



MFA Housing New Mexico
 MFA September Board of Directors Meeting 2023
 September 20, 2023
 9:30 am-12:30 pm Mountain Time

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 8/16/23 Board Meeting Minutes – Board Action
- Executive Director Updates
- Local Perspectives
 - The Honorable Alan M. Webber Mayor, City of Santa Fe
 - Mike Loftin Chief Executive Officer, Homewise

Board Action Items (Action Required?)

Consent Agenda

- 1 RFQ Mortgage Servicing Legal Services (Yvonne Segovia) YES
- 2 Authorized Signature Resolution (Joseph McIntyre) YES

Property Committee

- 3 7425 Jefferson Renovation RFP Award (Izzy Hernandez and Jeff Payne) YES
- 4 7425 Jefferson Re-Roof RFP Award (Jeff Payne) YES

Finance Committee

- 5 Request for Renewal and Increase of Revolving Line of Credit with New Mexico Small Business Investment Corporation (Sharlynn Rosales and George Maestas) YES
- 6 Primero Loan Fund Program Policy Revisions (Sharlynn Rosales and George Maestas) YES
- 7 New Mexico Housing Trust Fund (NMHTF) Loan Awards Notice of Funding Availability (NOFA) Revisions (Tim Martinez and George Maestas) YES
- 8 Fiscal Year 2023/2024 Bond Resolution (Alex Lundy & Yvonne Segovia) NO
- 9 Production Statistics (Jeff Payne, Donna Maestas-De Vries, Yvonne Segovia) YES
- 10 FY 2023-2024 General Fund Budget (Joe McIntyre & Yvonne Segovia) YES
- 11 Housing Opportunity Fund Appropriations (Joe McIntyre & Yvonne Segovia) YES

- 12 FY 2023-2024 NM Affordable Housing Charitable Trust Budget (Joe McIntyre & Yvonne Segovia) YES
- 13 Second Amended Resolution to Sell and Acquire Real Estates (Izzy Hernandez and Eleanor Werenko) YES
- 14 MFA Policies and Procedures Manual Revisions- Code of Conduct (Eleanor Werenko) YES

Contracted Services/Credit Committee

- 15 Housing Innovations Program Notice of Funding Availability (Sonja Unrau) YES
- 16 La Serena Apartments HOME, New Mexico Housing Trust Fund (NMHTF), National Housing Trust Fund (NHTF) Loan Requests- (Jacobo Martinez and George Maestas) YES

Other

- 17 Strategic Management Plan Proposed FY2024 Benchmarks (Robyn Powell) YES

Other Board Items

Information Only

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

- Staff Action Requiring Notice to Board
- Strategic Plan Benchmarks FY23 Q3 Update
- Single Family Mortgage Bonds 2023 Series C – Pricing Summary

Monthly Reports

No Action Required

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

- 7/31/23 Financial Statements

Announcements and Adjournment

Discussion Only

Confirmation of Upcoming Board Meetings

- October 10, 2023 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- October 18, 2023 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
- November 7, 2023 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- November 15, 2023 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
- December 12, 2022 - Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- December 20, 2022 – Wednesday – 9:30 a.m. (MFA Board of Directors Meeting)



NEW MEXICO MORTGAGE FINANCE AUTHORITY

Board Meeting

Hilton Santa Fe Historic Plaza

100 Sandoval Street, Santa Fe, NM 87501

Wednesday, September 20, 2023 - 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
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Board Action Items

Action Required?

Consent Agenda

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| 1 | RFQ Mortgage Servicing Legal Services (Yvonne Segovia) | YES |
| 2 | Authorized Signature Resolution (Joseph McIntyre) | YES |

Property Committee

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|---|---|-----|
| 3 | 7425 Jefferson Renovation RFP Award (Izzy Hernandez and Jeff Payne) | YES |
| 4 | 7425 Jefferson Re-Roof RFP Award (Jeff Payne) | YES |

