolve any complaints of discrimination or harassment.

#### **Investigation of Reports**

Investigation of all reports of discrimination or harassment will be undertaken promptly in as discreet and confidential a manner as possible. Cooperation and discretion by all employees contacted during an investigation is required.

If a complaint of discrimination or harassment is substantiated, appropriate corrective action will be taken, depending upon the circumstances. Employees found to have engaged in discrimination or harassment will be subject to appropriate discipline, up to and including termination of employment.

#### Retaliation

Housing New Mexico | MFA will not tolerate any retaliation against any employee who makes a report of harassment or discrimination or who participates in an investigation of a report or claim of harassment or discrimination. Any employee found to have retaliated against another employee for reporting harassment or discrimination, or for participating in an investigation of discrimination or harassment, will be subject to disciplinary action, up to and including termination of employment.

#### Harassment by Non-Employees

All Housing New Mexico | MFA employees are entitled to enjoy a workplace free from discrimination, harassment, and abuse of any sort, and have a right to perform their job duties without a requirement to endure discrimination, harassment, or abuse from any member of the public or any Housing New Mexico | MFA contractor, sub- recipient, or partner. If, in the course of performing her/his job duties, an Housing New Mexico | MFA employee encounters any member of the public, or any Housing New Mexico | MFA contractor, sub-recipient, or partner who speaks to, writes to, or writes about the employee or any other person in a manner that the employee finds offensive or threatening, that employee may terminate all verbal and/or written communication with the person making or writing the offensive or threatening comments. The employee shall immediately notify – verbally and/or in writing - her/his direct supervisor, or if that person is unavailable, a Chief Officer or the Executive Director/CEO, of the incident and all relevant information regarding the incident. The employee will have no further obligation to communicate with and or have any other form of contact with the person who made the offensive or threatening comment.

For the purposes of this policy, an offensive comment shall include, but shall not necessarily be limited to, comments regarding membership in a protected classification (based on race, religion, ethnicity, national origin, gender, sexual orientation, gender identity, or perceived sexual orientation or gender identity); disability or perceived disability; physical appearance; or any other comment that a reasonable person similarly situated to the employee would find offensive. A threatening comment shall be interpreted as any comment indicating a suggestion or expression of intent to actively commit some form of physical, mental, or emotional harm to the employee, to another employee, to anyone related to any employee, or to any other person in a manner that would cause a reasonable person similarly situated to the employee to whom the comment was made to feel threatened.

# ANTI-BULLYING

# Objective

Housing New Mexico | MFA's objective is to provide a work environment that promotes respect for our employees. Housing New Mexico | MFA believes all employees should be able to work in an environment free of bullying and will not tolerate bullying under any circumstances.

#### **Bullying Defined**

Workplace bullying is verbal or nonverbal abusive behavior that is intended to or has the effect of intimidating, offending, degrading and/or humiliating an employee, whether it occurs in a one- on- one situation or in front of other employees, partners, or customers. Some examples of workplace bullying include:

- Verbal abuse, including shouting, using an inappropriate or mocking tone of voice, or using profanity or crude language.
- Exclusion of an employee by not notifying the employee of meetings, opportunities, results, and outcomes directly affecting his/her employment or ability to perform his/her job effectively.
- Belittling behavior, including public remarks or emails that may cause humiliation.
- Interfering with another employee's workplace, materials, and equipment.
- Excessive and/or intrusive surveillance or monitoring of an employee.
- Nitpicking and fault finding without justification.
- Deliberately withholding information vital for effective work performance.

Workplace counseling, providing constructive criticism, managing performance or any other action in accordance with Housing New Mexico | MFA's policies and procedures does not constitute workplace bullying. Differences of opinion, interpersonal conflicts, and problems in working relations are part of working life and do not constitute bullying.

#### **Reporting Bullying**

#### **Employee Responsibilities:**

- All employees are equally responsible and accountable for maintaining a workplace that respects the dignity and rights of their fellow employees and the customers they serve.
- All employees of Housing New Mexico | MFA shall act responsibly to establish a pleasant working environment free of bullying.
- Employees are encouraged to be supportive of one another and sensitive to remarks and actions that can be personally harmful and/or disruptive to others in the workplace.
- Employees who believe they are being bullied are encouraged to tell the offender directly that his/her behavior is contrary to Housing New Mexico | MFA's anti-bullying policy. Some offenders may be genuinely oblivious to the effect of their words or conduct on other people and might be willing to change if they knew they were hurting or offending someone. However, Housing New Mexico | MFA recognizes that power and status disparities between an alleged bully and a target or other circumstances may make such a confrontation difficult

or impossible in some instances.

• Individuals who are aware of or who have experienced an incident of bullying are encouraged to report the matter promptly, to his/her supervisor or any member of Management to minimize the risk of repeat incidents or retaliation by the offender. If an employee's supervisor or manager is the offender, the incident should be reported to Management. If Management is the subject of the report, the incident should be reported to the Human Resources Director.

## Supervisor, Manager and Management Responsibilities:

- Supervisors, managers, and Management must serve as positive role models with respect to proper conduct in the workplace and should always be alert in identifying bullying behavior among employees, whether intentional or not, that may affect the work environment.
- Supervisors, managers, and Management should also encourage employees to discuss and ask questions to become better informed and to bring concerns and observations to the attention of their supervisors and managers for discussion and follow-up, as appropriate.
- In the event that a supervisor, manager, or Management becomes aware of a bullying complaint, or potential bullying problem, he/she should contact the Human Resources Director immediately for guidance in investigating and addressing the problem.
- Supervisors, managers, and Management should cooperate fully with efforts to investigate and resolve any reports of bullying.

#### **Investigation of Reports**

Investigation of all reports of bullying will be undertaken promptly in a discreet and confidential manner as possible. Cooperation and discretion by all employees contacted during an investigation is required.

If a complaint of bullying is substantiated, appropriate corrective action will be taken, depending upon the circumstances. Employees found to have engaged in bullying in violation of this policy will be subject to appropriate discipline, up to and including termination.

#### Retaliation

Housing New Mexico | MFA will not tolerate any retaliation against any employee who makes a report of bullying or participates in any investigation of a bullying complaint. Any employee found to have retaliated against another employee for reporting or participating in an investigation of bullying will be subject to disciplinary action, up to and including termination.

# PERSONNEL FILES and PERSONAL INFORMATION

#### **Personnel Files**

Housing New Mexico | MFA strives to keep accurate, up-to-date employment records on all employees to ensure compliance with state and federal regulations, to keep benefits information up to date, and to make certain that important mailings reach all employees. All information contained in personnel files is the property of Housing New Mexico | MFA and is considered confidential.

Employees must inform Housing New Mexico | MFA of any necessary updates to their personnel file such as change of address, change of telephone, and cell numbers, emergency contact information, marital status, number of dependents, military status or education.

The following types of information and documents may be kept in employee personnel files:

- Employment application
- Personal data, including name and address changes, emergency notification information, and home telephone and cell numbers
- Performance evaluations
- Disciplinary actions
- Salary history
- Payroll deduction authorization forms
- Personnel Action Forms
- Outside information requests
- Signed receipt for Housing New Mexico | MFA's Employee Manual
- Position descriptions
- Training Certificates
- Interview notes, comments received from references.

All current employees will be permitted to review their personnel files at reasonable times with reasonable notice, in the presence of the Human Resources Director, Human Resources Assistant, or the employee's supervisor.

Housing New Mexico | MFA will only verify dates of employment and job titles to outside agencies inquiring by telephone about current or former employees. No other information will be given out about an employee without written authorization from the employee, except what is otherwise required by law.

Access to an employee's personnel file is limited to the Human Resources Department, Management, and the employee's immediate supervisor.

Any employee who reveals information from any personnel file in violation of this policy will be subject to disciplinary action, up to and including termination.

#### **Personal Information**

Unless requested or required by law enforcement or a valid subpoena, an employee's home telephone number, cell number, or address will not be given externally. It will only be provided internally for business reasons.

The following documents and information will be kept in confidential files, separate and apart from the employee's personnel file: Background Investigations, W-4 Forms, I-9 Forms (Employment Eligibility Verification) and copied identification documents; Worker's Compensation information; employee benefits enrollment forms for health, dental, life insurance, and Housing New Mexico | MFA's retirement plans; any medical information, including disability claim forms; driving records; and exit interviews.

# **EMPLOYEE PERFORMANCE EVALUATIONS**

#### **Timing of Evaluations and Salary Adjustments**

Housing New Mexico | MFA will strive to conduct formal employee performance evaluations on an annual cycle corresponding to the fiscal year end in a format approved by Management. Salary adjustments may occur on an annual basis or more frequently, based on recommendations of the employee's supervisor and with the Executive Director/CEO's approval. Any salary adjustments made relative to annual evaluations will generally become effective with the first payroll cycle of December.

All employees (new, transferred, reclassified, promoted, or demoted) may receive quarterly coaching and annual performance evaluations. Annual evaluations will generally take place in the October/November timeframe.

#### Approval

The employee's direct supervisor is responsible for conducting employee performance evaluations. Managers are responsible for reviewing evaluations with supervisors and recommending salary adjustments. Upon completion of that process, the Chief Officer in the employee's management chain, or the Executive Director/CEO if appropriate, reviews all evaluations and recommended salary adjustments.

The Executive Director/CEO must approve all salary adjustments. The completed evaluation then becomes part of the employee's personnel file.

#### **Job Descriptions**

There are job descriptions for each position in Housing New Mexico | MFA. All new positions must have job descriptions prior to being filled. Maintaining accurate job descriptions is the responsibility of the immediate supervisor. If a major change occurs within a position, the job description should be timely revised to reflect those changes. Job descriptions will be reviewed during the employee performance evaluation period.

#### Promotions

Movement to a new position with a higher salary range is considered to be a promotion. An employee who is promoted may receive a salary adjustment.

## Demotions

Movement to a position in a lower salary range is considered to be a demotion. An employee who is demoted may receive a pay decrease at the time of the demotion. The amount of decrease is dependent upon the pay range of the new position and the current pay of the employee, among other factors.

# **RESIGNATIONS, TERMINATIONS, AND EMPLOYMENT REFERENCES**

# Resignations

Two (2) weeks' advance notice is requested from a non-exempt employee and thirty (30) days' advance notice, if possible, from an exempt employee wishing to resign from Housing New Mexico | MFA. The resignation should be in writing, specify the last day of work and the reason for resigning, and must be signed and dated by the employee. Although advance notice of resignation is not required, an employee's failure to provide adequate advance notice may result in the employee being deemed ineligible for rehire with Housing New Mexico | MFA.

Any Housing New Mexico | MFA property in the employee's possession must be returned to Housing New Mexico | MFA by the last day of employment.

# **VOLUNTARY SEPARATION INCENTIVE PROGRAM**

#### Purpose

The purpose of the Voluntary Separation Incentive Program is to implement a separation incentive, as authorized by the Executive Director/CEO, to achieve the following organizational objectives:

- 1. Recruiting: Allow adequate time to advertise and recruit a replacement.
- 2. Alignment: Allow outgoing incumbent to align work required for the role, to include updated desktop procedures and prioritization of duties.
- 3. Training: Allow outgoing incumbent to train his or her replacement.
- 4. Shadow/Support: Ensure the replacement has grasped the fundamentals of the position and provide any additional support as needed.

# Eligibility

To be eligible for a separation incentive payout, the employee must formally submit a minimum of three months written notice and hold a key position.

Key positions include:

- Chief Officers
- Directors
- Any employee deemed key at the time of departure and as approved by the Executive Director/CEO

# **Incentive Program Payout**

To receive the incentive program payout, the employee must successfully complete each of the following three phases:

- 1. Alignment Phase
- 2. Training Phase
- 3. Shadow and Support Phase

At the end of the third phase, the outgoing incumbent may be offered the ability to stay on part time or in a consulting position. Such an offer will be made at the full discretion of the Executive Director/CEO.

Upon the successful completion of the three phases, the employee will receive a one-time lump sum bonus payment equivalent to 5% of employee's annual base salary. The Executive Director/CEO retains full discretion to determine whether the employee has successfully completed each of the three phases.

Should additional time be needed for recruiting and on-boarding, an additional incentive may be considered by the Executive Director/CEO.

#### **Continuation of Benefits**

Unless a resigning employee makes other arrangements permitted under certain conditions, all benefit coverage will cease on the last day of the month of the effective date of resignation. All resigning employees will be notified of how to continue health, dental and vision insurance coverage through Housing New Mexico | MFA's COBRA provider.

#### Accrued Vacation and Sick Leave and Personal Day

Vacation leave accrued to the date of termination will be paid up to the maximum allowed as provided in Housing New Mexico | MFA's Vacation Leave policy. Accrued sick leave and personal day are not compensable upon resignation of employment.

#### **Retirement Funds**

401(k) vested funds under \$5,000.00 will require a distribution or rollover from Housing New Mexico | MFA's plan. The 457(b) funds may be left in Housing New Mexico | MFA's account; however, the employee will be responsible for the quarterly fees associated with managing the 457(b) account.

# **Exit Interviews**

An exit interview will be scheduled during the employee's last week of employment or may be mailed to the former employee. An employee's refusal or failure to give an exit interview may result in the employee being deemed ineligible for rehire with Housing New Mexico | MFA.

#### Housing New Mexico | MFA Property

Any Housing New Mexico | MFA property in an employee's possession must be returned to Housing New Mexico | MFA by the effective termination date.

#### **Final Pay**

Those employees who voluntarily resign from their position will be paid on the next payroll.

Involuntary terminating employees will be paid within five (5) calendar days following the effective date of termination. The final paycheck can either be picked up by the employee or mailed to the employee's home address, as directed by the employee.

# **Employment References**

Following resignation or termination of employment, Housing New Mexico | MFA will verify only employment dates and positions held when contacted for an employment reference by a prospective employer of a former Housing New Mexico | MFA employee, unless the prospective employer provides a consent and release of liability form signed by the former Housing New Mexico | MFA employee.

All requests for employment references, reference letters and employment verifications must be directed to the Human Resources Director.



# HOUSING NEW MEXICO | MFA Contracted Services/Credit Committee Meeting Tuesday, January 7, 2025 at 10:00 am

Webex- call in information is 1-408-418-9388 (access code): 2485 316 1174 Or you can join the call from the calendar item

AGENDA ITEM	TIME ALLOTTED	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
1 Elk Meadows Apartments – Additional HOME Loan and NMAHTC Allocation Request – Justin Carmona, Tim Martinez, and George Maestas	10:00-10:10	2-10	YES
2 Revised Bi-Annual Compliance Activities Report – Jackie Nutima	10:10-10:20	2-2	YES
Informational Items3 Questions/comments from Committee	10:20-10:30	NIA	NO

#### **Committee Members present:**

Rebecca Wurzburger, Chair	□ present	D absent	$\Box$ conference call	
Attorney General Raul Torrez/Designee Julie Ann Meade	□ present	□ absent	Conference call	
Randy Traynor	$\Box$ present	□ absent	Conference call	

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# Tab 6



TO:	Housing New Mexico Board of Directors <b>Through:</b> Finance Committee, November 12, 2024 <b>Through:</b> Policy Committee, November 5, 2024
FROM:	Leann McDonald, Rehab Program Manager John Garcia, Assistant Director of CDD
DATE:	January 15, 2025
SUBJECT:	HOME Investment Partnership Homeowner Rehabilitation (NOFA) Notice of Funding Availability: Edits Item #19: Notice of Funding Availability

#### **Recommendation**

Staff is requesting approval to update the Notice of Funding Availability (NOFA) for the HOME Investment Partnership Homeowner's Rehabilitation Program (HOME Rehab) to incorporate several important updates. These changes include:

- **Revised Language**: Updates to the language throughout the document for clarity and alignment with current program goals.
- **Removal of Current Territories**: The elimination of geographic restrictions to ensure more flexible program access.
- **Redefinition of Administrative Awards**: Adjustments to how administrative funds are allocated to better support program operations.
- Adjustment of the \$95,000 Per Home Cap: Removal of the previously set cap to allow for more flexibility in funding individual home rehabilitations.
- Implementation of Project Delivery Fees: Introduction of fees for project delivery to ensure the smooth and effective management of rehabilitation projects.
- Updated After-Rehab Value Determination: Adjustments to the method of determining the after-rehabilitation value of homes to better reflect current market conditions and program objectives.
- Servicing Albuquerque and Las Cruces: The inclusion of Albuquerque and Las Cruces as service areas with percentage limitations. These cities, which have their own Participating Jurisdictions and receive HOME funds, have not previously been serviced under the program. However, because they do not utilize these funds for single-family rehabilitation, this update will allow us to serve homeowners in these cities with defined percentage limitations, improving overall program access across the state.

These updates will streamline the program, improve its flexibility, and enhance its ability to serve homeowners in need of rehabilitation assistance to create sustainable housing for low to moderate income homeowners.

### **Background**

The current version of the HOME Rehab NOFA was approved by the Housing New Mexico Board on May 17, 2023. Since then, Housing New Mexico staff, in collaboration with a HUD-approved T&TA consultant, has conducted a comprehensive review of program policies and procedures. This in-depth analysis has led to the identification of several key updates needed for the NOFA to align with best practices and streamline program operations.

It is important to note that projects were temporarily halted between 2020 and 2022 due to the impact of the COVID-19 pandemic. During this period, homeowners were understandably reluctant to allow workers into their homes, which led to significant delays in program delivery.

In light of these delays and the evolving needs of the program, a new Program Manager was hired and after thoroughly reviewing the program and considering the recent changes to the HOME program, we identified the need to update the NOFA. These updates are designed to move funds more efficiently and address issues that have slowed down project implementation.

Additionally, the staff has developed a new manual, program checklist, supporting documents, and revised procedures, all of which are designed to enhance program productivity and efficiency. These updates are ready for implementation, contingent upon Board approval of the NOFA changes.

The proposed revisions aim to remove long-standing barriers that have led to program delays, project denials, and overall inefficiencies. Our current policies, in many cases, are more restrictive than those set forth by HUD, and these changes will help better align the program with federal guidelines, ultimately improving access and service to the communities we aim to support.

# **Discussion**

Please find attached the updated NOFA for your review. To clearly highlight the requested changes, staff has provided a red-lined version of the document, showing the following key updates:

- Throughout this document:
  - ✓ Replaced MFA with Housing New Mexico
  - ✓ Replaced "Affordability period" with "restrictive period"
  - ✓ Corrected grammatical errors that do not affect policy.

- Page 1: Replaced old logo with new logo.
- Page 4: Removed FAQ language and provided updated contact information. Pages
   5-6: Added additional definitions previously requested by Board in Nov 2024
- Page 7: Award Notice
  - ✓ Added new language to explain the process of award approval and how additional funding allocation will be handled after the initial Boardapproved funding is expended.
- Pages 7-8: Funding allocation
  - ✓ Revised funding allocation to clarify the breakdown and adjust administrative funding from 3% to 5% of the allocation.
  - ✓ Clarified language for Program awards, as well as administrative awards.
  - ✓ Added language specifying the difference between soft cost and project delivery cost.
- Pages 8-9: Funding terms and conditions
  - $\checkmark$  Added an overview of required terms and conditions for use of funding.
- Pages 10-12: Eligible applicants
  - ✓ Removed references to for-profit agencies as eligible applicants.
  - ✓ Removal of previous fiscal years that are no longer applicable.
- Pages 12-13: Eligible activities
  - ✓ Updated owner requirements language to align with the new policy.
  - ✓ Removed restrictive language that was more stringent than HUD guidelines, ensuring the program's consistency with federal policies:
  - ✓ Updated language to include both Albuquerque and Las Cruces as service areas, addressing the needs of these cities despite their separate HOME allocations.
- • Page 11-16: Program funding/reimbursement
- Updated language throughout to reflect updated policy. Page 15: Project minimum and maximum funding amounts
  - ✓ Removed previous project cap of \$95,000, replaced with new project maximum.
  - Emphasized checks and balances and requirement to follow the newly revised rehabilitation standards.
- Page 16: Restrictive Period
  - Removed old language and summarized new policy with updated language of "restrictive period".
- Page 18: Flood Insurance
  - ✓ Removed this category from the NOFA entirely, as we will no longer allow funding within a floodplain.
- Page 18: Environmental Testing
  - ✓ Added language to include required testing for asbestos and radon to go along with Lead Based Paint
- Page 20: Evaluation of applicants and documentation

### Housing New Mexico | MFA

 ✓ Added language to remove territory restrictions, encouraging multiple providers to reduce wait times and expedite project completion.