Finance Committee

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| 5 | Request for Renewal and Increase of Revolving Line of Credit with New Mexico Small Business Investment Corporation (Sharlynn Rosales and George Maestas) | YES |
| 6 | Primero Loan Fund Program Policy Revisions (Sharlynn Rosales and George Maestas) | YES |
| 7 | New Mexico Housing Trust Fund (NMHTF) Loan Awards Notice of Funding Availability (NOFA) Revisions (Tim Martinez and George Maestas) | YES |
| 8 | Fiscal Year 2023/2024 Bond Resolution (Alex Lundy & Yvonne Segovia) | YES |
| 9 | Production Statistics (Jeff Payne, Donna Maestas-De Vries, Yvonne Segovia) | NO |
| 10 | FY 2023-2024 General Fund Budget (Joe McIntyre & Yvonne Segovia) | YES |
| 11 | Housing Opportunity Fund Appropriations (Joe McIntyre & Yvonne Segovia) | YES |
| 12 | FY 2023-2024 NM Affordable Housing Charitable Trust Budget (Joe McIntyre & Yvonne Segovia) | YES |
| 13 | Second Amended Resolution to Sell and Acquire Real Estates (Izzy Hernandez and Eleanor Werenko) | YES |
| 14 | MFA Policies and Procedures Manual Revisions- Code of Conduct (Eleanor Werenko) | YES |

Contracted Services/Credit Committee

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|----|--|-----|
| 15 | Housing Innovations Program Notice of Funding Availability (Sonja Unrau) | YES |
| 16 | La Serena Apartments HOME, New Mexico Housing Trust Fund (NMHTF), National Housing Trust Fund (NHTF) Loan Requests- (Jacobo Martinez and George Maestas) | YES |

Other

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|----|---|-----|
| 17 | Strategic Management Plan Proposed FY2024 Benchmarks (Robyn Powell) | YES |
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Other Board Items

Information Only

- | | | |
|----|---|--|
| 18 | (Staff is available for questions) <ul style="list-style-type: none"> ▪ Staff Action Requiring Notice to Board | |
|----|---|--|

- Strategic Plan Benchmarks FY23 Q3 Update
- Single Family Mortgage Bonds 2023 Series C – Pricing Summary

Monthly Reports

Non-Action Required

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Board Action Items

Action Required?

Consent Agenda

- 1 RFQ Mortgage Servicing Legal Services (Yvonne Segovia)** - Staff recommends the approval of the Request for Qualifications for Mortgage Servicing Legal Services. Responses will be due to MFA by Wednesday, October 18, 2023. Recommendations for awards will be presented on Wednesday, November 15, 2023, for MFA Board of Directors approval. Staff is also requesting approval for the option to extend the current contracts by 90 days if contract negotiations are not completed by November 30, 2023. **YES**
- 2 Authorized Signature Resolution (Joseph McIntyre)** - The Authorized Signatures Resolution is updated periodically as needed. Staff recommends the update of the Authorized Signature Resolution to add MFA's CFO Arundhati Bose as an authorized signor. **YES**

Property Committee

- 3 7425 Jefferson Renovation RFP Award (Izzy Hernandez and Jeff Payne)** - The Board approved the Construction Services RFP on July 19, 2023. MFA received three responses. All responses met the Minimum Qualifications and Requirements and were scored. Staff recommends the Construction Services RFP award be made to Klinger Constructors, LLC and that staff begin contract negotiations. **YES**
- 4 7425 Jefferson Re-Roof RFP Award (Jeff Payne)** - The Board approved the Construction Services Request for Proposals to Re-Roof the building at 7425 Jefferson St. NE on July 19, 2023. MFA received three responses. All offerors met the Minimum Qualifications and Requirements and were scored. Staff recommends the Construction Services Award to Re-Roof 7425 Jefferson be made to J3 Systems, LLC. **YES**

Finance Committee

- 5 Request for Renewal and Increase of Revolving Line of Credit with New Mexico Small Business Investment Corporation (Sharlynn Rosales and George Maestas)** - Staff recommends the approval of the resolution to amend the revolving line of credit agreement with SBIC which will be used as an additional resource for the Primero Loan Fund Program. **YES**
- 6 Primero Loan Fund Program Policy Revisions (Sharlynn Rosales and George Maestas)** - MFA staff recommends revisions to the Primero Loan Program Policy. This revision will be the first since its approval by the Board in 2004. The revisions pertaining to the single-family development will coincide with our existing Housing Development loan programs to better meet the needs of our communities. Other revisions are necessary to remove out-of-date information and clarify the use of the program. **YES**
- 7 New Mexico Housing Trust Fund (NMHTF) Loan Awards Notice of Funding Availability (NOFA) Revisions (Tim Martinez and George Maestas)** - MFA staff-proposed revisions to the NMHTF Loan Awards NOFA aim to better align single family development lending requirements with the current income eligibility language in the MFA

Rules and Regulations. Not only will this increase program utilization, but it will significantly expand eligibility for moderate income households to purchase homes funded by the NMHTF. The recommended amendment serves as both a practical program improvement and will better align with MFAs overall mission and existing homeownership programs. **YES**

- 8 Fiscal Year 2023/2024 Bond Resolution (Alex Lundy & Yvonne Segovia)** - To authorize future bonding activity and to ensure MFA can be responsive to market conditions, staff is requesting approval of the Fiscal Year 2023/2024 Single Family Bond Resolution in an aggregate amount not to exceed \$600 million. MFA anticipates providing funds for up to \$600 million of new loans or refinanced prior issuances. The timing and sizing of each issuance has not been determined and will depend on actual reservation activity and bond market conditions. **YES**
- 9 Production Statistics (Jeff Payne, Donna Maestas-De Vries, Yvonne Segovia)** **NO**
- 10 FY 2023-2024 General Fund Budget (Joe McIntyre & Yvonne Segovia)** - MFA's General Fund proposed budget for Fiscal Year (FY) 2023-2024 is recommended for approval. Revenue is projected at \$31,739,991, an increase of \$1,876,706 or 7% over prior year budget and a decrease of (\$493,563) or -2% under projected 9/30/23 actuals. The expense budget is projected at \$30,275,693, an increase of \$2,748,879 or 11% over the prior year budget and an increase of \$5,769,341 or 24% over 9/30/23 projected actuals. The FY 2023-2024 budgeted excess revenue over expenses is \$1,464,298. The capital budget is \$7,227,686, a decrease of (\$7,163,485) or (50%) under prior year budget and a decrease of (\$6,057,567) or -46% under prior year's projected actual. **YES**
- 11 Housing Opportunity Fund Appropriations (Joe McIntyre & Yvonne Segovia)** - To meet anticipated demand, Staff recommends the following appropriations: 1. \$341,000 appropriation to DPA Loan Program which will be funded by a transfer from the Access Loan Program. 2. \$331,000 appropriation to Partners Loan Program which will be funded by a transfer from the Access Loan Program. 3. \$492,000 appropriation to the Primero Loan program which will be funded by transfers of \$451,000 from the Primero Loan PRLF program and \$41,000 from the Access Loan Program. **YES**
- 12 FY 2023-2024 NM Affordable Housing Charitable Trust Budget (Joe McIntyre & Yvonne Segovia)** - The NM Affordable Housing Charitable Trust Budget is recommended for approval. Revenue is projected at \$107,010, and the expense budget is projected at \$136,714, resulting in a FY 2023-2024 budgeted excess revenue over expenses of (\$29,704.) **YES**
- 13 Second Amended Resolution to Sell and Acquire Real Estates (Izzy Hernandez and Eleanor Werenko)** - Executive Director/Counsel recommend adoption of the Second Amended Resolution and re-composition of the Property Committee as outlined above and in the Second Amended Resolution. **YES**
- 14 MFA Policies and Procedures Manual Revisions- Code of Conduct (Eleanor Werenko)** - Counsel recommends the approval of changes to Section 1.2 of MFA's Policies and Procedures Manual, to update the Code of Conduct to clarify its policies and to provide additional transparency through the posting of disclosures on MFA's website. **YES**

Contracted Services/Credit Committee

- 15 Housing Innovations Program Notice of Funding Availability (Sonja Unrau)** - Staff recommend approval of the Housing Innovation Program Notice of Funding Availability (NOFA) for publication. **YES**
- 16 La Serena Apartments HOME, New Mexico Housing Trust Fund (NMHTF), National Housing Trust Fund (NHTF) Loan Requests- (Jacobo Martinez and George Maestas)** - A HOME request in the amount of \$800,000, a NMHTF request in the amount for \$1,000,000, and a NHTF request in the amount of \$1,500,000 for the La Serena Apartments, located in Albuquerque, New Mexico. La Serena Apartments is a new construction 100-unit multifamily senior (55+) supportive housing project, with 92 units income restricted to households earning 60% or less of Area Median Income (AMI), and 8 units restricted to 30% or less of AMI. **YES**

Other

- 17 Strategic Management Plan Proposed FY2024 Benchmarks (Robyn Powell)** - Board approval is requested for the proposed changes to MFA's FY 2021-2025 Strategic Plan for Year 4 to update several benchmarks that reflect current initiatives. **YES**

Other Board Items

Information Only

18 (Staff is available for questions)

- Staff Action Requiring Notice to Board
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Monthly Reports**Non-Action Required****19 (Staff is available for questions)**

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NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting Minutes
344 4th St. SW, Albuquerque, NM
Wednesday, August 16, 2023 at 9:30 a.m.