# Summary

Staff requests approval of all summarized changes to the HOME Rehabilitation NOFA. These updates are designed to improve the program's effectiveness and expand its reach across the state. By removing territory restrictions, more New Mexicans will have access to assistance, and current wait times—some spanning several years—can be significantly reduced.

Adjusting the cap per project will enable the approval of more projects, by addressing the rising costs of materials and labor ensuring greater housing availability and long-term sustainability across New Mexico.

We believe these changes will streamline the process, eliminating previous barriers that have caused delays and denials of projects. By implementing these updates, we can enhance the efficiency and impact of the HOME Rehab program, benefiting more homeowners and communities statewide.



# HOME Investment Partnership Homeowner (HOME) Rehabilitation

# Program

Notice of Funding Availability



TABLE OF CONTENTS	
Overview information	4
Introduction and Background	4
Agency Contacts	4
Definitions	4
Award Information	7
Award Notice	7
Funding Allocation	7
Funding Terms and Conditions	8
Method of Distribution	9
Eligibility Information	9
Eligible Applicants	10
Eligible Activities	12
Subcontractors	13
Leveraging and matching resources	13
Project Reservations	14
Project Funding/Reimbursement	14
Project Minimum and Maximum funding amounts	15
Period of Affordability	16
Eligible Beneficiaries	16
Funding Limits and Restrictions	17
Other Federal and State Requirements	
Application, Submission, and Timely Receipt of Information	
NOFA Availability	
Application Format and Instructions to Applicants	
Irregularities in Applications	19
Responsibility of Applicants	19
Application Confidentiality	19
Application Review Information	20
Evaluation of Applicants and Documentation	20
S <del>ervice Providerubrecipient</del> Evaluation Criteria	
Other Information	23

Incurred Expenses	24
Protest	24
Code of Conduct	
Use of Electronic Versions of this NOFA	
HOME REHABILITATION PROGRAM Notice of Funding Avaibility (NOFA) Forms	
HOME REHABILITATION PROGRAM NOTICE OF FUNDING AVAIDINTY (NOFA) FORTIS	Z4

#### OVERVIEW INFORMATION

#### INTRODUCTION AND BACKGROUND

The New Mexico Mortgage Finance Authority (<u>Housing New MexicoMFA</u>) 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 incomelow- and moderate income New Mexico residents.

MFA <u>is referred to throughout this document as "Housing New Mexico"</u> receives Federal HOME Investment Partnership Program (HOME) funds through a Housing and Urban Development (HUD) formula grant and allocates a portion of these funds to the HOME Rehabilitation Program. The HOME Rehabilitation Program provides essential home repair and improvements that are non-luxury in nature to income eligible homeowners. The purpose of this Notice of Funding Availability (NOFA) is to invite the submittal of applications from <u>Scervice providerubrecipients</u> in accordance with applicable guidelines set forth in this NOFA and established <u>Housing New Mexico</u>MFA minimum qualifications. <u>Housing New Mexico</u>MFA is looking for qualified, capable service providerubrecipients, who are knowledgeable, skilled, and experienced in managing federal funding and can provide HOME Rehabilitation <u>Program</u> services. <u>Service providerubrecipient</u>s will be selected based on their capacity, experience, and the ability to provide <u>Pprogram</u> services.

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#### AGENCY CONTACTS

Housing New MexicoMFA will be responsible for administering the HOME Investment Partnership Home Rehabilitation Program for current and subsequent funding allocations which include but are not limited to fund management, reporting, and monitoring of the Home Rehabilitation Program activities to ensure program compliance.

Point of Contact: Leann McDonald, Program Manager Community Development Department <u>Housing New Mexico/</u> NM Mortgage Finance Authority 344 4th Street7425 Jefferson Street NE, Albuquerque, NM 8710<u>92</u> Office: (505) 767-2289 Email: <u>Imcdonald@housingnm.org</u>

Questions pertaining to the NOFA and potential Applicants will be answered through the NOFA FAQ.

For questions pertaining to the NOFA, please use contact above.

Questions must be submitted via the FAQ at MFA's website <u>https://housingnm.org/rfps/rfps/rfps/rfqs/2023\_HOME</u> <u>Rehabilitation program\_for the HOME Rehabilitation Program.</u> Select the HOME Rehabilitation Resources and type in your question(s) and submit. Questions will be checked daily. MFA will make every attempt to post responses to questions within 48 business hours of submission.

The FAQ will open immediately following release of the NOFA.

DEFINITIONS

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#### PARTICIPATING JURISDICTION

As defined in 24 CFR 92: The responsible party for managing the day-to-day operations of its HOME Program, ensuring that HOME funds are used in accordance with all Program requirements and written agreements, and taking appropriate action when performance problems arise. To be designated as a participating Jurisdiction, the jurisdiction must comply with the requirements outlined in 24 CFR 92 and have its consolidated plan approved by HUD.

Housing New Mexico is the Participating Jurisdiction ("PJ") for the State of New Mexico for HOME Investment Partnership Funding

#### **SUBRECIPIENT**

As defined in 24 CFR 92: A public agency, nonprofit organization or other HUD approved agency selected by the PJ to administer all or a portion of its HOME Rehabilitation Program activities.

Historically, this role has been referred to as a Service Provider, however for <u>Program consistency with regulatory</u> <u>literature, you will see that Service Provider verbiage has been removed.</u>

Subrecipients (formerly known as Service Providers) are organizations (Eligible Applicants) approved to administer this Program on behalf of Housing New Mexico to homeowners.

#### FEASIBILITY,

For the purpose of this Program: A "feasible" project is determined through an extensive application, review, and eligibility process. A feasible project, as it relates to this Program, will receive an IDIS number and be reimbursable through HOME award allocation.

Infeasible project expenses as it relates to this Program will only be reimbursable through administrative award.

#### PIPELINE,

<u>Projects from Board approved Subrecipient waiting lists that have been pre-qualified and will be submitted for</u> <u>Housing New Mexico approval within the current or future Program year.</u>

#### ADMINISTRATIVE AWARD

The administrative award is granted to the PJ in the amount of 10% of the federal award. It is up to the PJ to determine what percentage of administrative funding will be awarded to those administering this program on their behalf. Housing New Mexico is recommending that starting with 2025 contracts that Subrecipients receive an administrative award of 5% of their allocated award amount.

#### **OVERHEAD COSTS**

Overhead costs are indirect costs that may be charged via "Administrative costs" or "Project Delivery costs" either under a cost allocation plan prepared and approved in accordance with 2 CFR 200.416 or the de minimis rate as permitted by 2 CFR 200.414(f)

Examples of indirect costs: Rent or mortgage; utilities; salaries/wages; office supplies; accounting/legal services; insurance premiums; etc.

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All costs must be reasonable and necessary for the Program. No cost may be double billed to another funding source.

#### ADMINISTRATIVE COSTS

As defined in 24 CFR 92.207: Administrative costs are staff, overhead and direct costs that the Subrecipient incurs to administer or manage its overall HOME Rehabilitation Program. Administrative costs include Program related costs such as general management, oversight, and compliance costs.

HOME administrative costs must be identified in personnel records as time devoted to the HOME Program, but do not have to be specified to individual projects.

#### SOFT COSTS

<u>Project soft costs are third-party costs incurred by the Subrecipient to implement the project. These costs are primarily associated with but not limited to determining the project's feasibility.</u>

Examples of soft costs: Environmental review costs; title searches; permit fees; recording fees; legal and accounting fees; etc.

#### HARD COSTS

<u>Project hard costs are the actual rehabilitation/construction costs approved by Housing New Mexico to meet all</u> <u>Program property standards and all applicable codes and ordinances. Repairs and improvements are non-luxury in</u> <u>nature and meant to address health and safety hazards while creating sustainable housing.</u>

Examples of hard costs: Repair or replacement of major systems or structural elements to meet useful life standards; accessibility modifications; energy-related improvements; Lead based paint, radon and asbestos hazard reduction; etc.

#### PROJECT DELIVERY COSTS

As defined in 24 CFR 92.206(d)(6): Project Delivery costs are the staff, overhead and direct in-house costs that are incurred by the Subrecipient to implement activities specific to HOME-assisted units.

HOME Rehabilitation Program project delivery costs are required to be tied to a specified address, including documentation of the specified address on timesheets or personnel records consistent with the requirements of 2 CFR 200.430(i)

#### MASTER CONTRACT AND FSA

A Master Contract is issued annually to all active recipients within the Community Development Department of Housing New Mexico. If an applicant already administers another program within this Department, they will have already completed a Master Contract for the current year. If not, applicants will be sent a Master Contract to cover all Housing New Mexico policies and procedures upon approval to become a Subrecipient.

An FSA is a Funding Source Agreement that is specific to the funding source. In this case, the Funding Source Agreement is specific to the HOME Investment Partnership Program. The FSA will go over the requirements of the Subrecipient on how to administer this program. Both the Master Contract and FSA will need to be fully executed prior to the Subrecipient administering this program,

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#### UNIQUE ENTITY IDENTIFIER (UEI)

The Federal Government has transitioned from the use of the DUNS Number to the Unique Entity Identifier (UEI) as the primary means of entity identification for Federal awards government-wide. UEIs are required in accordance with 2 CFR Part 25, and the transition from DUNS to UEI has resulted in the UEI being issued by the Federal Government in SAM.gov. This means entities no longer rely on a third- party to obtain an identifier (i.e., a DUNS issued by Dun and Bradstreet). This change streamlines the entity identification and validation process, making it easier and less burdensome for entities to do business with the Federal Government.

#### REHABILITATION

The improvement of the condition of a property from deteriorated or substandard to good condition. Rehabilitation may vary in degree from the extensive reconstruction to the cure of substantial accumulation of deferred maintenance. The HOME Investment PartnershipRehabilitation Program fFunding requires the unit to be brought up to code and ordinancemeet the property standards of 24 CFR Part 92.251.

#### AWARD INFORMATION

#### AWARD NOTICE

Housing New MexicoMFA shall provided electronic notice (e-mail) of <u>initial</u> project award(s) to successful Applicants within fifteen (15) days of the <u>Housing New MexicoMFA</u> Board approval of the <u>awardin</u> August 2023 following the <u>initial release of this NOFA</u>. Housing New Mexico shall notify all future Applicants within fifteen (15) days of Housing New Mexico Board approval. The award shall be contingent upon signing final award documents. The notification will be delivered to the contact person indicated on the application. This process also applies to denial notification.

Upon 80% expenditure of current awards, Board approved Applicants/Subrecipients may request additional funding. Additional funding allocations will be approved through the Policy Committee. All approvals of additional funding allocations shall be contingent upon Subrecipient being in good standing within Housing New Mexico and with SAM.gov and providing Housing New Mexico along with all required documentation provided for the annual renewal process.

#### FUNDING ALLOCATION

The 2023-Department of Housing and Urban Development (HUD <u>}HUD</u> HOME award allocations were approved by the <u>Housing New Mexico</u>MFA Board <u>of Directors</u> on May 17, 2023. The HOME Rehabilitation Program received \$4,997,360 for the <u>2023</u> <u>P</u>program year. This NOFA will remain open as long as there are available funds. Each Program year, we anticipate an additional award which may be added to this NOFA. Housing New Mexico will provide notice of additional funding allocations to the program through Housing New Mexico's website. As The balance and the amount available for release under this NOFA is **\$4,497,360** which includes a three (3) percent administrative award to the service providers.subsequent year awards are deposited into the HOME Rehabilitation Program funding availability this will also be posted to our website as the available balance to award to active and incoming gualified Subrecipients.

Awards will be made to approved Subrecipients on a project-by-project basis. Subrecipients may request funding for up to five (5) pipeline projects which may be submitted for initial request of funding availability or upon 80% expenditure of the current award. Funding will be granted based on the cost estimates of the (up to 5) projects requested. For incoming Applicants who do not yet have a pipeline in place, if determined to be eligible and become a Subrecipient, Housing New Mexico staff will request Board approval of an initial contract amount of \$250,000.

The administrative award available to all Subrecipients will be up tois 5% of the total award for 2025 contracts and ongoing. Administrative costs are authorized under 24 CFR 92.207 and this funding will continue to be available to reimburse overhead costs associated with the program as well as the project delivery and soft costs associated with infeasible projects. No costs at any time may be billed to the homeowner.

The administrative costs for the program may be used for non-direct project related activities that contribute to the service providers Rehabilitation Programtraditional project IDIS number. For feasible projects (projects that receive an IDIS number <u>traditional HOME project. For feasible projects (projects that meet HOME program requirements</u>)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 homeowner. The NOFA will remain open as long as there are available funds.<u>hich</u>ith MFA will provide notice of additional funding allocations to the program through\_the <u>'sMFA's website</u>.

#### FUNDING TERMS AND CONDITIONS

All awards will be subject to the availability of funds, applicable laws, and funding source regulations for the HOME Rehabilitation Program.

The HOME Rehabilitation Program mandates the following requirements to determine homeowner eligibility. Annual household income must be at or below (80%) of the area median income ("AMI") of the HOME income limits, adjusted for family size; have ownership interest as permitted by the HOME final Rule and occupy the home as their, principal residence. Subrecipients must certify eligibility within 6 months of the project start date. A more detailed description of requirements and how to determine eligibility is available in the HOME Rehabilitation Manual.

All federally funded rehabilitation projects are required to obtain environmental clearance. The HOME Rehabilitation Program follows 24 CFR Part 58 for this clearance. Housing New Mexico is the Responsibility Entity (RE) for the Program and tiers the Environmental Review process as permitted by 58.15. Housing New Mexico completes an annual Tier I review, and Subrecipients complete a Tier II Environmental Review for each project. All Tier II Environmental documentation is required to be submitted to the Housing New Mexico Environmental Officer for review prior to project approval. Housing New Mexico will not utilize HOME funding to rehabilitate homes within a floodplain. Additional details can be found in the HOME Rehabilitation Manual.

Housing New MexicoMFA will allocate only the minimum amount of funds that it determines to be necessary for the financial feasibility of a project and its viabilityand reasonable to complete each project. This will be determined through the project scope of work derived by the HOME Program Rehabilitation Standards. Subrecipients will be required to perform Program regulated procurement measures specified in the HOME Rehabilitation Program Manual as well as certify cost reasonableness for each project.

Awards will be made to approved service providers on a project by project basis up to five (5) projects, or determined by MFA, per funding round. Funding of up to \$95,000 may be available per project. Actual construction costs (hard costs) are recommended at \$85,000 and soft costs are limited to \$10,000. Homeowners whose annual Formatted: Not Highlight Formatted: Not Highlight Formatted: Not Highlight Formatted: Space After: 10 pt Formatted: Not Highlight Formatted: Fort: household income does not exceed eighty percent (80%) of the area median income, adjusted for family size, maywill be eligible for the HOME Rehabilitation Program.

Regulation requires that the after-rehabilitation value of homeowner assisted units with HOME funds may not exceed 95 percent of the area median purchase price for single family housing, as determined by HUD. HUD publishes the existing housing value limit per county each year. The current limits are available at: https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/.

To establish project eligibility, after-rehabilitation value must be established prior to any work being performed. To establish the after-rehabilitation value, The pre-rehabilitation value of the home must be determined by appraisal or MFA TSubrecipients must use the methodology provided by Housing New Mexico. This methodology is documented in the Homeowner Rehabilitation Manual. All Program policy must be utilized to ensure compliance with HUD regulation. usinga\_saccepted method before any rehabilitation work is performed.

-Housing New MexicoMFA will place a lien on the property using a Restrictive Covenant Agreement("orRCA") or Tribal Land Agreement("TLA") signed by the homeowner,- notarized and recorded before any funds are expended on the each project. At project completion, the agreement is to be re-recorded (if hard costs have changed) at the County Clerk's office where the property is located and delivered to Housing New MexicoMFA via certified mail. This will ensure compliance with the restrictive period of affordability andas outlineds in the RCA/TLA and the forgivable terms of the loan the forgivable terms of the loan. In the event of a sale of the property during the restrictive period of affordability, the homeowner will be responsible to pay for hard costs associated with the rehabilitation of the home based on the terms of the RCA/TLA. After year 10, the payback amount lessons by 20% per year unit! year 15, when the restrictive period has been completed.-

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. Service providers must use the HUD 95% after rehabilitation median values which are available online at https://housingnm.org/rfps/rfps rfqs/2023 HOME Rehabilitation Program.

This NOFA will remain open as long as there are funds available. Service providers will be able to request additional funding when their initial award is at least 80% expended and when it is determined by MFA that they have satisfactorily completed assigned projects. Service providers who received HOME Rehab funding from MFA through any other past procurements must have fully expended their award before a request can be approved to release any funding under this NOFA.

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 Applicants without a new NOFA.

#### METHOD OF DISTRIBUTION

<u>MFA</u><u>Housing</u><u>New</u><u>Mexico</u><u>will</u> award HOME</u>Rehabilitation Program funds to <u>an</u><u>eligible</u><u>service</u> <u>provideSubrecipients</u><u>r</u> through this NOFA for the rehabilitation of eligible projects<u>. All awards are distributed on a</u> <u>reimbursement basis</u>. <u>Please reference the HOME Rehabilitation Program Manual for further instruction</u>, <u>MFA</u><u>Housing New Mexico</u> will solicit qualitative and quantitative information from Applicants to demonstrate <u>if</u> the project being proposed for HOME Rehabilitation Program funding fulfills the <u>pP</u>rogram objectives.

#### ELIGIBILITY INFORMATION

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#### ELIGIBLE APPLICANTS

MFA-Housing New Mexico will will award HOME Rehabilitation Program funding to eligible Applicants to include, but not limited to, public and private non-profit organizations, for profit organizations, governmental housing agencies, authorities, entities, or instrumentalities, regional housing authorities, tribal governments or housing agencies, developers, builders, corporations, limited liability companies, partnerships, joint ventures, syndicates, associations, or other entities that can assume contractual liability and legal responsibility through execution of a Performance Agreement-Master contract and FSA\_and/or other written agreements with MFAHousing New Mexico. Individual homeowners are not eligible to apply directly through this NOFA for the HOME Rehabilitation Program\_- Applicants must be approved by MFA-Housing New Mexico and must have demonstrated experience and capacity to conduct eligible activities that meet the requirements of 24 CFR 92 HOME Linvestment Partnerships Program.

As part of the application, eligible Aapplicants must provide evidence the following:

- 1. Applicant must be able to provide housing rehabilitation related services to persons of low or moderate income.
- Applicant must be formed as an organization under state, local, or tribal laws and provide proof of such
  organization and that the <u>Appplicant is in good standing with HUD or as applicable</u>.
- 3. Applicant must be able to conduct business in New Mexico by evidence of a business license or other governmentally issued document.
- 4. Applicant 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.
- 5. Applicant must provide an independent Certified Public Accountant (CPA)'s auditors report (Audit) conducted in accordance with Government Auditing Standards (GAS). 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. Applicant will submit the most recent audit available; only the most recent of FY2021 or FY2022 will be accepted. If Applicant receives atleast\$750,000 or more in federal funds, a Single Audit is required pursuant to 2 CFR 200. The following types of audit findings may disqualify Applicant from funding:
  - a. Repeat and unresolved audit findings or any pending investigations.
  - b. If Applicant has received greater than \$750,000 in funding and the single audit did not meet the requirements of 2 CFR 200.500-520.
  - c. 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.
  - d. If referenced in audit as a separate communication, no submission of management response letter.
  - e. If any findings, no submission of management response to findings.
- For Applicants that did not receive prior\_HOME Rehab funds in PY 2022-2023, the <u>Applicantservice provider</u> must provide either an audit to the above standards or an independent CPA's review of financial statements.