Chair Angel Reyes convened the meeting on August 16, 2023 at 9:33 a.m. Secretary Hernandez called the roll. Members attending in person: Chair Angel Reyes, John Kreienkamp (designee for State Treasurer Laura M. Montoya), Derek Valdo (arrived at 10:28 a.m. during tab 4). Virtual attendance: Gideon Elliot (designee for Attorney General Raúl Torrez), Martina C'de Baca (designee for Lieutenant Governor Howie Morales), Rebecca Wurzburger and Patricia Sullivan. Absent: none. Hernandez informed the Board that everyone had been informed about today's meeting in accordance with the New Mexico Open Meetings Act.

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

Approval of Agenda – Board Action. Motion to approve the August 16, 2023 Board agenda as presented: Kreienkamp. Seconded by Sullivan. Roll Call Vote: Angel Reyes- yes, Derek Valdo- absent, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Proxy John Kreienkamp- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes. Vote: 6-0.

Approval of 7/19/23 Board Meeting Minutes – Board Action. Motion to approve the July 19, 2023 Board Meeting Minutes as presented: Kreienkamp. Seconded by C'de Baca. Roll Call Vote: Angel Reyes- yes, Derek Valdo- absent, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Proxy John Kreienkamp- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes. Vote: 6-0.

Approval of 8/2/23 Special Board Meeting Minutes – Board Action. Motion to approve the August 2, 2023, Special Board Meeting Minutes as presented: Gideon. Seconded by Sullivan. Roll Call Vote: Angel Reyes- yes, Derek Valdo- absent, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Proxy John Kreienkamp- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes. Vote: 6-0.

Hernandez provided his Executive Director updates: **Program Updates:** Serving\ port.: \$2.1 BiL/13,367. 9.68% Growth since 9/22 Mortgage Ops – 5% Behind last year's production (Wkly Avg) '21 - \$11.0m / '22 - \$9.3m / '23 - \$8.80m (as of 8/5/23), \$11.5M avg in last 20 weeks. HAF: 3503 served w/\$29.7M - \$8K Avg. \$1M Remaining. **Significant meetings/presentations:** 7/20: Mtg w/Home Builders Association. 7/28: South Central COG. 8/8: ULI/Ventana Housing in N-NM. 8/9: AHA Working Group (RHA). 8/10: Housing Investment Trust, NM Dev. Community **Upcoming Meetings:** 8/16: Mtg w/Rep. Dixon. 8/17: Housing NM Adv. 8/22: San Roque Groundbreaking. 8/29: Tribal SF Development Forum. 8/30: LOC #3: SF/MF Dev. 9/14: Zuni Housing Authority 60th Anniversary. 9/14-15: NMBA Annual Conference. 9/20-21: Board Meeting/Retreat. **Noteworthy News:** Proud to announce MFA selected as finalist for Best Places to Work ranked #4. Graphs provided: Median monthly rent in New Mexico counties. Percentage of renter affordability in New Mexico counties. Average home sales prices for New Mexico counties. Percentage of homeownership affordability in New Mexico counties. Hernandez then provided graph: Housing Continuum items that will be focused on in meeting. He informed the Board that the next MFA Board of Directors meeting will be September 20, 2023 at 9:30 In Santa Fe, NM. The MFA Board Retreat will be at this time as well, more details will be provided as we work out the logistics.

Other

1 Enterprise Risk Management Assessment (Annie Rose Favreau, Moss Adams). Halbig began the presentation by thanking Moss Adams for their coordination and comprehensive approach to the assessment. She also thanked the Board for their time. Favreau then highlighted the outcomes of the assessment report that examined 15 risk areas. She explained that the purpose of the Enterprise Risk Management Assessment is to accomplish; identify, categorize, and evaluate risk that may interfere with an organization's ability to achieve its mission. Moss Adams identified no high-risk categories, three moderate to high-risk categories, five moderate categories, and seven low to

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moderate categories. Moss Adams commended MFA for all of the good work that is taking place within the organization and the fact that there were no high-risk categories. Moss Adams reviewed numerous organization documents and conducted interviews with members of the Board, Management, Directors, and external partners. All MFA staff were invited to participate in a survey. Moss Adams also identified Risk Mitigation strategies for Management to review, prioritize and implement. Motion to approve the Enterprise Risk Management Assessment as presented: Kreienkamp. Seconded by Elliot. Roll Call Vote: Angel Reyes- yes, Derek Valdo- absent, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Proxy John Kreienkamp- yes, Rebecca Wurzbarger- yes, Patricia Sullivan- yes. Vote: 6-0.

Finance Committee & NM Housing Trust Fund Committee

2 Homeowner Assistance Fund (HAF) Internal Audit Executive Summary Report (Claire Hilleary, CPA & Director, Moss). Ms. Hilleary began her presentation by stating that Moss Adams was contracted to perform an internal audit related to MFA's Homeowner Assistance Fund. Moss Adams performed a variety of procedures to test and assess the overall program function for compliance with MFA and U.S. Department of Treasury requirements. Moss Adams identified one low risk observation in which one HAF applicant did not personally sign the form used to certify the applicant's ability to resume mortgage payments on their loan following assistance. Moss Adams recommended that MFA update its HAF Program Manual and form to better define who should certify the attestation and consider adding a box and signature line for any Personal Representative/Third Party who assists the applicant. Management agrees with this recommendation and will make these changes by September 1, 2023. Motion to approve the Homeowner Assistant Fund (HAF) Internal Audit Executive Summary Report as recommended: Elliot. Seconded by Sullivan. Roll Call Vote: Angel Reyes- yes, Derek Valdo- absent, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Proxy John Kreienkamp- yes, Rebecca Wurzbarger- yes, Patricia Sullivan- yes. Vote: 6-0

3 6/30/23 Financial Statements (Yvonne Segovia). Segovia began her review of the financial statements which are located behind tab three of the board packet. She informed the Board that this report would be for the nine-month period ended June 30, 2023. She reviewed the comparative year-to-date figures, summary of bond issues, current year financial trends and variances. She then reviewed graphs; Assets Under Management as of 6/30/2023, YTD Annualized Payoffs as a Percentage of Single-Family Mortgage Portfolio as of 9/30/2023, YTD Excess Revenues over Expenses as of 6/30/2023, Yield Targets 9/30/2023, Total Assets, YTD Excess Revenue over Expenses Annualized, Return on Average Earning Assets and Mortgage Servicing Rights Valuation. She then reviewed Combined Statement of New Position, Statement of Revenues, Expenses and Changes in Net Position, Note of Financial statements, Fiscal Year 2022-2023 Budgets for the nine months ended 6/30/2023 and effect of GASB31 on financials. Motion to approve the 6/30/2023 Financial Statements as presented: Kreienkamp. Seconded by Sullivan. Roll Call Vote: Angel Reyes- yes, Derek Valdo- absent, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Proxy John Kreienkamp- yes, Rebecca Wurzbarger- yes, Patricia Sullivan- yes. Vote: 6-0.

4 Authorized Signatures Resolution Subservicing (Yvonne Segovia and Joseph McIntyre) – McIntyre began his presentation recommending the approval of the Authorized Signature Resolution to update Idaho Housing and Finance Association (IHFA) subservicing staff to transaction MFA owned accounts used for subservicing the mortgage loan portfolio. He then gave background on the recommendation stating the Government National Mortgage Association (GNMA) guidelines require the accounts maintained for use by MFA's subservicer IHFA must be in the name of MFA, using MFA's Taxpayer Identification Number and legally owned by MFA. The accounts used by IHFA include the Principal & Interest Custodial account, Tax & Insurance Custodial account and 203(k) Special Escrow Custodial Accounts. The Authorized Signature Resolution is being updated to establish a relationship with Zions Bank, the financial institution used by IHFA that is integrated with their servicing system. GNMA guidelines require that mortgage payments received must be processed within 24 hours of receipt. In order to comply with the requirement, IHFA must deposit the funds with the financial institution that is integrated with their servicing system. The use of another financial institution will require manual movement of funds, which will delay the payment posting by an additional day. Motion to approve the Authorization Signature Resolution Subservicing as presented: Kreienkamp. Seconded by Elliot. Roll

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Call Vote: Angel Reyes- yes, Derek Valdo -abstained, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Proxy John Kreienkamp- yes, Rebecca Wurzbarger- yes, Patricia Sullivan- yes. Vote: 6-0. (Valdo abstained).