- 7. Applicant shall have no significant financial audit findings, and (b) no significant outstanding or unresolved monitoring findings from any governmental entity, or from\_<u>MFAHousing New Mexico</u> or otherwise; or if it has any such findings, it has a certified letter from the governmental entity, <u>MFAHousing New Mexico</u> or otherwise, stating that the findings are in the process of being resolved.
- Applicant shall have among its purposes, the staffing capacity to provide significant activities related to
  providing HOME Rehabilitation services to income qualified homeowners Therefore, Applicant must provide
  resumes of the executive director (or equivalent), accountant, Pprogram manager and case manager(s) who will
  be administering this grant. Applicant Capacity Exhibit A
- 9. Applicant shall not have defaulted on any obligation covered by a surety or performance bond.
- Applicants who have received HOME Rehabilitation funds from <u>Housing New Mexico</u><u>MFA</u> 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 <u>Housing New Mexico</u><u>MFA</u> to determine their capacity for receiving this funding.
- Applicant 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 A
- 12. Applicant must be in "good standing" as of the date <u>of application</u> this NOFA was issued. To be in good standing, Applicant must not have "suspended," "debarred" or have had HUD's Limited Denial of Participation status conferred upon it by <u>Housing New Mexico</u> AFA and/or other funding sources because of misconduct or alleged misconduct.
- All applicants must have a Unique Entity Identifier (UEI) number and an active registration in the System for Award Management (SAM), found at <u>https://www.sam.gov/portal/public/SAM/</u>
- 14. Applicant must provide a print screen from <u>https://www.sam.gov/portal/public/SAM/</u> and <u>https://www5.hud.gov/ecpcis/main/ECPCIS\_List.jsp</u> documenting search for Applicant's name and executive director's name, as proof of compliance. The search must be dated within 30 days of the proposal date.
- 15. Applicant must have the capacity to attend all training related to administering this grant.
- 16. Applicants must provide proof of their business license.
- 17. Eligible Applicants can be located in any geographic area(s) within the State of New Mexico.

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

- 18. Non-Profits only-Applicant must provide proof of its 501(c)(3) non- profit tax status.
- 19. Non-Profits only-Applicant 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 2023 or proof of exemption therefrom. Registration/verification may be obtained at <u>https://secure.nmag.gov/coros/</u>Verification should be in the form of the first page of the "NM Charitable Organization Registration Statement."

- 20. Non-Profits only-Applicant must have no part of its net earnings benefitting any member, founder, contributor or individual.
- 21. Non-Profits only-Applicant must have a Board of Directors or other governing body and provide information on its members (names, contact information, employer, and term).
- 22. Non-Profits only-Applicant must provide a Resolution of the Board of Directors or Governing Body authorizing Applicant 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.
- 23. Non-Profits only-Applicant must provide proof that they have been operating for a minimum of two (2) years.
  Experience Exhibit A

24. Completed and supplied the following documentation/exhibits.

23. https://housingnm.org/funding-opportunities/rfps-rfqs/home-rehab-nofa-2023

#### ELIGIBLE ACTIVITIES

Approved service provider<u>ub recipient</u>s must comply with HOME Rehabilitation Program rules and regulations for the rehabilitation of eligible homeowner occupied projects. HOME Rehabilitation Program funds may be used only for reasonable\_<u>and customary</u> costs <u>allowed under Program regulation</u> that are directly attributable and traceable to the awarded project. Costs related to the rehabilitation of a qualified project are eligible and include the purchase and replacement of manufactured housing if deemed necessary.

#### REHABILITATION

HOME Rehabilitation Program funds may be used for eligible home improvement activities which 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.

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 Housing New Mexico MFA. Any person(s) whose name(s) appears on the title to the property must agree to participate in this program and must sign the Restrictive Covenant/Tribal Land Agreement. Tas well as a 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.

All items listed in the Funding terms and conditions of this NOFA will be required for project eligibility and feasibility. <u>Project checklists</u>, Program manual and Program Rehabilitation Standards and subsequent forms will be supplied to <u>all interested Applicants and awarded Subrecipients</u>.

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 Formatted: Font: Not Bold

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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.

Both the City of Albuquerque and City of Las Cruces may be placed back into State jurisdiction for Subrecipients to operate within should they elect to service Bernalillo or Dona Ana County. HOME Rule 92.201(b) says "the State must distribute HOME funds to rural areas in amounts that take into account the non-metropolitan share of the States total population and objective measures of rural housing need, such as poverty and substandard housing, as set forth in the States approved consolidated plan." Housing New Mexico has determined that HOME Rehabilitation Program funds awarded in the City of Albuquerque will not exceed 20% of the annual HOME Rehabilitation Program award and in the City of Las Cruces will not exceed 10% of the HOME Rehabilitation Program award per award year.

<u>Project Applications (setup)</u> – Upon execution of the Performance Agreement, a service provider can complete and submit individual project setup forms with all required documents included in the Project checklist. Under the provisions of this open NOFA, MFA staff will evaluate the project application using the Project document checklist listed in this NOFA (Exhibit B). Service providers will be allowed up to five (5) open project awards at any one time, unless otherwise approved by MFA.

#### 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 <u>Housing New Mexico</u>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 term of the restrictive period of 15 years or greater, 99 year ground lease or or is owned by the homeowner. The mobile home is ineligible for this <u>HOME</u> #Rehabilitation Pprogram if it is in a mobile home park where a monthly lot fee is paid. Additionally, the mobile/manufactured home must be placed on a permanent foundation at time of completion.\*

#### SUBCONTRACTORS

Eligible <u>Service providerubrecipient</u>s shall not subcontract services for the management of the <u>Porogram performed</u> under the <u>FSA\_Service Performance Agreement</u> without the prior written approval <u>ofof Housing New Mexico</u>MFA. The only exceptions are for an EPA certified Risk and lead-based paint assessor, certified public accountant, and a general contractor's construction crews.

#### LEVERAGING AND MATCHING RESOURCES

It may take more than the "maximum" amount of HOME funds to adequately rehabilitate any single home. The intent of this Program is to provide more HOME funds to the lower income homeowners (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 <u>service providerSubrecipient</u>s should coordinate with MFA's NM Energy\$mart Weatherization Program service providers to incorporate weatherization with all rehabilitation projects.

13

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#### **PROJECT RESERVATIONS**

The reservation of funding of each project 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 <u>filedata</u> transfer website which may be accessed at <u>https://mfa.internal.housingnm.org/FileTransfer</u>. <u>Housing New</u> <u>MexicoMFA will-will</u> not accept project application \_packages sent via U. S. mail, FedEx, UPS or physically delivered to the <u>Housing New MexicoMFA</u> office. Applications will only be accepted through <u>Housing New MexicoMFA</u>'s prescribed document management system. <del>Funding will be reserved on a first come, first served basis pending funds availability.</del> Only complete project packages will be accepted.

Housing New MexicoMFA's commitment to fund each rehabilitation project will be subject to Housing New MexicoMFA approval as evidenced by a project acceptance notice which must be signed and acknowledged by the eligible <u>Seubrecipientervice provider</u> and returned to <u>Housing New MexicoMFA</u> via email. Once the project has been entered into HUD's IDIS system, a project number will be generated. The project number and <u>Loan and</u> Restrictive Covenants Agreement or Tribal Land<u>Loan</u> Agreement will be forwarded via email to the eligible <u>service providerSubrecipient</u>. <u>Eligible service providerSubrecipients</u> may then begin<u>construction on the approved project as well as</u> invoicing <u>Housing New MexicoMFA</u> for reimbursable expenses related to the project.

#### PROJECT FUNDING/REIMBURSEMENT

Service ProvideSubrecipientr may request reimbursementfunds by using Housing New MexicoMFA's Request for Reimbursement form. Requests for reimbursements areAll approved Program expenses are paid on a reimbursement basis only. There are no advances to this funding permitted.

<u>All requests for reimbursements must have corresponding backup documentation such as a grant specific/project</u> <u>specific General Ledger, contractor/vendor invoices, material receipts, time sheets showing time spent providing</u> <u>project management, copies of check payments, etc.</u>

Housing New Mexico will only accept a Request for Reimbursement that has the original authorized official signature and all corresponding backup documentation as well as the assigned 4-digit IDIS Project number. Documentation that is insufficient or difficult to decipher may delay or halt the reimbursement process and may be grounds for the entire request to be denied. If denied, the Subrecipient may resubmit the request for reimbursement with corrections and is encouraged to refer to the Program Manual for clarification on allowable costs.

Requests for Reimbursement and all backup documentation are due every Friday by 5pm to be paid by the following Friday. This due date will allow adequate time for the HOME Rehabilitation Program Manager to review the full submission and provide feedback if there are any deficiencies, as well as submit to the Housing New Mexico Accounting Department by the internal deadline of Tuesday. Please note that Holidays may affect this time structure. Please refer to the Program manager for holiday deadlines.

The Subrecipient must hold back 10% of the final payment to the contractor until after final completion of construction work and all required documentation has been submitted. The holdback will not be drawn from IDIS or disbursed by Housing New Mexico until project completion.

#### Interim Funding Interim funding is subject to the following:

• The submission of field inspection report including photos,

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14

- Copies of contractor payment request and/or material receipts,
- 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:

- The submission of a HOME Completion Report
- The submission of a copy of the certificate of occupancy and/or final inspection from the proper code enforcement agency signed by the homeowner
- The submission of the release of liens certification from the contractor
- The submission of the original recorded Loan and Restrictive Covenants Agreement or Tribal
   Land Loan Agreement
- Evidence of property ownership (Fee Simple or 99-year leasehold interest only)
- 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)
- Environmental Review checklist and documents
- Completed file document checklist.

Final invoices will will be paid only when all close-out documents are received and approved by <u>Housing New Mexico.</u> <u>Please refer to the Program Manual and checklist for the detailed list of required documentation.</u>

#### PROJECT MINIMUM AND MAXIMUM FUNDING AMOUNTS

The minimum subsidy per unit for each tier is \$1,0500. Housing New Mexico has removed the recommended amount per project as each project need is different and rarely comparable to the next. Within the Program there are checks and balances in place to ensure that only necessary and reasonable items are being addressed in each project. Quality Control will be implemented along with these changes and random inspections will be performed to ensure that there is consistency throughout the program, across the state. Subrecipients can expect for Housing New Mexico staff to accompany them to perform initial walk through and scope of work inspections at random. Housing New Mexico will only approve project scopes of work that cover the recommendations of the HOME Rehabilitation Standards. Cost reasonableness must be determined and certified by the Subrecipient for each project per Program regulation and is subject to denial if it is determined by the PJ that the cost is not reasonable.

In the event that Program compliance is not being upheld by the Subrecipient, this Subrecipient may be subject to award deduction, additional program oversight as well as additional training requirements up to reallocation of program funding if issues persist. The maximum average of the HOME subsidy amount is \$95,000 per project. Actual construction costs (hard costs) are recommended at \$85,000. Soft costs are recommended at \$10,000.

Housing New Mexico must always remain below the Federal limits which are updated annually by HUD. An internal Program limit is set, and a project will never exceed \$200,000 which includes all fees (hard cost, soft cost and project delivery cost). Projects may be denied if the cost is not below the internal limit. Further breakdown of these costs and limitations are listed within the HOME Rehabilitation Program Manual.

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RESTRICTIVE	PERIOD OF AFFORDABILITY
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Each homeowner enters into a <u>zero interest, conditionally forgivable l</u>Loan and Restrictive Covenants Agreement or Tribal Land Loan Agreement. The terms of the agreement will vary depending on the cost to rehabilitate the home. The loan will be a non-amortizing, 0% interest loan that is due on sale, transfer, or refinance during the <del>affordability</del> <u>restrictive</u> period. As long as the homeowner is in compliance with the requirements of the loan, the loan amount shall be reduced <u>by 20% beginning on the anniversary date of the loan during the final 5 years of the restrictive</u> <u>period</u>. The restrictive period for homes with over \$40,000 in hard cost will be a 15-year term. on the anniversaries of the loan date as follows:

If the grant amount is from \$1 to \$24,999, the grant shall be reduced at a rate of twenty percent (20%) per vear for five years.

- If the grant amount is from \$25,000 to \$40,000, the grant shall be reduced at a rate of ten percent (10%) per year for ten years.
- If the grant amount is more than \$40,000, the grant shall be reduced at a rate of approximately six pointseven percent (6.7%) for fifteen years.

Affordability Period for Homes receiving STB funding

For assistance under \$25,000 there will be no lien placed against the home.

The affordability period is five (5) years when the award is from \$25,000 to \$50,000

The affordability period is ten (10) years when the award is from \$50,000 to \$95,000

For assistance over \$25,000 a non-amortizing, 0% interest loan will be placed on the home. The loan will be due on sale, refinance, or transfer during the affordability period. Loans will be forgiven at a rate of 20% of the principal balance of the loan per year during the affordability period placed on the loan (1/5th per year).

If applicable, any required repayments due to the sale, refinance, or transfer during the affordabilityrestrictive period will be made directly to Housing New MexicoMFA.

The form of assistance for households earning no more than 80% of area median income (AMI) will be a nonamortizing, 0% interest subordinate loan. <u>A lien will be placed on the property for actual hard construction costs</u> only. Soft costs, administration fees and lead based paint activities will not be passed on to the homeowner.

#### ELIGIBLE BENEFICIARIES

Per HOME Rehabilitation Program guidelines, to be eligible to receive HOME Rehabilitation Program funding:

<u>\_\_Hthe home</u> must be owned and occupied by the household as a principal residence. <u>Proof of ownership</u>
 <u>as well as primary residence is required.</u>

<u>AThe annual household income of the homeowner must be at or below 80% of area median income (AMI)</u>
 adjusted for family size as determined by the HUD for the HOME Program. and calculated pursuant to the
 HUD Part 5 (Section 8) guidelines. The income(s) of all household members over 18 years of age are needed
 is required to determine income eligibility. All income and assets must be verified at the time eligibility is
 being determined. Furthermore, once certified, the project must be entered into IDIS within 6 months of
 certification, or a recertification must take place prior to project approval.

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The 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\_2022.pdf

- The <u>after rehabilitation value</u> new <u>for existing HOME units is may not exceed</u> 95 percent of the median
   value issued annually by HUD, linked below:-purchase price for the area based on Federal FHA single
   family mortgage program data for existing housing and other appropriate data that are available
   nationwide for sale of existing housing in standard condition. See the following HUD website:
- •

HOME Homeownership Value Limits - HUD

Exchangehttps://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehabvalue/

<u>Home must pass an Environmental review to ensure it is not located within a flood plain or any other</u> <u>area deemed non-compliant to utilize federal funding.</u>

#### FUNDING LIMITS AND RESTRICTIONS

HOME Rehabilitation Program awards are contingent on available funds. <u>Housing New Mexico</u>MFA, in its discretion, may set limits on the amount of funding to be awarded. Approved <u>Seubrecipientservice providers</u> are limited to five (5) open <del>projectprojects awards</del> at any one time unless otherwise approved by <u>Housing New Mexico</u>MFA.

To meet <u>Housing New Mexico</u>MFA's construction standards and HOME regulatory requirement, the minimum subsidy per unit is \$1,5000. The property must meet all construction standards upon final funding of the loan. The eligible <u>Subrecipientservice provider</u> will be responsible for guaranteeing that the work is properly inspected and completed. It will be the obligation of the eligible <u>Subrecipientservice provider</u> to ensure that the property meets all code requirements, construction standards and other HOME requirements, including but not limited to those associated with <u>HOME Housing Quality Standards (HQS) or Uniform Physical Condition Standards (UPCS), and lead-based paint- the HOME Rehabilitation standards(see Program Manual) and in compliance with all federal/state/local code and ordinance, including upcoming issuance of NSPIRE policies from HUD.</u>

All work must meet <u>Housing New MexicoMFA</u> and HUD Construction Standards, local building code and manufacturer's warranty requirements, and must be performed by a GB02 contractor and if working with mobile homes the contractor must be 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 of HOME funding, including soft costs and lead based paint costs. Housing New MexicoMFA is the responsible entity for approving all Part 58 Environmental Reviews for the HOME homeowner rehabilitation program, all projects being performed by for-profit and 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). Housing New MexicoMFA will issue the Authority to <u>u</u>Use Grant Funds.

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#### FLOOD INSURANCE

Properties located in floodplains or wetlands as identified by the Federal Emergency Management Agency (FEMA) shall be required to obtain and maintain flood insurance as a condition of receiving funding. At initial intake, service provider must provide verification that a property is not located in a flood plain.

#### ENVIRONMENTAL TESTINGLEAD-BASED PAINT

Service provider<u>Subrecipient</u>s must certify and comply with applicable lead-based paint<u>, asbestos, and radon</u> regulations listed in *24 CFR Part 35*. Fees for testing and abatement cannot be passed to the homebuyer and are allowable expenses under HOME Rehabilitation Program.

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.

Furthermore, Housing New Mexico has adopted policy for not only Lead based paint, but also asbestos and radon as previously mentioned. Please see the Program Manual for further information on compliance with these environmental factors.

#### OTHER FEDERAL AND STATE REQUIREMENTS

Service providerubrecipients must meet Conflict of Interest Requirements as well as any other federal and state requirements applicable to the HOME Rehabilitation Program.

#### APPLICATION, SUBMISSION, AND TIMELY RECEIPT OF INFORMATION

#### NOFA AVAILABILITY

The NOFA will may remain open as long as there are funds available. Applications can be submitted once the NOFA is released. If funds remain following the initial funding round, <u>Housing New MexicoMFA</u> will post an announcement on its website stating the amount of funds still available to be awarded. Thereafter, applications will be received on a first come, first served basis, and will be evaluated in chronological order based on the date received. If sufficient funds are not available to fund all submitted requests for funding, they will be awarded based on the date received. <u>Housing New MexicoMFA will</u> close the NOFA if funding is no longer available.

The HOME Rehabilitation Program NOFA applications and forms will be provided electronically and may be downloaded from <u>Housing New MexicoMFA</u>'s website. https://housingnm.org/rfps/rfps-rfqs

Requested documentation must be provided, in order, according to the attached checklist Exhibit B. Forms provided by <u>Housing New Mexico</u>MFA must be used. All requested documents must be submitted as one electronic PDF document to <u>marmijo@housingnm.org</u> and include "HOME Investment Partnership Home Rehabilitation Program Application Submission" in the subject line.

18

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#### APPLICATION FORMAT AND INSTRUCTIONS TO APPLICANTS

Applicant's service provider<u>ubrecipient</u> proposal submissions must be complete and include all information requested in the NOFA. All exhibits identified in this NOFA are included in the application checklists. Application checklists include but are not limited to the exhibits, documentation, schedules, audits, certifications, and disclosures.

Staff may contact <u>Aapplicants</u> for clarification of the information provided. In the event of a tie score, staff will recommend approval based on need and what is best for achieving program objectives. <u>Housing New Mexico MFA</u> will enter into <u>a Master Contract and FSAservice performance agreements</u> and related agreements with the applicants whose applications are deemed to be most advantageous to achieving the goals of the HOME Rehabilitation Program.

<u>Service Provideubrecipientr Proposal (Application)</u> – (Exhibit A) Applicants must complete and submit the subrecipientervice provider application form with all required documents included in the service provider\_ubrecipient application checklist (Exhibit B). Under the provisions of this open NOFA, <u>Housing New MexicoMFA</u> staff will evaluate the application using the Minimum Qualifications and Requirements, and <u>Service provider\_ubrecipient</u> evaluation and scoring criteria listed in this NOFA. Upon approval, <u>Housing New MexicoMFA</u> and the <u>Service provider\_ubrecipient</u> will enter into a <u>Performance AgreementMaster Contract and FSA</u>. Upon execution of <u>both agreementsthe Performance Agreement</u>, project applications can be submitted for project awards.

#### IRREGULARITIES IN APPLICATIONS

Housing New Mexico MFA may waive technical irregularities in the application of any Applicant selected for an award which do not alter the price, quality or quantity of the services offered. Please note that the date and time of application submission as indicated herein under "Application Submission and Due Date" cannot be waived under any circumstances.

#### RESPONSIBILITY OF APPLICANTS

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

A responsible Applicant means an Applicant who submits an application that conforms in all material respects to the requirements of this NOFA and who has furnished, when required, information and data to support the application. <u>Housing New Mexico</u>MFA in its sole discretion, shall determine and otherwise verify Applicant's ability to make satisfactory delivery of the services described in this NOFA.

#### APPLICATION CONFIDENTIALITY

<u>Housing New Mexico MFA</u> will not disclose the contents of any application or discuss the contents of any application with an Applicant or potential Applicant. The contents of any offer will not be disclosed to competing or potential Applicants. After awards have been made, and notice given to Applicant(s), all applications shall be made available and open to the public for review pursuant to the <u>Housing New Mexico MFA Inspection of Public Records Request</u> to Inspect Documents policy and procedure.

#### APPLICATION REVIEW INFORMATION

#### EVALUATION OF APPLICANTS AND DOCUMENTATION

Housing New MexicoMFA staff will evaluate service providerubrecipient applications using the Minimum Qualifications and Requirements, and sService providerubrecipient evaluation and scoring criteria as described in the following sections. Housing New MexicoMFA will follow its own policies and procedures to obtain the necessary award approvals. This Notice of Funding availability has been updated to remove territory competition. Where we previously only allowed one subrecipient per county/tribal territory; we now encourage multiple Applicants especially in underserved areas in hopes to reduce wait times for homeowners and increase productivity across the state.

Upon approval, <u>Housing New Mexico MFA</u> and the service provider <u>ubrecipient</u> will enter into a <u>Performance</u> <u>AgreementMaster Contract and FSA</u> with the term to be determined by <u>Housing New MexicoMFA</u> based on <u>Service</u> <u>provider ubrecipient</u> capacity and other factors.

The <u>Performance AgreementFSA</u> will include provisions for adequate security against the loss of HOME Rehabilitation Program funds in the event that a successful Applicant abandons or otherwise fails to complete a project and further will include remedies and default provisions in the event of the unsatisfactory performance by the successful Applicant.

#### SERVICE PROVIDERUBRECIPIENT EVALUATION CRITERIA

The following criteria must be met by all Applicants to be considered an approved service provider<u>ubrecipient</u> to receive HOME Rehabilitation Program funding.

Qualified Applicants will submit a Service Providerubrecipient Application Form (Exhibit A) which will be reviewed using the Minimum Qualifications and Requirements, and Service Providerubrecipient evaluation and scoring criteria listed in this NOFA.

Applicants must score a minimum of 70 points of the total points possible.

Staff may contact Applicants for clarification of the information provided.

#### MINIMUM QUALIFICATION AND REQUIREMENTS

- 1. Be organized under state, local, or tribal laws and can provide proof of such organization and that Applicant is in good standing, as applicable;
- 2. A functioning accounting system that is operated in accordance with generally accepted accounting principles or has designated an entity that will maintain such an accounting system consistent with generally accepted accounting principles or has a fiscal agent familiar with affordable housing Perograms and projects.
- 2-3. Independent audit- or in lieu of an audit, an independent CPA's review of financial statements, signed by the reviewer.
- 3-4. No significant financial audit findings, and no significant outstanding or unresolved monitoring findings from any governmental entity, or from <u>Housing New Mexico</u>MFA, or otherwise; or if it has any such findings, it has a certified letter from the governmental entity, <u>Housing New Mexico</u>MFA, or otherwise stating that the findings are in the process of being resolved.

- 4-5. Not having 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.
- 5.6. Not having defaulted on any obligation covered by a surety or performance bond.
- <u>6-7.</u> Insurance Requirements <u>Secretice provider ubrecipient Aapplicants must maintain acceptable General Liability Insurance and work with qualified and licensed and bonded contractors.</u>

Non-profit Aapplicants must also provide proof of the following:

- 1. 501(c)(3) tax status;
- 2. Having no part of its net earnings inuring to the benefit of any member, founder, contributor or individual; and
- 3. Compliance with the Charitable Solicitations Act, NMSA 1978, §57-22-1 et seq. and with the filing requirements by the New Mexico Attorney General's Office under that Act.

SERVICE PROVIDERUBRECIPIENT SCORING CRITERIA

Criteria	Maximum Score
Financial Strength	25
Construction and Rehabilitation Experience	30
Implementation Plan	20
Waiting List	15
Underserved Counties	10
Total Maximum Points	100

Financial Strength – 25 Possible Points				
External Audit (10 possible points)				
Unresolved findings	0			
Independent Audit with management letter and auditor-cleared findings	5			
Independent Audit with zero findings	10			

Independent audit or audited financial statements must be for the most recent completed fiscal year\_-not ending earlier than 2022. Audit materials must include management's response to any findings and corrective action to clear the finding or provide details on the current status of a finding.

#### Financial Management (15 possible points)

Strength of internal control policy

10

Board of Director by-laws showing fiscal oversight	5			
Provide the policy for the Applicant's system of in a policies and procedures manual approved b		-		
Provide by-laws requiring Board of Director's	wners fiscal oversight.			
Construction and Rehabilitation Experience – 30 P	ossible Points			
Complete the Field Experience an	d Capacity form and Proje	ect List in the		
HOME REHABILITATION F	PROGRAM Project Applica	tion		
Names and years of experience for Individuals that will be managing the <u>P</u> erogram	Years of Experience	Capacity/Role/Services Offered		
Number of Construction &/or Rehabilitation Projects Cor		AexicoMFA's HOME Program		
possi	ble points)			
0-4 units		0		
5 plus units	5			
7 plus units	7			
10 plus units	10			
Number of Construction &/or Rehabilitation Project	s with other Federal Rehab P	rograms (10 possible points)		
0-4 units		0		
5 plus units		5		
7 plus units		7		
10 plus units		10		
Number of Years' Experience with Construction	on and Rehabilitation Proj	ects (10 possible points)		
Less than 15 years of combined experience		5		
15 to 24 years of combined experience		7		
25 plus years of combined experience 10				
Implementation Plan – 20 Possible Points				

Provide a summary of how the <u>Service providerubrecipient</u> will implement <u>HOME</u>the <u>HOME</u> Rehabilitation Program, a description of the process to be undertaken, listing all major steps chronologically. Also include an estimated timeline.

#### Implementation (20 possible points)

Executive Summary	5
How home rehabilitation fits into <u>Service</u> provider <u>ubrecipient</u> s mission	10
Quality Assurance Plan	5

#### Waiting List – 15 Possible Points

Service providerubrecipient must provide property addresses for eligible homeshomes. Number of Projects on Waiting List (up to 15 possible points)

1-5 Projects	5
5-10 Projects	10
10 or more Projects	15

#### Underserved County Projects – 10 Possible Points

Full Points will be awarded to <u>Secrvice providerubrecipients</u> who commit to providing home rehab services to two or more of the following counties:

<ul> <li>San Juan</li> <li>McKinley</li> <li>Cibola</li> </ul>	<ul><li>Harding</li><li>Quay</li><li>Guadalupe</li></ul>	10
<ul><li>Rio Arriba</li><li>Taos</li></ul>	<ul><li>Curry</li><li>De Baca</li></ul>	
<ul><li>Colfax</li><li>Mora</li></ul>	<ul><li>Lincoln</li><li>Chavez</li></ul>	
<ul><li>San Miguel</li><li>Union</li><li>Los Alamos</li></ul>	<ul><li>Roosevelt</li><li>Otero</li><li>Lea</li></ul>	

#### OTHER INFORMATION

#### INCURRED EXPENSES

Housing New MexicoMFA shall not be responsible for any expenses incurred by an Applicant in applying for HOME Rehabilitation Program funding. All costs incurred by an Applicant in the preparation, transmittal or presentation of any application or material submitted in response to this NOFA will be borne solely by the Applicant.

#### PROTEST

Any Applicant who is aggrieved in connection with this NOFA or the notification of preliminary selection to this NOFA may protest to <u>Housing New MexicoMFA</u>. A protest must be based on an allegation of a failure to adhere to the evaluation process as designated in the NOFA, including <u>Housing New MexicoMFA</u>'s evaluation of proposals.

The protest must be delivered to <u>Housing New MexicoMFA</u> via e-mail <u>marmijo@housing.org</u> within five (5) business days after the preliminary notice of award. Protests received after the deadline will not be considered. Upon the timely filing of a protest, <u>Housing New MexicoMFA</u> shall give notice of the protest to all Applicants who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The Applicants receiving notice may file responses to the protest within five (5) business days of notice of protest. The protest and responses to the protest shall be reviewed by the <u>Housing New MexicoMFA</u> Policy Committee, the Policy Committee shall either make a final determination.

No appeal of the determination shall be allowed. Applicants or their representatives shall not communicate with members of <u>Housing New Mexico</u>MFA's Board of Directors, or any <u>Housing New Mexico</u>MFA staff member regarding any application under consideration, except when specifically permitted to present testimony to the Board. An application will be deemed ineligible if the Applicant or any person or entity acting on behalf of the Applicant attempts to influence members of the <u>Housing New Mexico</u>MFA Board of Directors or <u>Housing New Mexico</u>MFA staff during any portion of the NOFA review process or does not follow the prescribed application and protest process.

#### CODE OF CONDUCT

Applicants, including members of the Applicant's board, 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. The Applicant shall always conduct itself in a manner consistent with the <u>Housing New MexicoMFA's</u> Third-Party Code of Conduct. A copy of the <u>Housing New Mexico\_MFA</u> Third Party Code of Conduct is posted on the <u>Housing New Mexico\_MFA</u> website for review at <u>https://housingnm.org/uploads/documents/Third Party Code of Conduct.pdf</u> . Upon request by <u>Housing New Mexico\_MFA</u>, Applicant shall disclose information that <u>Housing New Mexico\_MFA</u> may reasonably request relating to conflicts or potential conflicts of interest.

#### USE OF ELECTRONIC VERSIONS OF THIS NOFA

This NOFA is being made available by electronic means. If accepted by such means, the Applicant acknowledges and accepts full responsibility to ensure that no changes are made to the NOFA. In the event of a conflict between a version of the NOFA in the Applicant's possession and the version maintained by <u>Housing New MexicoMFA</u>, the version maintained by <u>Housing New MexicoMFA</u> will govern.

#### HOME REHABILITATION PROGRAM NOTICE OF FUNDING AVAIBILITY (NOFA) FORMS

The HOME Rehabilitation Program NOFA and forms may be obtained from MFA's website <u>under Funding</u> <u>Opportunities</u>. The\_—<u>Service providerubrecipient</u> application and project application must include all required forms, documentation, schedules, certifications listed on their respective checklists.

Any further changes to this NOFA may be made with Policy Committee review and approval.

# Tab 7

# Tab 8

# 2025 RENTAL AWARD SUMMARY

Project Name &	Elk Meadows A	partments				
Address		Drive, Ruidoso, Lincoln C	ounty, NM 88345			
Proposed	\$2,000,000	HOME		Rate	0%	
Awards	\$1,000,000	NM Affordable Housin	g Tax Credit (NMAHTC)			
Borrowers	<b>EC Ruidoso LP</b> will be owned .0010% by Village of Ruidoso as Co-General Partner, .0039% by Enriched Communities, LLC, as General Partner, owned 80% by Kestrel Housing LLC (Member) and 20% by LDC Housing LLC (Member); and 0051% by New Mexico Housing and Community Development Corporation as Co-General Partner; and 99.99% by R4 Capital, as Limited Partner.					
Management	<b>Monarch Properties, Inc.</b> is a privately held Texas corporation chartered in 1982. Monarch provides third-party, full-service management of multifamily apartment communities throughout Texas, New Mexico, and Oklahoma. The corporate office is located in Albuquerque, New Mexico. The total apartments under management have consistently averaged more than 7,500 with over 280 team members employed.					
Developers	<b>Enriched Communities LLC (Enriched Communities)</b> is a private affordable housing development entity incorporated in New Mexico in 2023 and is the lead developer of Elk Meadows. The principals include Colin Kruger and Richard Ashton, who are currently involved in affordable housing projects in New Mexico, Texas, and Alabama. The team has combined experience in real estate acquisitions and development of over 30 years and have built nine tax credit multifamily development projects.					
	acquisitions of	Section 8 portfolios and able real estate for over a	ral Manager of Fair Hous facilitated 9% LIHTC conv decade. He has previously	ersions. Mr. K	ruger's focus has	
	<ul> <li>Richard Ashton is the President of the Leadership Development Council, Inc., an affordable housing and educational nonprofit organization. Mr. Ashton has been the lead principal and developer of multiple LIHTC projects over the past several years, including one project in Artesia, NM as Managing Member of Liberty Multifamily LLC. Richard Ashton is a specialist in structuring and underwriting for public-private real estate developments.</li> <li>New Mexico Housing and Community Development Corporation (NMHCDC) is a New Mexico 501(c)(3) nonprofit organization established in 2003 as a development affiliate of Truth Consequences Housing Authority (TCHA). NMHCDC is currently led by President and CEO Stev Rice who is the former Executive Director of TCHA. For over a decade, NMHCDC has participat in the development of 11 affordable multifamily rental properties, consisting of 558 apartment throughout New Mexico, with projects in Truth or Consequences, Socorro, Carlsbad, Demir Lordsburg, Las Cruces, and Espanola. Financing sources utilized for these projects inclu conventional loans, USDA RD, HOME, NHTF, NMHTF, Risk Share, Primero, Ventana Fund, 4% 9% LIHTC, and tax-exempt bonds.</li> </ul>					
	of \$5.5M, a net a traditional ca unrestricted ca to 1.00, net inc interim financia	worth of \$4.0M, a debt-to sh flow of \$180K. NMH sh of \$1.1M, total assets ome of \$299K, and a tra I statement for the eight i	YE 06/30/2022 show unrestro- o-worth ratio of 0.26 to 1:00 CDC's CPA audited finance of \$5.7M, a net worth of \$4. ditional cash flow of \$487K. nonths ending on 2/29/24 s 2M, a debt-to-worth ratio of	, net income (l cials for FYE 3M, a debt-to-' NMHCDC's in hows unrestric	oss) of (\$9K), and 06/30/2023 show worth ratio of 0.32 nternally prepared ted cash of \$92K,	
	Apartments and Principal of Er Richard Ashtor strong liquidity. Financial and C liability ratio of	d, as such, does not yet h riched Communities LLC prepared on 04/18/2024 Colin Kruger is also a F Credit Statement for Colir 168 to 1.00 and strong lic	formed entity created spec ave any prepared financial C. The HUD Personal Fina shows a personal asset to rincipal of Enriched Comm Kruger prepared on 04/23/ uidity.	statements. R ancial and Cre liability ratio of unities LLC. T 2024 shows a	ichard Ashton is a edit Statement for 2,252 to 1.00 and he HUD Personal personal asset to	
Project Type & Size			y development to be locate r units will be income restrie			

	or less of Area Median Income (AMI), 20 units will be income restricted to households earning 50%
	or less of AMI, 37 units will be income restricted to households earning 60% or less of AMI, and 11
Project Description	units will be rented at market rate. Fifteen units will receive HUD Section 8 Project Based Vouchers. Elk Meadows Apartments is a recipient of a 2024 9% LIHTC allocation, a \$400,000 HOME loan, a \$400,000 NHTF loan, a \$2,000,000 NMHTF loan as awarded by Housing NM's Board of Directors in May 2024 and a \$489,300 HUD Community Project Funding grant as awarded by Housing NM's Board of Directors in June 2024.
	The project is one of the first to receive a 2024 allocation of National Housing Trust Funds that will require it to comply with Build America, Buy America (BABA) Act requirements. The Build America, Buy America Act (BABA) requires that all construction materials used for federally funded infrastructure projects, inclusive of buildings and real property that are constructed, are produced in the United States. To meet this new requirement, the developers recently revised their cost estimates, and now their project is in jeopardy of becoming infeasible. This request for an additional \$1,600,000 in HOME funds and a New Mexico Affordable Housing Tax Credit (NMAHTC) allocation would help fill that gap and allow the project to remain financially feasible. Even after the developer value-engineered the project's design and materials used, the total development cost is approximately \$2 million over the project's budget at the time of Housing NM's Board of Directors meeting in May 2024. The largest cost increases include: <ul> <li>\$1.4 MM in additional hard construction costs</li> <li>\$149K in architectural fees</li> </ul>
	Enriched Communities is proposing the new construction of Elk Meadows Apartments, a 72-unit apartment project targeting households with children in Ruidoso, NM. The project will consist of 27 one-bedroom units at approximately 541 sq. ft., 37 two-bedroom units at approximately 789 sq. ft., and 8 three-bedroom units at approximately 974 sq. ft. The project's gross square footage will be about 86,413 sq. ft. to be comprised of two and three-story walk-up buildings and one community building intended as a key venue for enrichment service programs. The site plan is optimized for minimal impact to the natural environment. The circulation of the site is designed for efficient access and connections of individual apartment complexes to each other and the community building and other common areas. Dedicated spaces are planned for the residing children, including a playground and large open spaces separated from vehicular traffic. Residents will have several shaded areas in which to gather for picnics and barbeques. There will be a walking path along a nearby golf course, which runs the length of the eastern border and will provide walking and bike access to the MainStreet district and other areas of the Village.
	Elk Meadows will feature living rooms and kitchens sized to accommodate families with children. Kitchens will feature abundant cabinet and countertop space. Large windows will maximize natural light. All units will have high ceilings to improve thermal comfort during hot summer months. The cabin-like buildings, site layout, elevations and topography will be optimized to match the overall area and feel of Ruidoso Village.
	The Novogradac market study dated 01/15/2024 generally defines the Subject's Primary Market Area as the cities of Ruidoso Downs and Glencoe, the Village of Ruidoso, and the communities of Sun Valley, Sierra Vista, Ponderosa, and Hollywood. The Subject site is located in the northern portion of Ruidoso. The Subject's neighborhood generally consists of vacant land, single-family homes, multifamily developments, commercial/retail uses, public uses, and is in close proximity to US Highway 70. The off-site amenities are appropriate and sufficient for the market and the intended tenants. The market study advises that due a significant level of demand for affordable and market rate housing and lack of recent multifamily construction in the area the Subject is marketable as proposed.
	The market study identifies only one non-subsidized LIHTC comparable located within the PMA. As such, it appears that there has been a significant lack of affordable non-subsidized developments in the Subject's immediate area. Given the presence of waiting lists in the area as well as the stabilized occupancy levels and low vacancy rates at all comparables, the market study finds that the Subject will not have a significant impact upon the vacancy rates of competing projects, either LIHTC or market rate. As such, the market study finds there is more than adequate demand in the market to support the Subject and existing competitive supply.
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	The market study demand analysis shows the subject site will reach a stabilized occupancy of 95.0% within three to four months of opening. This absorption period is based on an average absorption rate of approximately 15 to 17 units per month. The analysis also shows a Capture Rate of 8.2%, which is considered low and indicative of a deep base of potential support for the project. The project is expected to maintain a 5% vacancy rate or below.					
Environmental & Site	A Phase I Environmental Site Assessment has not yet been completed for the subject property. As required by HOME, the project must be determined to be in compliance with HUD Environmental Review 24 CFR part 58 before site control and/or execution of loan documents.					
Site and Neighborhood Standards (HOME and NHTF New Construction	The subject property is located within Census Tract 9606.00. The Subject site will be located on a 5.5-acre parcel, which is currently undeveloped land currently zoned C-2 (Community Commercial District). Multifamily development is permitted in this zoning designation with a conditional use permit. According to a letter, dated November 4, 2021, from the Village of Ruidoso, "The conditional use permit for this site was approved November 2, 2021 by the Planning Commission." As such, the Subject will represent a legal, conforming use as proposed.					
only) NMAHTC Impact	<ul> <li>The project will be required to meet HUD's Site and Neighborhood Standards prior to the acquisition of the property.</li> <li>This applicant is seeking \$1,000,000.00 in State Tax Credits based on an estimated \$2,000,000.00</li> </ul>					
	in anticipated donations of materials, site work, flatwork, general requirements, and overhead expenses associated with the project.					
NMAHTC Credits Available	Based on prior year funds availability, estimated \$5,748,236 in unreserved credit authority as of January 1, 2025.					
Project Financials, Projections and Assumptions, and Subsidy Layering Review	This project was underwritten utilizing Housing NM's standard 7% vacancy rate, which is considered conservative due to the low vacancy rates at nearby affordable and market rate housing properties. The applicant has provided a detailed 15-year cash flow projection for the project, which assumes a total annual income of \$747,372. The developers estimate \$382,000 in total operating expenses less reserves and social services (i.e., \$5,306 per unit per year), which is within Housing NM's standard underwriting range of \$4,300 to \$5,800.					
	The project's Debt Service Coverage Ratio (DSCR) starts at 1.16 to 1.00 in year one, increasing to 1.26 to 1.00 in year 15. This ratio is below Housing NM's underwriting standards of a range between $1.20 - 1.40$ to 1:00 from year one of operation through year five. The DSCR trends upwards and is within Housing NM's standard underwriting range from year six through year 15 of operation.					
	The interest rate for Pioneer Bank's first mortgage loan is assumed to be 6.625% (6.125% adjusted upwards by 50 basis points for underwriting). If, for any reason, the rate increases too much to accommodate required DSCR, then the first mortgage permanent loan can be reduced and that portion of it replaced by a cash flow loan from Enriched Communities.					
	Currently, it appears that 2% (\$19,914) of the \$1,323,000 developer fee will be deferred. Generally, a deferral in fee could be used to replace a portion of the first mortgage loan and would mitigate any possible interest rate risk that may occur between commitment and inception of the permanent loan. Deferral of the developer fee is usually allowable by the investor, provided that cash flow can repay the deferred fee by the end of the 15-year LIHTC compliance period. Current projections indicate the Subject would fully pay off the deferred developer fee by the end of year one.					
	Based on the investor's letter of interest, the project is currently underwritten using a credit price of 85 cents on the dollar, which is within the average range for recent LIHTC projects. Every one (1) cent drop in that price would create the need for an additional \$149K in deferred developer fee or cash flow loan from Enriched Communities.					
	Subsidy Layering Review					
	<u>HOME</u> - Housing NM's Housing Development Department's underwriting guidelines, performed for the HOME loan request, show this project is not over-subsidized per HUD regulations.					
Affordability Requirements	<b>HOME:</b> Eight HOME units consisting of: One 1-bedroom apartment unit, three 2-bedroom apartment units, and two 3-bedroom apartment units at or below 60% AMI and restricted to High HOME rents and one 1-bedroom apartment unit and one 2-bedroom apartment unit at or below 50% AMI and restricted to Low HOME Rents for which a Land Use Restriction Agreement (LURA) will be filed in 72 units. Buidoso, Lincoln County, NM					