Member Valdo Joined the meeting during the presentation of Tab 4 at 10:28 a.m.

5 HOME Single Family Development Program Policy Revision (Jacobo Martinez and George Maestas). Martinez began his presentation recommending revisions to the Home Single Family Development Program Policy. He stated that it has been five years since the last update, MFA reviewed the policy for potential updates and is proposing non substantive changes related to overall language, changes to the Back-End Ratio from 42% to 50%, and an addition of Affirmative Marketing Strategy to the Permanent Homebuyer Loan requirement. Discussion ensued regarding the definition of Back-End Ratio. Back-End Ratio is the ratio of total monthly income of homebuyers that goes toward their entire debt. Further discussion ensued as to whether MFA has the authority to make Back-End ratio changes and what is the specific ratio the federal government requires. Martinez stated that HUD requires a Front-End and Back-End ratio but does not provide a percentage. He stated the change is to ensure there is coverage if over 48% general use. MFA's Front-End ratio is 28%. Motion to approve the HOME Single Family Development Program Policy Revision as presented: Sullivan. Seconded by Valdo. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Proxy John Kreienkamp- yes, Rebecca Wurzbarger- yes, Patricia Sullivan- yes. Vote: 7-0

Chair Reyes stepped out at end of Tab 5 at 10:40 a.m. Vice Chair Valdo proceeded with the meeting.

Contracted Services/Credit Committee

6 NM EnergySmart 2023-2027 Tribal Territory RFP (Dimitri Florez & Troy Cucchiara). Florez began his presentation recommending the approval to issue the NM EnergySmart RFP for program years July 1, 2023 – June 30, 2027. Successful offerors will enter into a half-year contract with an option of three, one-year renewals for services to be performed. DOE requires that a formula be used based upon population and poverty levels to determine how much funding is available for each county and tribe and that is how the awards are allocated. Estimated number of units vary based on funding sources particular to each territory. Only one successful offeror will be selected for each of the Pueblo and Navajo Nation service areas. Upon approval, approximately \$4,960,000 in funding would be awarded for the 2023 – 2027 program years to ensure that funding is available statewide. Discussion ensued as to what the intent of half-year with three, one-year renewals. Intent for the half a year contract is due to the DOE program year July 1st to June 30th, between time frame there will be mostly training with new service providers within first half of year contract. Further discussion ensued regarding division into two territories, was it due to the size of the current territory. Cucchiara stated yes, two territories give more coverage and are easier to maintain. Does this increase the interest by dividing the territories. Yes, there is interest after the division, states Cucchiara. Motion to approve NM EnergySmart 2023-2027 Tribal Territory RFP as presented: Wurzbarger. Seconded by Elliot. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Proxy John Kreienkamp- yes, Rebecca Wurzbarger- yes, Patricia Sullivan- yes. Vote 7-0

Chair Reyes returned during Tab 6 at 10:42 a.m.

7 HOME Rehab NOFA Award Recommendations (Leann McDonald). McDonald began her presentation recommending the approval to award five service providers in the amount of \$2,250,550 from the 2023 HOME Rehabilitation NOFA. She stated a total of five applicants applied; El Camino Real Housing Authority, SW Regional Housing, Bernalillo County Housing Authority and Santa Fe Habitat for Humanity which are providers and one new provider Ohkay Owingeh Housing Authority. McDonald stated initially it was determined that three of the five applications were deemed to be qualified and two of the applications did not score the minimum requirement of 70 points and therefore were deemed unqualified. A protest was received by Ohkay Owingeh Housing Authority which was deemed not viable however the protest was presented to MFA's Policy Committee, the committee recommended to allow both Ohkay Owingeh and Bernalillo County an extension to submit needed documentation. Both providers provided

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scoring deficiency corrections and qualified for funding. Award recommendations and counties to be served are outlined in Exhibit A. The remaining \$2,246,810 not being awarded at this time will be available to any qualified applicants interested in providing services to unserved areas of the state. Motion to approve HOME Rehab NOFA Award Recommendations as presented: Elliot. Seconded by Wurzburger. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Proxy John Kreienkamp- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes. Vote 7-0

Other

8 Election of Officers - Vacant positions: Assistant Treasurer (Chair, Angel Reyes). Chair Reyes informed the Board that the Nominating Committee: Chair Reyes, Lieutenant Governor Morales and Attorney Raul Torrez recommend the vacant position of Assistant Treasurer by filled by Yvonne Segoica. Motion to approve Election of Officers - Vacant positions: Yvonne Segovia, Assistant Treasurer as presented: Sullivan. Seconded by Wurzburger. Roll Call Vote: Angel Reyes- yes, Derek Valdo- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Proxy John Kreienkamp- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes. Vote 7-0

Chair Reyes turned the meeting over to Vice Chair Valdo at 10:55 a.m.