	Lincoln County. The affordability period is 40 years: 20 years as required by HOME rules standards and 20 years for MFA's extended affordability period (i.e. in concurrence with the loan term). The affordability period starts on the date of acceptance by HUD of a final HOME project completion report
Repayment and Disbursement	and ends 40 years later.         HOME:         Payments: No payments during the construction period, which is not to exceed 24 months; thereafter 479 equal principal payments during the permanent loan period, based on an 80-year amortization with a final balloon payment of all outstanding principal and interest due at maturity. All outstanding principal due at the earlier of maturity, refinance, or sale of the project.         Disbursement:       Allow up to three draws: two during the construction period and the third upor submission of a final project completion report to HUD.
Special Conditions	<ol> <li>All loans are subject to MFA's final underwriting for project feasibility if needed. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e. interest rate &amp; amortization may be revised in line with projected cash flow at closing;</li> <li>Any changes or additions to the following development team members listed in the loar application must be approved by MFA: developer, contractor, management company consultant, or architect;</li> <li>Financing commitments acceptable to MFA prior to funding on all funding sources;</li> <li>Acceptance of 2024 award of Low-Income Housing Tax Credits (LIHTC);</li> <li>Approval of plans/construction monitoring/draws by MFA's Architectural Services Representative or a third party acceptable to MFA (i.e. hired by MFA, investor, or primary construction lender) and shared with MFA. Cost to be paid by applicant;</li> <li>Other conditions as may be determined by staff; and</li> <li>Subject to availability of funds.</li> </ol>
	<ul> <li>Additional Conditions: HOME Loan <ol> <li>Loan to be in second lien position;</li> <li>HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met;</li> <li>If other than minimal funds used during construction (i.e. \$50,000 or less), New Mexice Housing and Community Development Corporation (NMHCDC), and Principals of Enriched Communities LLC, Colin Kruger and Richard Ashton, must provide a guarantee during the construction period;</li> <li>If HOME CHDO (Community Housing Development Corporation) funds are to be used, New Mexico Housing and Community Development Corporation (NMHCDC) must be approved by MFA as a CHDO, and any transfers of ownership must be in accordance with HUD's CHDO rules.</li> </ol></li></ul>
	Additional Conditions: NMAHTC Award 12. Land Use Restriction Agreement will be filed on the property for thirty-five (35) years. 13. Initial affordability for 61 units to be restricted to 60% of AMI adjusted for household size.
Housing NM Commitments to Other Projects	Enriched Communities LLC: N/A – Newly formed entity         Liberty Multifamily LLC (Richard Ashton as Managing Member):         2022 HOME – EMLI Wells of Artesia - \$795,833         2022 NHTF – EMLI Wells of Artesia - \$498,500         2022 NMHTF – EMLI Wells of Artesia - \$496,398         2022 LIHTC (4%) – EMLI Wells of Artesia - \$1,702,421
	NMHCDC:         2004 LIHTC (4%) – Sunny Acres – \$118,602         2004 Risk Share – Sunny Acres – \$0         2004 LIHTC (4%) – Sandia Vista – \$172,583         2004 Risk Share – Sandia Vista – \$0         2004 LIHTC (4%) – Deming Manor - \$43,820         2004 Risk Share – Deming Manor - \$449,122         2004 LIHTC (4%) – King Arthur's Court - \$27,952

	2004 Risk Share – King Arthur's Court - \$280,807						
	2004 LIHTC (4%) – Tradewinds - \$34,422						
	2004 Risk Share – Tradewinds - \$404,268 2005 HOME – Vista Montano - \$124,058						
	2005 HOME – Vista Montano - \$124,058 2005 HOME – Casa del Rio I & II - \$448,332						
	2005 HOME – Casa del Rio I & II - \$448,332 2007 HOME – Villa San Jose - \$0						
	2007 HOME – Villa del Norte - \$0						
	2017 LIHTC – Villa San Jose - \$572,358						
	2017 HOME – Villa San Jose - \$375,416						
	2017 NMHTF – Villa San Jose - \$451,480						
	2017 Risk Sharing – Villa San Jose - \$760,822						
	2017 Primero – Villa San Jose - \$0						
	2019 LIHTC – Villa del Norte - \$572,401						
	2019 HOME – Villa del Norte - \$362,493						
	2019 NHTF – Villa del Norte - \$398,000						
	2019 NMHTF – Villa del Norte - \$471,227						
	2019 Primero – Villa del Norte - \$0						
	2024 LIHTC (4%) – Peachtree Canyon – \$1,809,597						
	2024 HOME – Peachtree Canyon - \$800,000						
	2024 NHTF – Peachtree Canyon - \$1,500,000 2024 NMHTF – Peachtree Canyon - \$3,000,000						
	2024 CSLFRF – Peachtree Canyon - \$1,250,000						
	<sup>(1)</sup> Risk Share loans carry 10% Housing NM risk						
	<sup>(2)</sup> Bonds are non-recourse to Housing NM						
Housing NM	<ul> <li><sup>(3)</sup> Loan Balances as of 12/16/2024</li> <li>\$12,866,756 (excludes LIHTC, grants and loans pending approval)</li> </ul>						
Exposure	terrere and loans pending approvaly						
	1 Market Law (Strong domand for proposed property in DMA)						
Risk Factors	1. <b>Market – Low</b> (Strong demand for proposed property in PMA)						
	2. <b>Construction – Medium</b> (construction material pricing remains high, however, the						
	developer is experienced plus the investor and main construction lender will provide						
	additional oversight and controls)						
	3. <b>Developer – Medium</b> (Developer team has strong experience in affordable housing						
	development but has limited experience in New Mexico)						
	4. Guarantor – Medium						
	5. General Partner/Managing Member – Medium (i.e. the developer)						
	6. Community Opposition – Low						
	7. Financing – Medium (as long as market conditions for interest rates & LIHTC pricing						
	do not fluctuate too much, the project is feasible. However, in the event of adverse						
	market conditions the project would not move forward. Final underwriting is required						
•	before loan closing to ensure viability before final commitment)						
Summary &	The proposed project presents a favorable risk profile and is recommended for approval.						
Recommendation							
Prepared by	Justin Carmona, Development Loan Manager Justs Card Date 12/23/24						
Reviewed by	George Maestas, Director of Housing Development						

	PRC	JECT INFORMATION SUMMAR	RY						
Projec Elk Meadows	City Ruidoso	NC, AR, or NC/AR	Total # Units	Unit Sizes	Target AMIs				
Total Development Cost	nuluoso	NC	72	1 BED, 2 BED,	30%, 50%, 60%, &				
			NC	72	3 BED	Market Rate			
	Borrowers EC Ruidoso LP Management Monarch Properties, Inc.			UILT (AR)	LIHTC ALLOC	4% or 9%			
	Enriched Communities LLC				\$ 1,496,000	9%			
			NC = New Construction						
				Acquisition/F					
			AMI =	Area Median					
					apartments				
	HOME LOAN INFORMATION				NUMBER OF HOME UNITS 8				
Funds Available as of:	12/01/24	\$13,128,644							
	Housing NM Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES						
Maximum Loan Amount	\$1,000,000 or higher at MFA's discretion	\$2,000,000	Per Housing NM's Annual Action Plan, "depending on fund availability, higher awards may be allowed, at MFA's discretion.						
Rates	0.0% to 3.0%	0.00%							
Loan Fees	N/A	N/A							
Maximum Loan Term	2 yr construct, 40 yr perm	2 yr construct, 40 yr perm							
Loan Amortization	20 to 80 years	80 years							
Lien Position	Subordinate allowed	2nd lien position							
Affordability Requirements	Min 20 yrs, max 60% AMI	40 yrs, 6 units @ 60% AMI, 2 units @ 50% AMI							
DSCR	1.20 to 1.40 : 1 on all must-pay debt	1.16 : 1.00 increasing to 1.26 : 1.00 by year 15	DSCR starts below 1.20 : 1.40 through year 5, trends upwards and falls within that range from year 6 through year 15			•			
Scoring Criteria	N/A	N/A							

NMAHTC INFORMATION			NUMBER OF NMAHTC UNITS	61
Funds Available as of:	01/01/25	\$5,748,236 (estimate)		
	Housing NM Guidelines	<b>Allocation Request</b>	EXCEPTIONS/CONDITIONS/NOTES	
Maximum Credit Allocation	\$1,000,000	\$1,000,000		
Affordability Requirements	Varies based on project type	61 units @ 60% AMI		
Scoring Criteria	70-120 points	105		

TOTAL DEVELOPMENT COST INFORMATION SUMMARY						
Project: Elk Meadows Apartments		Total			Cost/GSF	
Acquisition Costs (land, building acquisition, & other acquisition costs)	\$	-	0.0%	\$	-	
Construction Hard Costs	\$	12,510,681	58.7%	\$	144.78	
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)	\$	3,646,496	17.1%	\$	42.20	
Professional Services/Fees (architect, engineer, real estate legal, etc)	\$	600,808	2.8%	\$	6.95	
Construction Financing Costs (interest, insurance, inspections, fees, etc)	\$	1,313,211	6.2%	\$	15.20	
Permanent Financing Costs (fees, title/recording, etc)	\$	338,253	1.6%	\$	3.91	
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)	\$	180,500	0.8%	\$	2.09	
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)	\$	201,661	0.9%	\$	2.33	
Reserves (rent-up, operating, replacement, escrows, etc)	\$	1,175,151	5.5%	\$	13.60	
Developer Fees (inc consultant fees)	\$	1,337,250	6.3%	\$	15.48	
Total Development Costs (TDC	C) \$	21,304,011	100.0%	\$	246.54	
TDC w/o Land, Reserves & Commerci	al \$	20,128,860	94.5%	\$	232.94	

CONSTRUCTION SOURCES						
Project:     Elk Meadows Apartments     Total     % of Total						Per Unit
Construct. Lender	Pioneer Bank	\$	14,000,000	65.7%	\$	194,444.44
2nd Lien Holder	Housing NM/HOME	\$	1,800,000	8.4%	\$	25,000.00
3rd Lien Holder	Housing NM /NHTF	\$	360,000	1.7%	\$	5,000.00
4th Lien Holder	Housing NM/NMHTF	\$	2,000,000	9.4%	\$	27,777.78
Other	Village of Ruidoso Grant	\$	1,000,000	4.7%	\$	13,888.89
Deferred Developer Fee	Enriched Communities LLC	\$	857,211	4.0%	\$	11,905.71
LIHTC Equity	R4 Capital	\$	1,286,800	6.0%	\$	17,872.22
	Total Construction Sources	\$	21,304,011	100.0%	\$	295,889.04

	PERMANENT SOURCES						
Project:	Elk Meadows Apartments	Total	% of Total	Per Unit			
Permanent Lender - 1st Lien	Pioneer Bank	\$ 1,700,000	8.0%	\$ 23,611.11			
2nd Lien Holder	Housing NM/HOME	\$ 2,000,000	9.4%	\$ 27,777.78			
3rd Lien Holder	Housing NM/NHTF	\$ 400,000	1.9%	\$ 5,555.56			
4th Lien Holder	Housing NM/NMHTF	\$ 2,000,000	9.4%	\$ 27,777.78			
Other	Housing NM/HUD Community Project Funding Grant	\$ 489,300	2.3%	\$ 6,795.83			
Other	Village of Ruidoso Grant	\$ 1,000,000	4.7%	\$ 13,888.89			
Deferred Developer Fee	Enriched Communities LLC	\$ 19,914	0.1%	\$ 276.58			
NMAHTC Equity	Brian Wishneff & Associates	\$ 820,000	3.8%	\$ 11,388.89			
45L Tax Credit Equity	R4 Capital	\$ 179,982	0.8%	\$ 2,499.75			
LIHTC Equity	R4 Capital	\$ 12,694,815	59.6%	\$ 176,316.88			
	Total Permanent Sources	\$ 21,304,011	100.0%	\$ 295,889.04			

	Deve	opment Cost Bud	got			
Elk Meadows Apartments	Deve	opment cost bud	get			
		TOTAL COST		TOTAL COST	С	OST DIFFERENCE
Ruidoso		vious Approval)			-	Current-Previous)
ACQUISITION COSTS						
Land Acquisition	\$	-	\$	-	\$	-
Building Acquisition	\$	-	\$	-	\$	-
Other:	\$	-	\$	-	\$	-
SUBTOTAL	\$	-	\$	-	\$	-
CONSTRUCTION HARD COSTS			•			
Demolition	\$	-	\$	-	\$	-
Accessory Structures	\$	-	\$	-	\$	-
Site Construction	\$	1,741,576	\$	2,041,576	\$	300,000
Buildings and Structures	\$	8,953,316	\$	9,969,105	\$	1,015,789
Off-Site Improvements	\$	-	\$	-	\$	-
Other: Amenity Spaces	\$	400,000	\$	500,000	\$	100,000
SUBTOTAL	\$	11,094,892	\$	12,510,681	\$	1,415,789
OTHER CONSTRUCTION COSTS						
Contractor Overhead	\$	221,898	\$	250,214	\$	28,316
Contractor Profit	\$	665,809	\$	750,641	\$	84,832
General Requirements	\$	665,809	\$	750,641	\$	84,832
Construction Contingency	\$	850,000	\$	850,000	\$	-
Gross Receipts Tax (GRT)	\$	850,000	\$	1,000,000	\$	150,000
Landscaping	\$	-	\$	-	\$	-
Furniture, Fixtures, & Equipment	\$	45,000	\$	45,000	\$	-
Other:	\$	-	\$	-	\$	-
SUBTOTAL	\$	3,298,516	\$	3,646,496	\$	347,980
PROFESSIONAL SERVICES/FEES			•			
Architect (Design)	\$	311,560	\$	413,598	\$	102,038
Architect (Supervision)	\$	77,890	\$	125,000	\$	47,110
Attorney (Real Estate)	\$	40,000	\$	40,000	\$	-
Engineer/Survey	\$	12,000	\$	12,000	\$	-
Other: Soils report, corporate filing	\$	10,210	\$	10,210	\$	-
SUBTOTAL	\$	451,660	\$	600,808	\$	149,148
CONSTRUCTION FINANCING COSTS			•			
Hazard Insurance	\$	-	\$	-	\$	-
Liability Insurance	\$	95,000	\$	95,000	\$	-
Performance Bond	\$	159,680	\$	159,680	\$	-
Interest	\$	800,000	\$	800,000	\$	-
Origination\Discount Points	\$	140,000	\$	140,000	\$	-
Credit Enhancement	\$	-	\$	_	\$	-
Inspection Fees	\$	25,500	\$	25,500	\$	-
Title and Recording	\$	19,531	\$	19,531	\$	-
Legal	\$	35,000	\$	35,000	\$	
Taxes	\$	-	\$	-	\$	-
Other: Permit fees, cost certification	\$	26,500	\$	38,500	\$	12,000
SUBTOTAL	\$	1,301,211	\$	1,313,211	\$	12,000

	Sq. Footage	Gross Sq. Footage
(Previ	ous Approval)	(Current Request)
	86,413	86,413
(5	Cost/GSF	COST/GSF
(Pre	vious Approval)	(Current Request)
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\$	4.63	\$ 5.79
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\$	2.57	\$ 2.90
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Project: Elk Meadows Apartments					
PERMANENT FINANCING COSTS					
Bond Premium	\$	-	\$	-	\$ -
Credit Report	\$	-	\$	-	\$ -
Origination\Discount Points	\$	226,006	\$	223,038	\$ (2,968)
Credit Enhancement	\$	-	\$	-	\$ -
Title and Recording	\$	115,215	\$	115,215	\$ -
Legal	\$	-	\$	-	\$ -
Cost of Bond Issuance	\$	-	\$	-	\$ -
Pre-Paid MIP	\$	-	\$	-	\$ -
Reserves and Escrows	\$	-	\$	-	\$ -
Other:	\$	-	\$	-	\$ -
SUBTOTAL	\$	341,221	\$	338,253	\$ (2,968)
SOFT COSTS					
Market Study	\$	12,500	\$	12,500	\$ -
Environmental	\$	3,000	\$	3,000	\$ -
Tax Credit Fees	\$	-	\$	-	\$ -
Appraisal	\$	10,000	\$	10,000	\$ -
Hard Relocation Costs	\$	-	\$	-	\$ -
Accounting/Cost Certification	\$	12,000	\$	-	\$ (12,000)
Other: Marketing, soft cost contigency	\$	131,507	\$	155,000	\$ 23,493
SUBTOTAL	\$	169,007	\$	180,500	\$ 11,493
SYNDICATION					
Organization	\$	-	\$	-	\$ -
Bridge Loan	\$	-	\$	-	\$ -
Tax Opinion	\$	-	\$	-	\$ -
Other: LIHTC app, monitoring, reservation,					
legal syndication	\$	201,661	\$	201,661	\$ -
SUBTOTAL	\$	201,661	\$	201,661	\$ -
TDC before Dev. Fees & Reserves	\$	16,858,168	\$	18,791,610	\$ 1,933,442
RESERVES	•		-		
Rent Up	\$	700,000	\$	650,000	\$ (50,000)
Operating	\$	320,608	\$	420,608	\$ 100,000
Replacement (inc. only if capitalized)	\$	-	\$	39,543	\$ 39,543
Escrows/Working Capital	\$	38,000	\$	-	\$ (38,000)
Other: Reserve contigency	\$	25,000	\$	65,000	\$ 40,000
SUBTOTAL	\$	1,083,608	\$	1,175,151	\$ 91,543
DEVELOPER FEES					
Developer Fee	\$	1,323,000	\$	1,323,000	\$ 
Consultant Fee	\$	-	\$	14,250	\$ 14,250
SUBTOTAL	\$	1,323,000	\$	1,337,250	\$ 14,250
Total Development Cost (TDC)	\$	19,264,776	\$	21,304,011	\$ 2,039,235
TDC w/o Land, Reserves & Commercial	\$	18,181,168	\$	20,128,860	\$ 1,947,692

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

Department and Program	Project	Action Taken	Comments / Date Approved
Housing Development Department – NM Housing Trust Fund	Tierra Encantada	General Partner changed from Tierra Encantada GP, LLC to Tierra del Sol Housing Corporation as required by USDA (Rural Development).	Approved by Josh Howe, George Maestas and Jeff Payne on December 16, 2024
Community Development Department – Recovery Housing Program	Grant Acceptance of FY24 RHP funding	Approval of \$1,450,399 from the state of New Mexico Department of Finance and Administration - Local government Division (DFA-LGD) FY2024 Recovery Housing Program funds.	Approved by Policy Committee on December 3, 2024
Community Development Department – Home Improvement Program (HIP)	Improvement Invoicing process	A approval for a line of credit to pay pre-award costs where net 15 or 30 day terms are not available.	Approved by Policy Committee on December 3, 2024
Community Development Department-HOME American Rescue Plan, Supportive Services	HOME-ARP New provider initial award	Approval of The Community Action Agency in Southern New Mexico to become a service provider of Housing New Mexico's HOME-ARP / RR/HP program and be given an initial award of \$100,000.00. They have met both the minimum threshold requirement and minimum scoring requirements required in the NOFA.	Approved by Policy Committee on December 17, 2024
Community Development Department– Emergency Housing Needs	Program manual updates	Updates to the Emergency Needs Program manual to include eligibility criteria and protest policy.	Approved by Policy Committee on December 12, 2024
Community Development Department- Emergency Housing Needs	Program policy manual updates	Updates to the Emergency Housing Needs Program manual to reflect the following changes: Defining and clarifying the program eligibility requirements, adding a policy to accommodate appeals/protests, and clarifying language throughout the manual.	Approved by Policy Committee on December 23, 2024



## Housing New Mexico | MFA Marketing & Communications Monthly Report December 2024

## Press Releases

Dec. 10, 2024

Over \$4.7 million in funding available from Housing New Mexico to organizations servicing individuals experiencing homelessness

https://housingnm.org/about-mfa/news/over-4.7-million-in-funding-available-fromhousing-new-mexico-to-organizations-servicing-individuals-experiencing-homelessness

Dec. 19, 2024

Housing New Mexico's Board of Directors approves over \$2.4 million in funding to fireaffected Village of Angel Fire for rental housing development <u>https://housingnm.org/about-mfa/news/housing-new-mexicos-board-of-directors-</u> approves-over-2.4-million-in-funding-to-fire-affected-village-of-angel-fire-for-rental-<u>housing-development</u>

Dec. 23, 2024

Albuquerque nonprofit Saranam receives over \$730,000 to develop transitional housing thanks to funding from Housing New Mexico

https://housingnm.org/about-mfa/news/albuquerque-nonprofit-saranam-receives-over-730000-to-develop-transitional-housing-thanks-to-funding-from-housing-new-mexico

## Media Mentions/News Coverage

## 12.1.24 to 12.31.24 Media Mentions Report



## **Mention Analytics** Mentions by Media Type Audience by Media Type Publicity by Media Type 101 108,978,672 \$1,480,325 Mentions Audience Publicity Online + Print Instagram Online + Print Instagram **X X** Radio Online + Print Radio Instagram Radio TV TV TV

## Advertisements

## Round the Roundhouse

The Real Estate Book



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housingnm.org https://www.housingnm.org

## Housing New Mexico | MFA

MFA Provides Down Payment Assistance & Competitive Interest Rate Mortgage Loans. Contact **New Mexico** Mortgage Finance Authority Today For Help Purchasing Your Home.

Mortgage lender · 5.9 mi · Albuquerque · Closed · Opens 8 AM Mon Homebuyer Resources · Homeowner Assistance · About Mfa · Inquire Now · News Center



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## Housing New Mexico

Find Affordable Housing in NM — MFA Is New Mexico's Leader In Affordable Homes. Find Quality Affordable Housing Nearby. New Mexico MFA Can Help You Find Affordable Housing Programs. Let MFA Help You Today. Specialized Housing. Emergency Shelter. Affordable Living. Save Big on Housing.

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Google Ads December Report:

Housing New Mexico's Google Ads resulted in 871 conversions. The "Affordable Housing" campaign led the way with a conversion rate of 20.15%, up from 18.68% in November.

Total conversion breakdown was as follows:

- Phone calls directly from the ads: 138
- Phone calls from the website after clicking on an ad: 402
- Contact form submissions: 322
- Subscriptions: 9

Conversions = The number of leads Housing New Mexico received after a user clicked on an ad



New Mexico Society of CPAs E-Newsletter



Albuquerque Journal Venue Plus

December 6



Help build affordable housing by making a donation through the New Mexico State Tax Credit Program and receive a tax credit equal to 50% of the value of the donation.

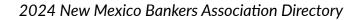
To learn more, visit: www.housingnm.org

## December 20



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

To learn more, visit: www.housingnm.org





## Round the Roundhouse



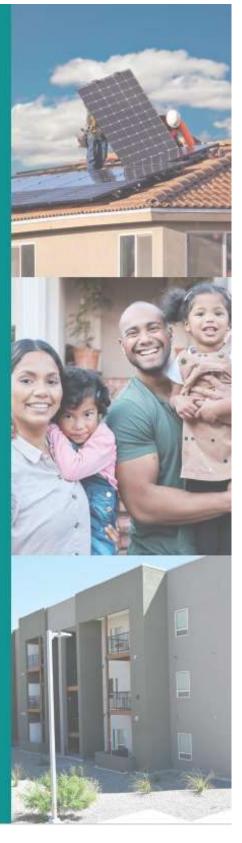
## New Look, Same New Mexico Mortgage Finance Authority

For nearly 50 years, we have grown into so much more than just mortgages. We assist individuals across the full housing continuum:

From home rehabilitation to rental housing development, from landlord collaboration to specialized housing programs, and from homelessness to homeownership.

Learn more about our housing programs: www.housingnm.org or scan the QR code below.





## Outreach

**December 4:** New Mexico Aging and Long-Term Services Department Training – Weatherization and Home Rehabilitation (Albuquerque)

December 5: Colonia Infrastructure Board Meeting (Santa Fe)

December 9: HOME Rehabilitation Training for Eligible Applicants (Albuquerque)

**December 10-11:** HOME Rehabilitation Training for Existing Sub-Recipients (Albuquerque)

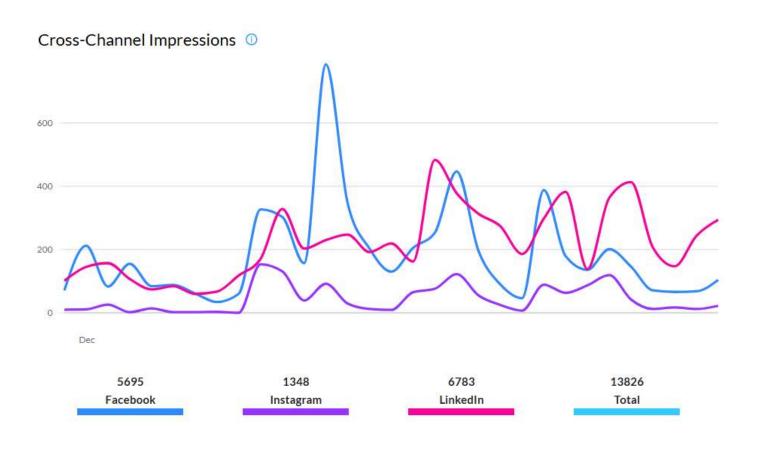
December 10: Housing New Mexico Open House (Albuquerque)





## **Social Media Analytics**

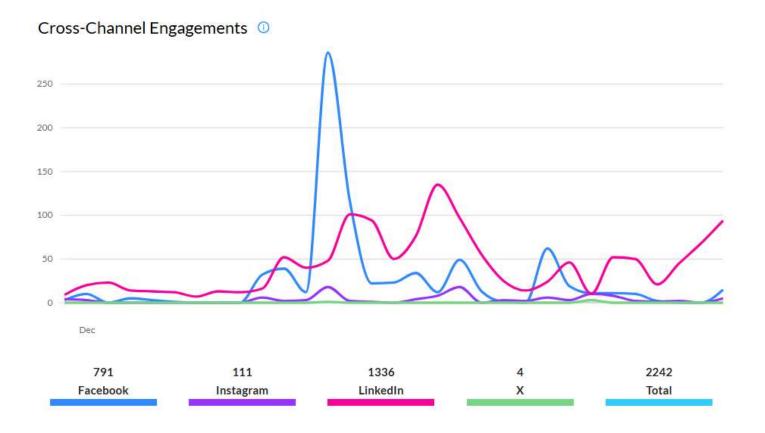
LinkedIn: Housing New Mexico Facebook: @HousingNewMexico Instagram: @HousingNewMexico YouTube: @HousingNewMexico X/Twitter: @HousingNM



Impressions = The number of times Housing New Mexico social media page content was displayed.

## **Social Media Analytics**

LinkedIn: Housing New Mexico Facebook: @HousingNewMexico Instagram: @HousingNewMexico YouTube: @HousingNewMexico X/Twitter: @HousingNM



Engagements =

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

## **Top Post Performance**

## Housing New Mexico ①





Clicks	Reactions	Comments
32	34	1
Shares	Reach	Impressions
4	443	449



## 🞯 Housing New Mexico 🕕





Housing New Mexico Dec 19, 2024 11:00 AM

Big news! The Housing New Mexico Board of Directors just approved



Likes	Comments	Saves
17	1	0
Engagement	Impressions	Reach
22	210	197



Housing New Mexico Dec 17, 2024 3:00 PM

Two years ago, the state made the largest ever (at the time) investment



Likes	Comments	Saves
13	0	0
Engagement	Impressions	Reach
13	125	102

## **Top Post Performance**

## in Housing New Mexico 🕕





Housing New Mexico Dec 17, 2024 3:00 PM

Two years ago, the state made the largest ever (at the time) investment



Clicks 5 71 2 317



Housing New Mexico Dec 19, 2024 11:00 AM

Big news! The Housing New Mexico Board of Directors just approved



## X Housing New Mexico ①



Housing New Mexico Dec 25, 2024 10:00 AM

Happy Holidays from Housing New Mexico! Thank you for being part of



24 1 2





More Albuquerque families will break the cycle of homelessness



Likes Impressions 0 10

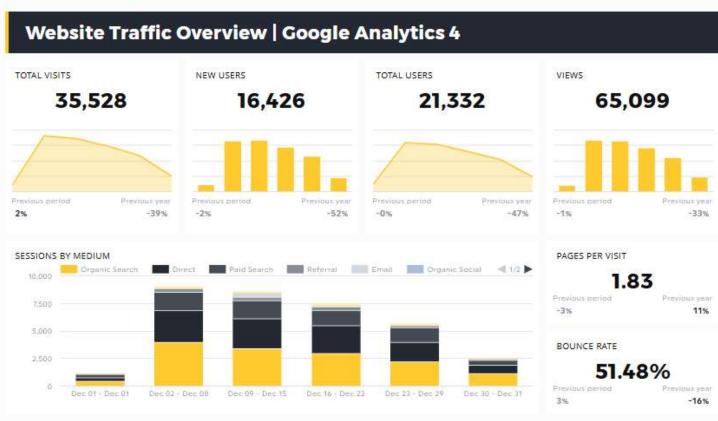
Reposts 0

## **December Website Traffic Overview**

<u>https://housingnm.org/</u> Top-Viewed Page "/" = Home Page



## **Housing New Mexico Monthly Dashboard**



## TOP VIEWED PAGES

Page path	View	s v	Total u	sers
t.	14,574	-578	8,576	-288
/lenders-realtors/current-rates	2,106	-222	688	-56
/mortgage-loans/make-payment	2,021	-55	1,330	-38
/programs/find-housing/rentals/affordable	1,930	+17	1,244	+34
/programs/homebuyers/mortgage-programs	1,391	+154	911	+86
/programs/find-housing/emergency-shelter /?	1,344	-30	855	+29
hsa_acc=7382405198&hsa_cam=17305995781&hsa_grp=161423321950&hsa_ad=688088309685&hsa_src=g&hsa_tgt=c 1652313956796&hsa_kw=&hsa_mt=&hsa_net=adwords&hsa_ver=3	1,342	+167	1,025	+107
/lenders-realtors/income-and-purchase-price-limits	1,182	-338	589	~107

					,						
New Mexico Housing Trust Fund Funding Source	<section-header></section-header>		t	Total Awarded		Procured but not Awarded	Total Expended (as of Decem	ber 31, 2024)	<section-header><section-header></section-header></section-header>	<section-header></section-header>	
everance Tax Bond 2024	\$37,530,000.00	\$37,530,000.00	100%	\$ 34,900,000.00		\$2,630,000.00	\$20,473,670.05	55%			
Severance Tax Bond 2025	\$34,620,000.00	\$34,620,000.00	100%	\$ 33,620,000.00	97%	\$1,000,000.00	\$8,134,332.21	23%			
egislative 2024 \$50 Million Allocation.	\$50,000,000.00	\$31,730,000.00	63%	\$ 20,050,437.00		\$11,679,563.00	\$5,148,121.45	10%			
Total Awards in green are incl	\$122,150,000.00	\$103,880,000.00	85%	\$88,570,437.00	73%	\$15,309,563.00	\$33,756,123.71	28%			

meeting on <u>December 30, 2024.</u>



# New Mexico Housing Trust Fund Monthly Overview

## January 15, 2025

Awards in green are included in the total awards and expenditures are as of the find Policy Committee



## New Mexico Housing Trust Fund by Awards

## January 15, 2025

Awardee	Award	Award Amount	<b>Activity</b>	<section-header><section-header><section-header><section-header><section-header></section-header></section-header></section-header></section-header></section-header>	Anticipated Impact (Households)	County
Homeownership	FirstDown Plus	\$ 1062500000	Down Payment	SFY24 STR	708	Statewide

Homeownership Department	FirstDown Plus	\$ 10,625,000.00	Down Payment Assistance	SFY24 STB	708	Statewide
Homeownership Department	HomeForward DPA	\$ 1,000,000.00	Down Payment Assistance	SFY24 STB	67	Statewide
Southwest Regional Housing and Community Development		\$ 134,655.19	Home Improvement Program	SFY24 STB	3	Dona Ana, Eddy, Grant, Hidalgo, Luna, Sierra, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, and Lea Counties
Southwest Regional Housing and Community Development		\$ 98,999.86	Home Improvement Program	SFY24 STB	1	Dona Ana, Eddy, Grant, Hidalgo, Luna, Sierra, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, and Lea Counties
Home Improvement Program		\$ 728,737.21	Home Improvement Program	SFY24 STB	27	Guadalupe, Quay, Harding, Union, Rio Arriba, San Juan, McKinley, and Los Alamos Counties
San Felipe Pueblo		\$ 37,607.74	Home Improvement Program	SFY24 STB	3	Sandoval County
Central New Mexico Housing Corporation		\$ 475,000.00	Weatherization	SFY24 STB	33	Bernalillo, Sandoval, Torrance, Valencia, Taos, Colfax, Union, Mora, Harding, San Miguel, Guadalupe, Quay, Cibola, McKinley, San Juan, Rio Arriba, Santa Fe, Los Alamos
Southwest Regional Housing and Community Development		\$ 300,000.00	Weatherization	SFY24 STB	21	Dona Ana, Eddy, Grant, Hidalgo, Luna, Sierra, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, and Lea Counties
Restoring Our Communities Program		\$ 2,000,000.00	Restoring Our Communities	SFY24 STB	12	Bernalillo County
Chelsea Investment Corp.	Three Sisters	\$ 3,500,000.00	Gap Financing	SFY24 STB	70	Dona Ana County
La Serena Apartments, LLC	La Serena Apartments	\$ 1,000,000.00	Gap Financing	SFY24 STB	100	Bernalillo County
Pedrena Apartments LLC	Pedrena Apartments	\$ 1,000,000.00	Gap Financing	SFY24 STB	80	Dona Ana County
NCNO Limited Partnership, LLLP	Encino Senior Gardens	\$ 2,000,000.00	Gap Financing	SFY24 STB	165	Bernalillo County
Peachetree Canyon Limited Partnership (to be formed)	Peachtree Canyon	\$ 3,000,000.00	Gap Financing	SFY24 STB	144	Dona Ana County



## New Mexico

Awardee	<b>Award</b>	Award Amount	Activity	New Mexico Housing Trust Fund Funding Source	Anticipated Impact (Households)	County
EC Ruidoso LP	Elk Meadows Apartments	\$ 2,000,000.00	Gap Financing	SFY24 STB	72	Lincoln County
Post Las Brisas, LLC	Las Brisas Apartments	\$ 1,000,000.00	Preservation	SFY24 STB	120	Bernalillo County
Homewise	Sombra del Oeste	\$ 500,000.00	SF Development	SFY24 STB	10	Bernalillo County
Homewise	Miraflores	\$ 500,000.00	SF Development	SFY24 STB	7	Santa Fe County
Town of Silver City		\$ 500,000.00	Housing Innovation	SFY24 STB	8	Grant County
NM Ramp Project		\$ 500,000.00	Housing Innovation	SFY24 STB		Bernalillo, Chaves, Cibola, Dona Ana, Eddy, Lea, Los Alamos, Luna, Rio Arriba, Roosevelt, San Juan Sandoval, Santa Fe, Torrance, and Valencia Counties
Sawmill CLT		\$ 262,498.00	Housing Innovation	SFY24 STB	105	Bernalillo County
HagermanForward Inc.		\$ 500,000.00	Housing Innovation	SFY24 STB	18	Chaves County
San Felipe Pueblo		\$ 450,000.00	Housing Innovation	SFY24 STB	24	Sandoval County
Ohkay Owingeh		\$ 500,000.00	Housing Innovation	SFY24 STB	10	Rio Arriba County