9 Code of Conduct: Annual and Updated Disclosure – Angel Reyes (Eleanor Werenko and Angel Reyes). General Counsel Werenko begun her presentation providing background of the disclosure that was being provided to MFA's Board of Directors for inclusion in the minutes of the August 16, 2023, meeting of MFA's Board of Directors. When New Mexico Mortgage Finance Authority purchased the building located at 7425 Jefferson St. NE, Albuquerque, New Mexico 87109 on May 15, 2023. MFA obtained financing to fund the purchase from Main Bank. In a separate transaction, between Main Bank and Centinel Bank of Taos, Centinel Bank of Taos purchased from Main Bank a portion of the promissory note evidencing MFA's indebtedness. See Exhibit A to Tax Compliance Certificate, attached hereto as Attachment B to Exhibit 1. On January 21, 2023, Board Chair, Angel Reyes, submitted his annual disclosure to MFA indicating his Financial Interest in Centinel Bank of Taos, and further indicating "potential participation in financing arranging for MFA acquisition of real property." See Exhibit 1, Initial and Updated Annual Disclosure Statements, Angel Reyes. On March 31, 2023, Member Reyes sent email correspondence to MFA General Counsel, Eleanor Werenko, advising that Centinel Bank was considering possible "involvement as a loan participant in MFA 's financing" and asking whether Centinel Bank would be allowed to serve as a loan participant, in addition to other matters. See Attachment A to Exhibit 1. General Counsel responded on April 4, 2023, providing guidance based on the facts and circumstances known to counsel. See Attachment A to Exhibit 1. On May 15, 2023, MFA closed on the purchase of 7425 and the associated loan from Main Bank. The initial and updated disclosure of Chair Angel Reyes is being provided for inclusion in the minutes of the August 16, 2023, meeting of MFA's Board of Directors. Any action related to the disclosure being provided today will be taken at a future meeting of MFA's Board of Directors pursuant to MFA's Bylaws, Code of the Conduct and Section 25 of the Mortgage Finance Authority Act, NMSA § 58-18-1 et seq. Non-Action Item.

Chair Reyes proceeded with the meeting at 10:59 a.m.

10 New Mexico Mortgage Finance Authority Delinquency Update (Teresa Lloyd). Lloyd provided the Board with an update on delinquency trends for MFA's loan portfolio as of June 30, 2023. Housing Assistance Funds (HAF) have been distributed to 3,389 New Mexico Households since February 28, 2022, to assist borrowers effected by COVID-19. MFA's subserviced portfolio delinquency in down to 9.84% from a high of 18.39% in December of 2020 at the peak of the COVID-19 Pandemic. MFA's in-house serviced portfolio has seen steady improvement from 12.31% as of December 2022 to the current 7.15% as of June 30, 2023. Non-Action Item.

11 New Mexico Mortgage Finance Authority Foreclosure Process (Teresa Lloyd). Lloyd provided an overview of the New Mexico preforeclosure and foreclosure process to provide insight into the multiple options available to qualified borrowers before a foreclosure process is completed. She reviewed MFA 2nd mortgage foreclosure process/response. As provided in the memo located behind Tab 11 and will be made a part of the official board packet. She further informed the Board that there is currently 168 active foreclosure loans, approximately 22 loans this year

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were foreclosed which were all Judicial Foreclosures. She informed the Board that the foreclosure attorneys are Smidt, Keleh and Rose L. Brand. Non-Action Item

12 Quarterly Multifamily Project Completion Report (George Maestas). Maestas provided an overview of the Q3 2023 Quarterly Multifamily Pipeline Report which included Fifty-four active project, one projected closing, Twenty seven projects currently under construction, Upcoming ground breakings/ ribbon cuttings, Estimated Economic Impact of the 27 projects currently under construction, and Eventual Economic Impacts of all 54 projects once under construction. Non-Action Item.