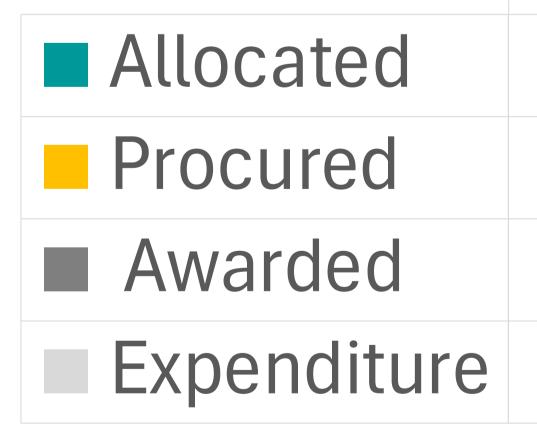
	•	Innovation	



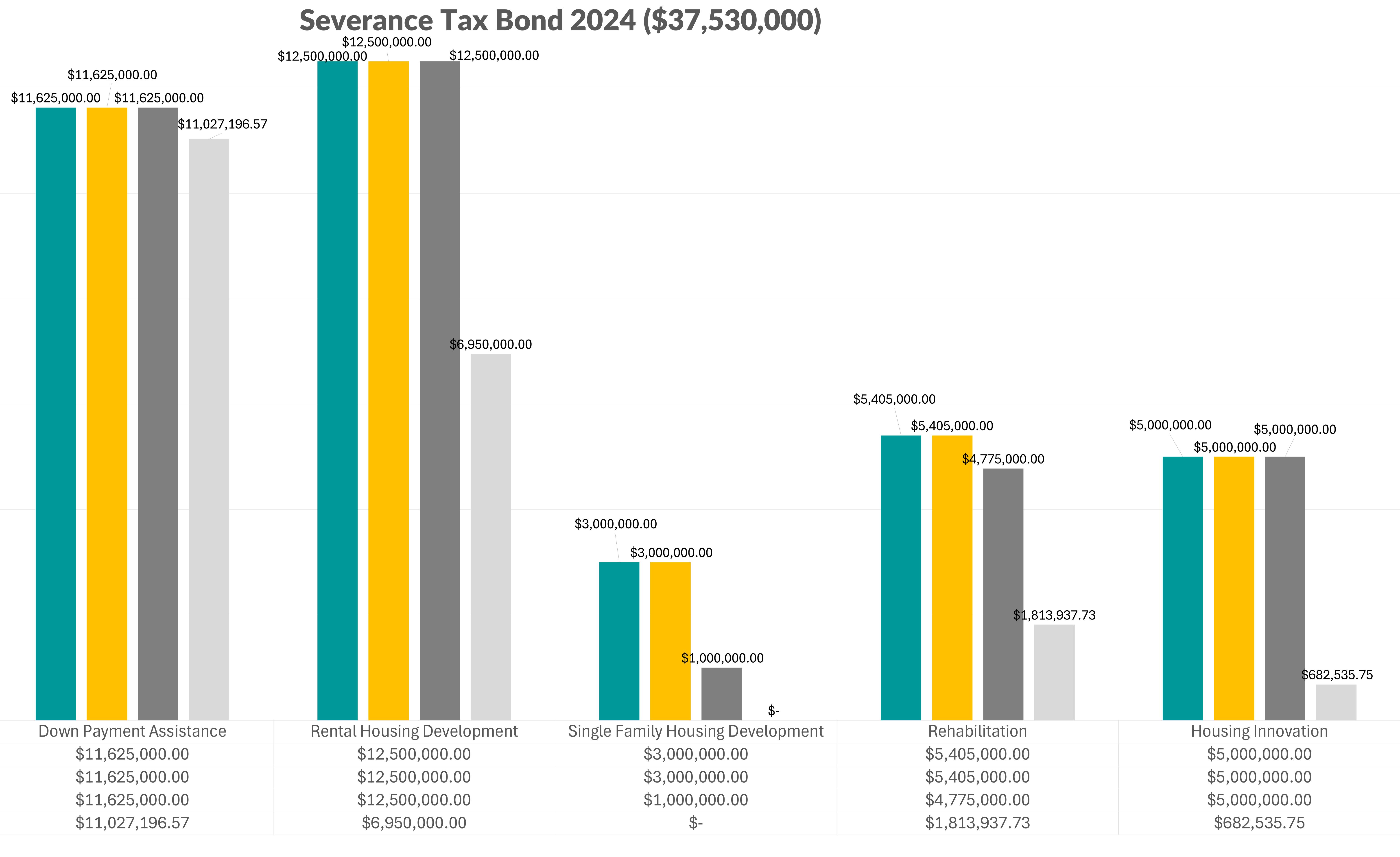
<b>Awardee</b>	Award	Award Amount		Activity	New Mexico Housing Trust Fund Funding Source	Anticipated lmpact (Households)	County
North Central New Mexico Economic Development District		\$	500,000.00	Housing Innovation	SFY24 STB	4	Colfax, Los Alamos, Mora, Rio Arriba, San Miguel, Sandoval, Santa Fe, and Taos
Homeownership Department	FirstDown Plus	\$	15,500,000.00	Down Payment Assistance	SFY25 STB	1,033	Statewide
Homeownership Department	HomeForward DPA	\$	4,500,000.00	Down Payment Assistance	SFY25 STB	300	Statewide
Somos Apartments Limited Partnership	Somos Apartments	\$	4,000,000.00	Gap Financing	SFY25 STB	70	Bernalillo County
Ocate SF, LLC ( to be formed)	Ocate Apartments	\$	3,000,000.00	Gap Financing	SFY25 STB	60	Santa Fe County
Country Club SF, LLC (to be formed)	Country Club Apartments	\$	3,000,000.00	Gap Financing	SFY25 STB	62	Santa Fe County
Chelsea Investment Group	Mariposa Apartments	\$	2,000,000.00	Gap Financing	SFY25 STB	51	Taos County
Rio Rancho Leased Housing Authority I, LLP	Sandoval Flats	\$	1,620,000.00	Gap Financing	SFY25 STB	216	Sandoval County
Rio Rancho Leased Housing Authority I, LLP	Sandoval Flats	\$	1,380,000.00	Gap Financing	2024 Legislative Allocation	216	Sandoval County
Artisan's Guild Contracting, LLC	El Toro Community	\$	3,000,000.00	SF Development	2024 Legislative Allocation	29	Chaves County
YSM Development Advisors LLC	Salazar South	\$	2,500,000.00	SF Development	2024 Legislative Allocation	81	Taos County
HOME and VHRMP		\$	500,000.00	Home Improvement Program	2024 Legislative Allocation	19	Guadalupe, Quay, Harding, Union, Rio Arriba, San Juan, McKinley, and Los Alamos Counties
Central New Mexico Housing Corporation		\$	125,000.00	Weatherization	2024 Legislative Allocation	9	Bernalillo, Sandoval, Torrance, Valencia, Taos, Colfax, Union, Mora, Harding, San Miguel, Guadalupe, Quay, Cibola, McKinley, San Juan, Rio Arriba, Santa Fe, Los Alamos
Southwest Regional Housing and Community Development		\$	75,000.00	Weatherization	2024 Legislative Allocation	5	Dona Ana, Eddy, Grant, Hidalgo, Luna, Sierra, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, and Lea Counties
Redfeather Development		\$	50,000.00	Weatherization	2024 Legislative Allocation	4	Navajo Nation



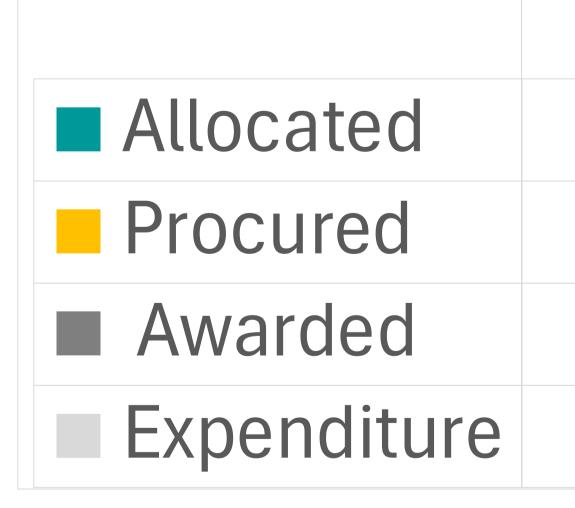
Awardee	<b>Accard</b>	ward Amount	<b>Activity</b>	New MexicoHousing TrustFund FundingSource	Anticipated lmpact (Households)	County
Central New Mexico Housing Corporation		\$ 75,000.00	Weatherization - Energy\$mart Solar Program	2024 Legislative Allocation	5	Bernalillo, Sandoval, Torrance, Valencia, Taos, Colfax, Union, Mora, Harding, San Miguel, Guadalupe, Quay, Cibola, McKinley, San Juan, Rio Arriba, Santa Fe, Los Alamos
Southwest Regional Housing and Community Development		\$ 2,400,000.00	Weatherization - Energy\$mart Solar Program	2024 Legislative Allocation	170	Dona Ana, Eddy, Grant, Hidalgo, Luna, Sierra, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, and Lea Counties
Redfeather Development		\$ 25,000.00	Weatherization - Energy\$mart Solar Program	2024 Legislative Allocation	2	Navajo Nation
City of Las Cruces		\$ 1,500,000.00	Housing Innovation	SFY24 STB		Dona Ana County
Village of Ruidoso		\$ 287,502.00	Housing Innovation	SFY24 STB	10	Lincoln County
Village of Ruidoso		\$ 712,498.00	Housing Innovation	2024 Legislative Allocation		Lincoln County
Forget Me Not Park		\$ 375,000.00	(Housing Innovation)	2024 Legislative Allocation	40	Socorro County
Home Improvement Program		\$ 100,000.00	Guadalupe, Quay, Harding, Union, Rio Arriba, San Juan, McKinley, and Los Alamos Counties	2024 Legislative Allocation	7	Guadalupe, Quay, Harding, Union, Rio Arriba, San Juan, McKinley, and Los Alamos Counties
Tierra del Sol Housing Corporation	Vado New Horizons	\$ 1,000,000.00	SF Development	2024 Legislative Allocation	56	Dona Ana County
Lincoln Avenue Communities	Cresta Ranch	\$ 4,000,000.00	Gap Financing	2024 Legislative Allocation	240	Santa Fe County
I)K( <sup>1</sup> Properties	Tierra Linda Apartments	\$ 3,000,000.00	Gap Financing	2024 Legislative Allocation	240	Bernalillo County
Saranam		\$ 732,939.00	Homeless and Homelessness Prevention (Housing Innovation)	2024 Legislative Allocation	13	Bernalillo County
Total		\$ 88,570,437.00				







.





# Severance Tax Bond 2025 (\$34,620,000)

\$20,000,000.00 \$20,000,000.00

\$13,620,000.00 S5,413,526.91 Down Payment Assistance \$20,000,000.00 \$20,000,000.00

\$20,000,000.00 \$20,000,000.00 \$5,413,526.91

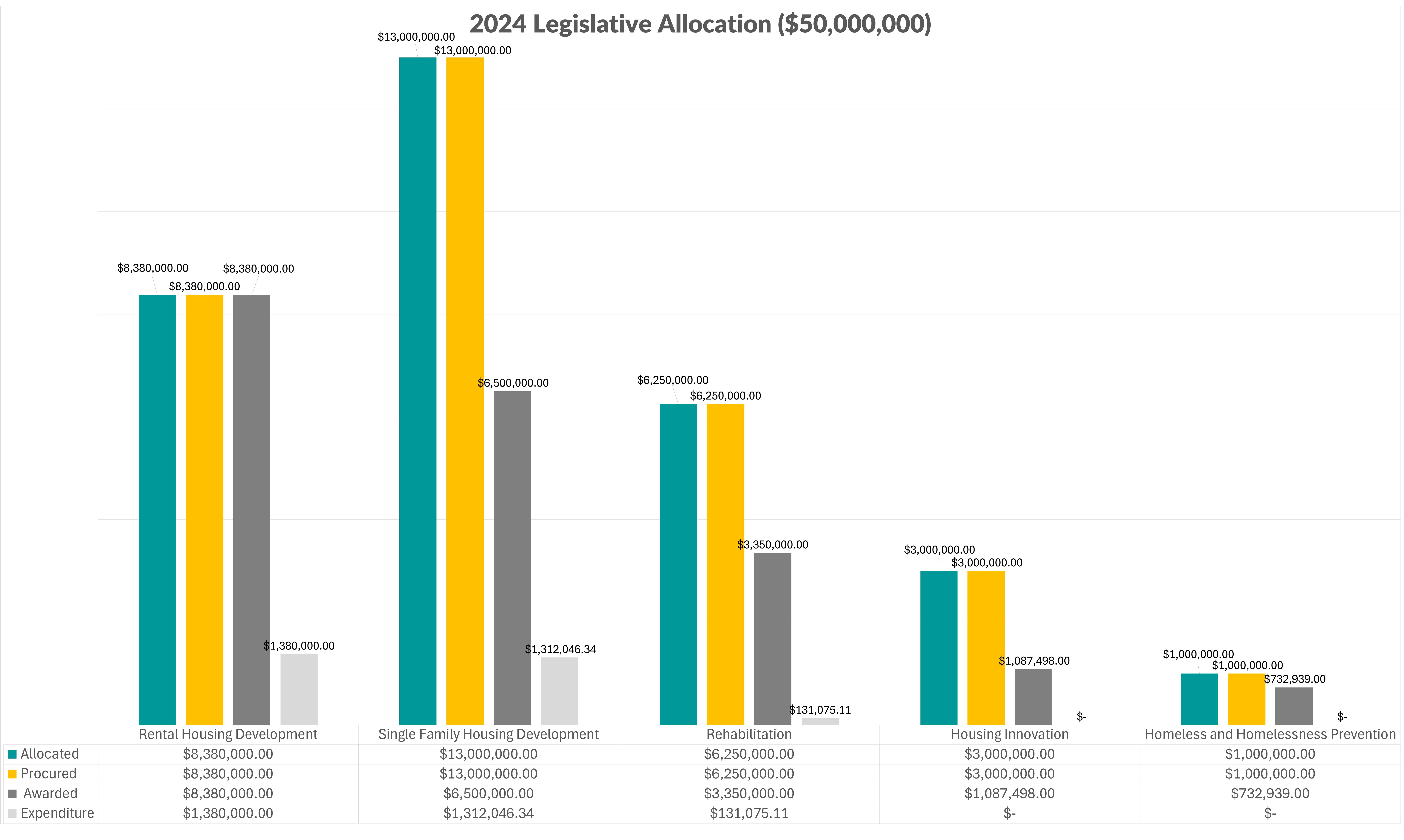


## \$1,620,000.00

\$1,000,000.00	\$1,000,000.00

Rei	ntal Housir	ng Developm	ient			Housing	lr
	\$13,62	20,000.00				\$1,00	0,
	\$13,62	20,000.00				\$1,00	0,
	\$13,62	20,000.00					\$
	\$1,620	0,000.00					\$

\$\$\$\$\$\$\$

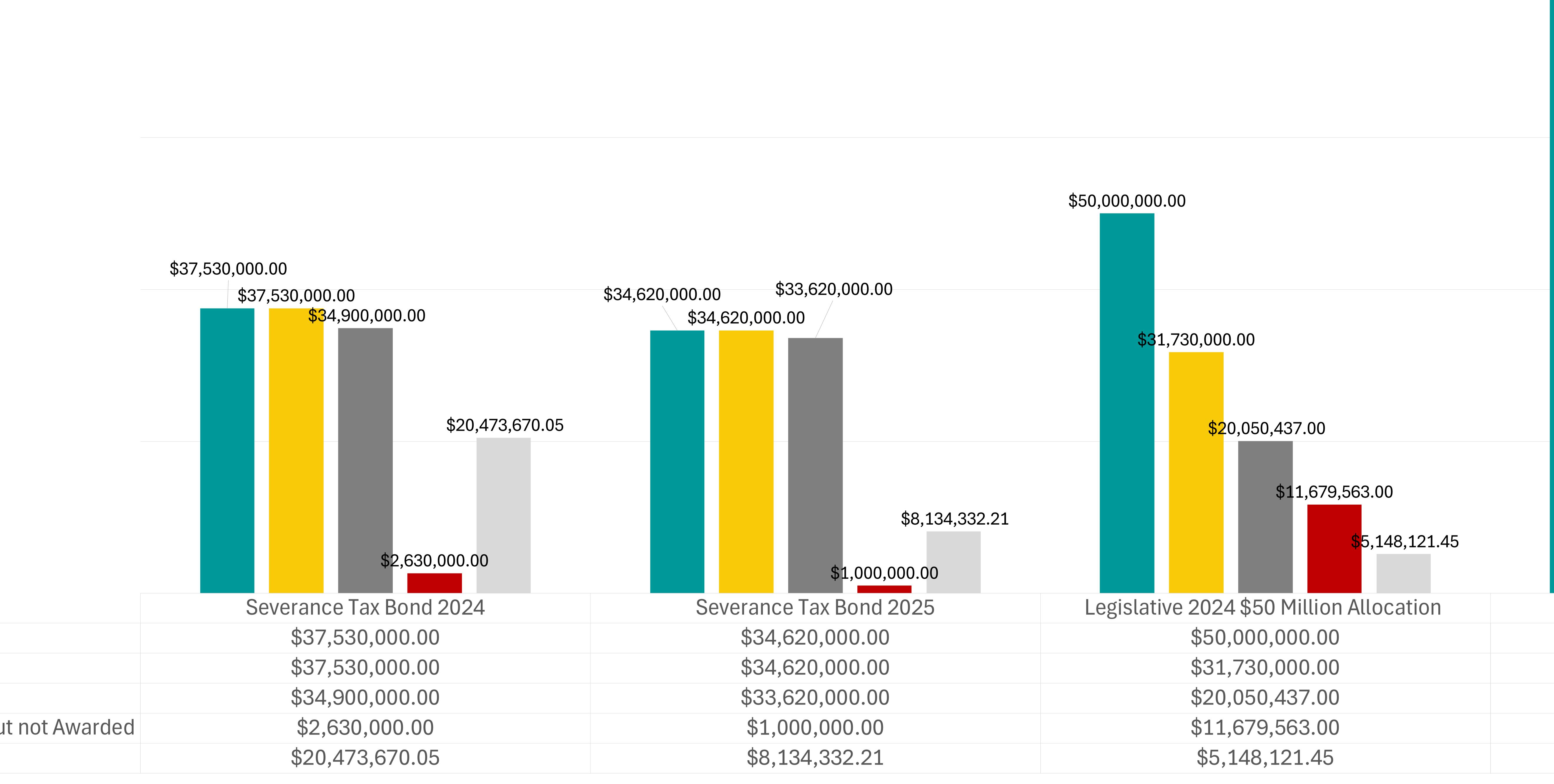


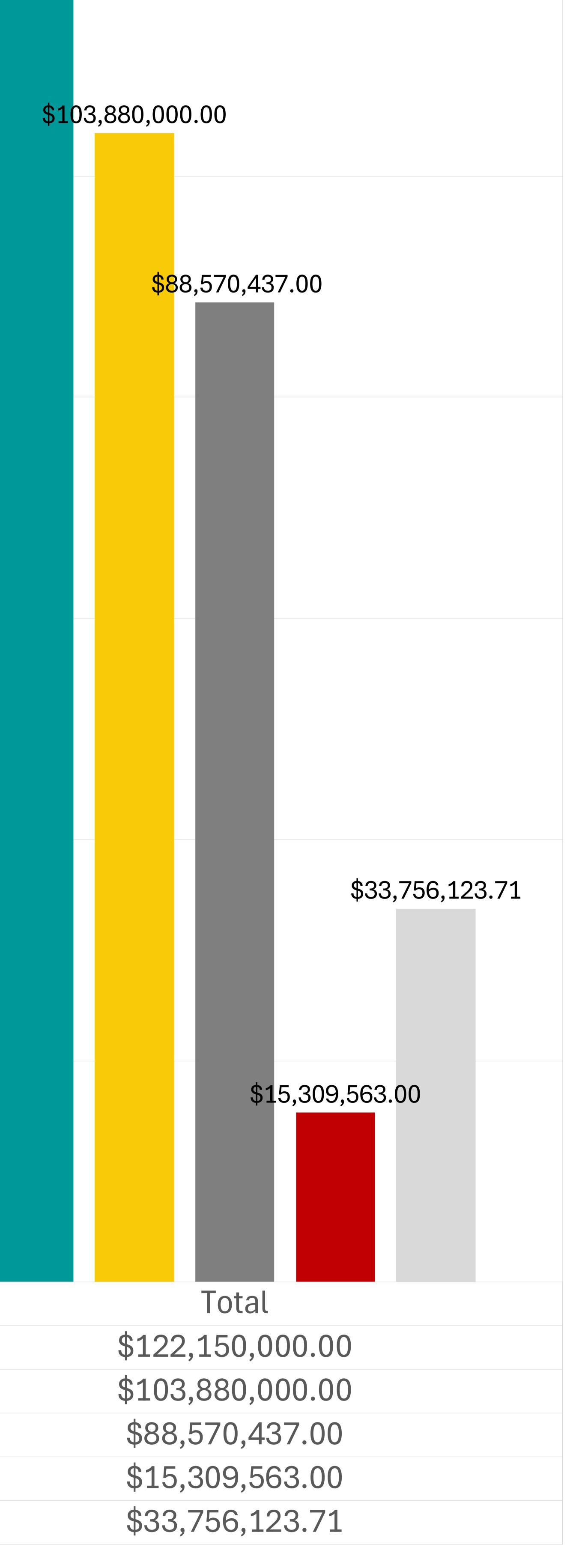


Total Allocation
 Total Procured
 Total Awarded
 Total Procured but not Awarded
 Total Expended



# New Mexico Housing Trust Fund Update as of December 31, 2024





## \$122,150,000.00

New Mexico Mortgage Finance Authority

Combined Financial Statements and Schedules

November 30, 2024

## Housing New Mexico (MFA) Financial Review For the two-month period ended November 30, 2024

C	omparative Fiscal Year-to-date Figures (Dollars in millions):	2 months <u>11/30/2024</u>	2 months <u>11/30/2023</u>	% Change <u>Year / Year</u>	Forecast <u>11/30/2024</u>	Actual to Forecast
	PRODUCTION	<u> </u>		<u> </u>		
1	Single family bonds issued (new money):	\$0.0	\$125.0		\$46.7	
2	Single family loans sold (TBA):	\$22.2	\$16.1	37.3%	\$11.7	89.9%
3	Total Single Family Production	\$22.2	\$141.1	-84.3%	\$58.3	-62.0%
4	Single Family Bond MBS Payoffs:	\$10.8	\$8.6	26.4%	\$11.0	-1.3%
	STATEMENT OF NET POSITION					
5	Avg. earning assets:	\$2,335.2	\$1,808.5	29.1%	\$2,184.3	6.9%
6	General Fund Cash and Investments:	\$100.2	\$104.9	-4.5%	\$114.4	-12.4%
7	SIC FMV Adj. (General Fund):	-\$0.1	-\$1.0	91.1%	N/A	N/A
8	Total bonds outstanding:	\$1,969.9	\$1,673.1	17.7%	\$1,898.3	3.8%
	STATEMENT OF REVENUES, EXPENSES, AND NET POSITION					
9	General Fund expenses (excluding capitalized assets):	\$4.5	\$4.5	-0.4%	\$6.0	-24.9%
10	General Fund revenues:	\$8.2	\$4.7	75.2%	\$6.1	34.2%
11	Combined net revenues (all funds):	\$12.2	\$1.1	993.4%	N/A	N/A
12	SIC FMV Adj. (Combined net revenues):	-\$0.2	-\$1.4	88.2%	N/A	N/A
13	Combined net position:	\$390.2	\$302.1	29.2%	\$345.7	12.9%
14	Combined return on avg. earning assets:	3.13%	0.37%	746.8%	N/A	N/A
15	SIC FMV Adj. (return on avg. earning assets):	-0.04%	-0.46%	90.9%	N/A	N/A
16	TBA cash profit:	1.31%	0.67%	97.1%	0.50%	162.5%
17	Combined interest margin:	0.87%	0.99%	-12.1%	0.39%	121.4%
	MOODY'S BENCHMARKS					
18	Net Asset to debt ratio (5-yr avg):	23.68%	23.75%	-0.3%	23.13%	2.4%
19	Net rev as a % of total rev (5-yr avg):	8.54%	4.93%	73.3%	6.18%	38.2%
	SERVICING					
20	Subserviced portfolio	\$2,619.5	\$2,205.4	18.8%	\$2,571.9	1.9%
21	Servicing Yield (subserviced portfolio)	0.36%	0.20%	83.8%	0.36%	0.6%
22	Combined average delinquency rate (MFA serviced loans)	10.41%	9.39%	10.9%	9.50%	9.6%
23	DPA loan delinquency rate	9.84%	8.92%	10.3%	N/A	N/A
24	Default rate (MFA serviced loans)	0.66%	0.30%	120.0%	N/A	N/A
25	Subserviced portfolio delinquency rate (first mortgages)	12.92%	11.52%	12.2%	N/A	N/A
26	Mortgage Servicing Rights valuation cost difference (as of 9/30/24)	\$9.3	\$11.9	-21.6%	N/A	N/A

Legend:	Positive Trend	Caution	Negative Trend	Known Trend/Immaterial

## SUMMARY OF BOND ISSUES:

Single Family Issues:

\$70M 2024 Series G (upcoming)

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

## PRODUCTION

• As of November month-end, Housing New Mexico works on closing it's 2024 Series G bond deal, which will show up as the first issue of the fiscal year in December financials.

• Due to timing of MFA's 2024 Series G bond issuance delayed until December, the total single family production seems less than it was from this time last year, but will correct in the next month.

• MBS Payoffs have risen from this time last year as macro-economic mortgage rates begin approaching a rate-decreasing environment. Even though rates themselves have not changed drastically, some borrowers have taken the opportunity to payoff their high-interest debt. It is expected that as rates continue to decrease, payoffs on loans recently made by MFA will continue to prepay.

## STATEMENT OF NET POSITION

Average earning assets have exceeded its forecast as Housing New Mexico continually adds valuable assets to its balance sheet from it's many programs, including single-family mortgages.

• General Fund cash and investment securities have slightly decreased as MFA is not borrowing as much cash from FHLB for loan warehousing as it did during this time last year. The discrepancy between the actuals and forecast from 9/30/2023 is attributable primarily to removal of securities from the Bond Ladder and overstatement of forecasted SIC investments.

## STATEMENT OF REVENUES, EXPENSES AND NET POSITION

• General Fund revenues have already exceeded their budget due to proceeds from sale on MFA's old downtown building.

• Fair-market value adjustments on SIC investments returned slightly negative this month, due to changing macro-economic variables, out of MFA's control. MFA is currently in the process of revising its investment policy, at which MFA will reallocate investments to hopefully more favorable yields.

• MFA's combined interest margin has decreased over the past year as the market interest rates begin to mellow out from their high yields during 2023.

## MOODY'S BENCHMARKS

• Based on Moody's issuer credit rating scorecard, Housing New Mexico's 23.68% net asset to debt ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA's creditworthiness under stressful circumstances (>20%). Housing New Mexico's net revenue as a percent of total revenue (5-year average) is currently 8.54%, indicating solid profitability and consistent trends (>5%). Moody's Investor Services completed an updated credit opinion on Housing New Mexico's Issuer Credit Rating in June 2020, to which they assigned the Aa3 rating. Comments included a high asset-to-debt ratio, good profitability, and a low-risk profile due to a mortgage-backed security structure, and no exposure to variable-rate debt. Additionally, Moody's reaffirmed its Aaa rating on MFA's single-family indenture in January 2024.

## SERVICING

• Housing New Mexico continues to monitor delinquencies and defaults on its loan portfolio to identify reduction strategies and refer borrowers to available loss mitigation programs. The subserviced portfolio delinquency rate, currently serviced by Idaho Housing Finance Authority, is 12.92%, up from 11.52% this time last year. The subserviced portfolio is characterized by approximately 80% FHA-insured loans and approximately 20% conventional GSE-insured loans.

• The Mortgage Bankers Association (MBA) reported in their quarterly survey as of September 30, 2024, indicating the national delinquency rate for FHA fixed-rate loans is 10.36% (seasonally adjusted), and 7.53% in New Mexico. Additionally, HUD reported Single Family Loan Performance Trends for October 2024 showing a 14.10% national delinquency (for FHA-insured purchase loans only), which increased from 14.05% in September.

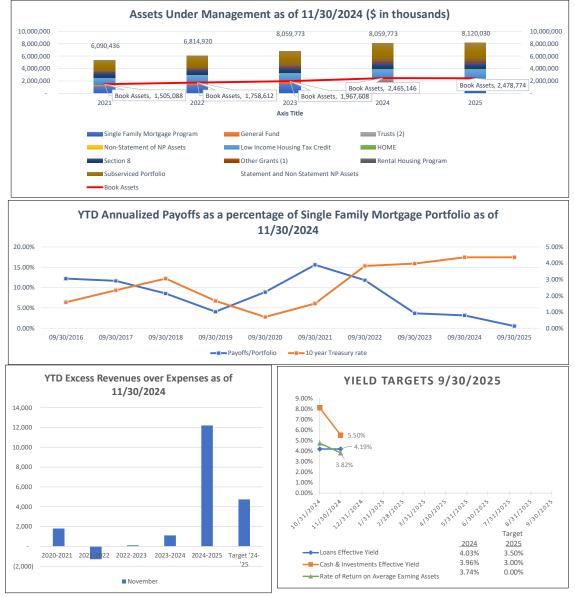
(These figures can be used for market comparison, but may not align with trends seen internally)

• Housing New Mexico's annualized default rate is 0.66%, which is noticably higher than last November. Recent trends in inflation and COVID-assistance moratorium cause macro-level changes in default rates over the past year.

• The fair-market value for mortgage servicing rights as of September 2024 is \$32 million, a decrease of about \$2.8 million over the quarter and \$9.3 million over cost (\$22.7 million). GASB requires Housing New Mexico to record the value of servicing rights at the 'lower of cost or market'. The elevated FMV is related to decreased prepayment speed projections. Additionally, increased earnings rates impacted the portfolio value positively. Valuations are obtained each quarter.

## ADDITIONAL NOTES

- Bond Payoffs, GF expenses, and servicing delinquency & default rates use an inverse scale to measure year-over-year change.
- The originally forecasted numbers for FY 2025 are based off of actual data ending September 2023.
- The colors in the comparison columns reference a materiality threshold of 10%, with a cautionary range between 10% and 25%.



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

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

	YTD 11/30/24	YTD 11/30/23
ASSETS:		
CURRENT ASSETS:		
CASH & CASH EQUIVALENTS	\$96,933	\$51,215
RESTRICTED CASH HELD IN ESCROW	9,799	10,607
	-	-
ACCRUED INTEREST RECEIVABLE OTHER CURRENT ASSETS	8,508 7,184	6,257 6,547
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	- 0,347
INTER-FUND RECEIVABLE (PAYABLE)	(0)	(0)
TOTAL CURRENT ASSETS	122,425	74,626
	407.040	405 440
CASH - RESTRICTED LONG-TERM & RESTRICTED INVESTMENTS	137,243 63,660	185,112 66,409
INVESTMENTS IN RESERVE FUNDS	-	-
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,888,314	1,534,943
MORTGAGE LOANS RECEIVABLE	221,877	203,067
ALLOWANCE FOR LOAN LOSSES	(15,830)	(9,441)
NOTES RECEIVABLE FIXED ASSETS, NET OF ACCUM. DEPN	-	-
OTHER REAL ESTATE OWNED, NET	14,639 6,388	11,581 2,403
OTHER NON-CURRENT ASSETS	7	2,400
INTANGIBLE ASSETS	23,622	21,265
TOTAL ASSETS	2,462,345	2,089,975
DEFERRED OUTFLOWS OF RESOURCES		
REFUNDINGS OF DEBT	119	148
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	2,462,464	2,090,123
LIABILITIES AND NET POSITION:		
LIABILITIES:		
CURRENT LIABILITIES:		
	\$22,572	\$16,967
ACCOUNTS PAYABLE AND ACCRUED EXPENSES ESCROW DEPOSITS & RESERVES	20,610 9,611	17,411 10,497
TOTAL CURRENT LIABILITIES	52,794	44,876
BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	1,969,861	1,673,094
MORTGAGE & NOTES PAYABLE ACCRUED ARBITRAGE REBATE	48,844	69,232
OTHER LIABILITIES	523	550
TOTAL LIABILITIES DEFERRED INFLOWS	2,072,023	1,787,752
TOTAL LIAB/DEFERRED INFLOWS	211 2,072,234	240 1,787,992
	2,012,204	1,707,002
NET POSITION:		
	14,639	11,581
UNAPPROPRIATED NET POSITION (NOTE 1)	146,354	72,699
APPROPRIATED NET POSITION (NOTE 1) TOTAL NET POSITION	<u>229,238</u> 390,230	<u>217,851</u> 302,131
TOTAL LIABILITIES & NET POSITION	2,462,464	2,090,123

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

	YTD 11/30/24	YTD 11/30/23
OPERATING REVENUES:		
INTEREST ON LOANS	\$14,626	\$10,973
INTEREST ON INVESTMENTS & SECURITIES	2,145	1,749
LOAN & COMMITMENT FEES	732	849
ADMINISTRATIVE FEE INCOME (EXP)	1,271	1,017
RTC, RISK SHARING & GUARANTY INCOME	13	6
HOUSING PROGRAM INCOME	378	37
LOAN SERVICING INCOME	1,705	1,594
OTHER OPERATING INCOME	1,705	1,094
SUBTOTAL OPERATING REVENUES		-
SUBTUTAL OPERATING REVENUES	20,871	16,226
NON-OPERATING REVENUES:		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	1,704	(1,365)
OTHER NON-OPERATING INCOME	1	40
GRANT AWARD INCOME	19,813	16,725
SUBTOTAL NON-OPERATING REVENUES	21,518	15,400
TOTAL REVENUES	42,389	31,625
	42,000	01,020
OPERATING EXPENSES:		
ADMINISTRATIVE EXPENSES	3,664	3,599
INTEREST EXPENSE	13,385	9,738
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(814)	(473)
PROVISION FOR LOAN LOSSES	(15)	(11)
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	69	31
AMORT. OF SERV. RIGHTS & DEPRECIATION	497	248
BOND COST OF ISSUANCE	-	1,057
SUBTOTAL OPERATING EXPENSES	16,786	14,190
NON-OPERATING EXPENSES:		
CAPACITY BUILDING COSTS	23	39
GRANT AWARD EXPENSE	13,385	16,281
OTHER NON-OPERATING EXPENSE	10,000	10,201
SUBTOTAL NON-OPERATING EXPENSES	13,408	16,320
SUBTUTAL NUN-OFENATING EAFENSES	13,400	10,320
TOTAL EXPENSES	30,194	30,510
NET REVENUES	12,195	1,115
OTHER FINANCING SOURCES (USES)	-	0
NET REVENUES AND OTHER FINANCING SOURCES(USES)	12.195	1.115
NET POSITION AT BEGINNING OF YEAR	378,035	301,015
NET POSITION AT 11/30/24	390,230	302,131

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

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

UNAPPROPRIATED NET POSITION:

- \$ 38,467 is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
- \$ 107,306 is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
- \$ 581 is held for New Mexico Affordable Housing Charitable Trust.
- \$ 146,354 Total Unappropriated Net Position

## APPROPRIATED NET POSITION: GENERAL FUND

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

- \$ 125,074
   for use in the Housing Opportunity Fund (\$109,799 in loans and grants plus \$15,275 unfunded, of which \$8,735 is committed).
- \$ 25,467 for future use in Single Family & Multi-Family housing programs.
- \$ 1,022 for loss exposure on Risk Sharing loans.
- \$ 14,639 invested in capital assets, net of related debt.
- \$ 20,518 invested in mortgage servicing rights.
- \$ 33,790 for the future General Fund Budget year ending 09/30/25 (\$39,224 total budget
- less \$5,534 expended budget through 11/30/24.)
- \$ 220,510 Subtotal General Fund

## APPROPRIATED NET POSITION: HOUSING

- \$ 23,366 for use in the federal and state housing programs administered by MFA.
- \$ 23,366 Subtotal Housing Program
- \$ 243,876 Total Appropriated Net Position
- 390,230 Total Combined Net Position at November 30, 2024

Total combined Net Position, or reserves, at November 30, 2024 was \$390 million, of which \$146 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$244 million of available reserves, with \$110 million primarily liquid in the General Fund and in the federal and state Housing programs and \$133.7 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 2024-2025 Budget For the two months ended 11/30/24

	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	776,911	1,618,061	1,649,655	9,897,930	31,594	8,279,869	16.35%
Interest on Investments & Securities	272,206	548,420	654,317	3,925,900	105,897	3,377,480	13.97%
Loan & Commitment Fees	13,747	49,318	74,900	449,400	25,582	400,082	10.97%
Administrative Fee Income (Exp)	1,066,590	2,131,117	1,636,045	9,816,267	(495,073)	7,685,150	21.71%
Risk Sharing/Guaranty/RTC fees	2,728	6,194	41,341	248,048	35,147	241,854	2.50%
Housing Program Income	362,684	377,924	403,674	2,422,045	25,750	2,044,121	15.60%
Loan Servicing Income	876,107	1,705,189	1,659,462	9,956,770	(45,728)	8,251,581	17.13%
Other Operating Income			-	-	-	-	
Operating Revenues	3,370,974	6,436,223	6,119,393	36,716,360	(316,830)	30,280,137	17.53%
Gain (Loss) Asset Sale/Debt Ex	(384,814)	1,774,706	-	-	(1,774,706)	(1,774,706)	
Other Non-operating Income	726	826	17	100	(809)	(726)	826.00%
Non-Operating Revenues	(384,088)	1,775,532	17	100	(1,775,515)	(1,775,432)	1775531.88%
Revenue	2,986,886	8,211,755	6,119,410	36,716,460	(2,092,345)	28,504,705	22.37%
Expenses							
Salaries	551,821	918,085	1,507,139	7,837,121	589,053	6,919,036	11.71%
Overtime	816	1,629	4,667	24,269	3,038	22,640	6.71%
Incentives	41,841	48,946	130,601	680,175	81,655	631,228	7.20%
Payroll taxes, Employee Benefits	216,458	458,624	756,670	4,247,507	298,046	3,788,883	10.80%
Compensation	810,936	1,427,285	2,399,077	12,789,072	971,792	11,361,788	11.16%
Business Meals Expense	154	624	2,262	13,570	1,638	12,946	4.60%
Public Information	33,402	56,273	79,898	479,389	23,625	423,116	11.74%
In-State Travel	5,708	9,187	28,889	173,331	19,702	164,144	5.30%
Out-of-State Travel	4,142	7,540	42,087	252,523	34,547	244,983	2.99%
Travel & Public Information	43,405	73,623	153,136	918,813	79,512	845,190	8.01%
Utilities/Property Taxes	5,672	16,490	20,800	124,800	4,310	108,310	13.21%
Insurance, Property & Liability	21,842	44,170	43,449	260,694	(721)	216,524	16.94%
Repairs, Maintenance & Leases	152,897	232,880	234,373	1,406,238	1,493	1,173,358	16.56%
Supplies	7,140	8,939	5,666	33,996	(3,273)	25,057	26.29%
Postage/Express mail	6,521	11,739	6,352	38,112	(5,387)	26,373	30.80%
Telephone	1,973	2,388	4,811	28,864	2,422	26,476	8.27%
Janitorial	11,358	10,389	7,433	44,600	(2,956)	34,211	23.29%
Office Expenses	200,544	311,050	309,208	1,855,245	(1,842)	1,544,196	16.77%
Dues & Periodicals	15,134	18,180	13,427	80,560	(4,754)	62,380	22.57%
Education & Training	8,224	11,639	27,082	162,492	15,443	150,853	7.16%
Contractual Services	64,220	133,222	260,929	1,565,575	127,707	1,432,353	8.51%
Professional Services-Program	15,516	19,805	17,067	102,400	(2,738)	82,595	19.34%
Direct Servicing Expenses	734,751	1,499,062	1,410,058	8,460,347	(89,004)	6,961,285	17.72%

## GENERAL FUND Fiscal Year 2024-2025 Budget For the two months ended 11/30/24

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Program Expense-Other	20,730	21,965	54,061	324,365	32,096	302,400	6.77%
Rebate Analysis Fees			265	1,590	265	1,590	
Other Operating Expense	858,575	1,703,873	1,782,888	10,697,329	79,015	8,993,456	15.93%
Interest Expense	219,285	476,201	664,062	3,984,372	187,861	3,508,171	11.95%
Non-Cash Expenses	263,395	482,628	612,262	3,673,574	129,634	3,190,946	13.14%
Expensed Assets	11,110	1,230	29,042	174,250	27,812	173,020	0.71%
Operating Expenses	2,407,251	4,475,890	5,949,674	34,092,656	1,473,784	29,616,766	13.13%
Program Training & Tech Asst	22,195	23,196	19,570	117,417	(3,627)	94,221	19.76%
Program Development	151	302	22,726	136,358	22,424	136,056	0.22%
Capacity Building Costs	22,346	23,498	42,296	253,775	18,797	230,277	9.26%
Non-Operating Expenses	22,346	23,498	42,296	253,775	18,797	230,277	9.26%
Expenses	2,429,597	4,499,388	5,991,970	34,346,431	1,492,582	29,847,043	13.10%
Excess Revenue over Expenses	557,289	3,712,367	127,440	2,370,029	(3,584,927)	(1,342,338)	156.64%

## GENERAL FUND CAPITAL BUDGET Fiscal Year 2024-2025 Budget For the two months ended 11/30/24

	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	279,545	623,000	749,487	4,496,920	126,487	3,873,920	13.85%
2950 COMPUTER HARDWARE	46,751	227,580	50,887	305,324	(176,693)	77,744	74.54%
2960 SOFTWARE LICENSES	-	-	14,167	85,000	14,167	85,000	0.00%
2920 FURNITURE & EQUIPMENT-10 YR	-	-	-	-	-	-	
2930 FURNITURE & EQUIP, 5 YR.	-	-	-	-	-	-	
2860 BUILDING	84,155	84,155	75,000	75,000	(9,155)	(9,155)	112.21%
2840 LAND	-	-			512,465	512,465	
2937 AUTOMOBILE	-	47,989	9,083	54,500	(38,905)	6,511	88.05%
Capital Budget	410,451	934,735	875,374	4,877,244	(45,194)	4,027,509	19.17%