Other Board Items- Information Only

13 There were no questions asked of staff.

- Staff Action Requiring Notice to Board
- 06/30/2023 Quarterly Investment Financial Report

Quarterly Reports- Non-Action Required

14 There were no questions asked of staff.

- Quarterly Board Report

Announcements and Adjournment- Confirmation of upcoming Board Meetings. Hernandez provided an update on the new building located at 7425 Jefferson, stating that currently there is a delayed in approving the Renovations, Re-roof RPPs and systems furniture. He further stated that the recommended awards will be presented to the Board at next month's meeting. He also provided an update on the sale of the building at 344 4th St., stating there was one potential buyer touring the building on August 18, 2023 and two other potential prospects.

There being no further business the meeting was adjourned at 11:36 a.m.

Approved:

Chair, Angel Reyes

Secretary, Isidoro Hernandez



MEMORANDUM

TO: MFA Board of Directors
Through: Board Committee Contracted Services September 12, 2023
Through: PC Committee August 29, 2023

FROM: Steve Hagins, Servicing Supervisor and Teresa Lloyd, Director of Servicing

DATE: September 20, 2023

SUBJECT: Request for Qualifications/Costs for Mortgage Servicing Legal Services

Recommendation: Staff recommends the approval of the Request for Qualifications ("RFQ") for Mortgage Servicing Legal Services. Responses will be due to MFA by Wednesday, October 18, 2023. Recommendations for awards will be presented on November 15, 2023, for MFA Board of Directors' approval. Staff also recommends approval of a 90 day extension to the current contracts in the event new contract negotiations are not complete by November 30, 2023.

Background: MFA Procurement Policy requires an RFQ for services between \$50,000 and \$200,000. The Delegations of Authority require that all legal services procurements be approved by the Board, regardless of amount.

MFA issued an RFP for Mortgage Servicing Legal Services in 2018. The current contracts, with Rose L. Brand (nka Rose Ramirez) and Smidt, Reist & Keleher, P.C., will expire on November 30, 2023. There are no extensions remaining in the contract.

Discussion: Staff is recommending we issue a RFQ for Mortgage Servicing Legal Services. The term is for three years with two one-year extensions at the MFA Board of Directors' option. Servicing is submitting a RFQ instead of an RFP because the annual legal fees are not expected to exceed \$180,000 per year, based on historical data and compensating for the current default market.

Summary:

Staff recommends the approval of the Request for Qualifications for Mortgage Servicing Legal Services. Responses will be due to MFA by Wednesday, October 18, 2023. Recommendations for awards will be presented on Wednesday, November 15, 2023, for MFA Board of Directors approval. Staff is also requesting approval for the option to extend the current contracts by 90 days if contract negotiations are not completed by November 30, 2023.

New Mexico Mortgage Finance Authority Request for Qualifications Mortgage Servicing Legal Services

Part I: Background & General Information

Introduction

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

Purpose

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

Questions and Answers

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

Qualification Submission

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

Utilize one of the following methods for qualification submission:

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

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

Qualification Tenure

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

RFQ Revisions and Supplements

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

Incurred Expenses

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

Cancellation of Requests for Qualifications or Rejection of Qualifications

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

Offeror's Rights to Withdraw Qualification

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

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

Or:

tlloyd@housingnm.org , shagins@housingnm.org

Evaluation of Qualifications, Selection and Negotiation

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

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

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

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

Interview

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

Award Notice

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

Qualification Confidentiality

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

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

Irregularities in Qualification

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

Responsibility of Offerors

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

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

Protest

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

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

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

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

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

Confidential Data

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

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

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

Part II: Minimum Qualifications and Requirements

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

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

Selected Offerors must also meet the following requirements:

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

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

Part III: Services to be Performed

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

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

Part IV: Compensation

[Fee basis should be an all-inclusive, hourly fee, which should include staff time and "out-of-pocket expenses." Offeror must provide an hourly fee breakdown for each staff position it would propose to use and/or make available to MFA for use as needed. Offeror must also state in their submission how long the Offeror can hold the all-inclusive hourly fee rates with the minimum amount of time being three (3) years from the date of qualification and should address how increases will be negotiated. If selected, contracts with Offerors must reflect the all-inclusive, hourly fee rates proposed.

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

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

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

Part V: Evaluation Criteria

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

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

Part VI: Qualification Format and Instructions to Offeror

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

A. Letter of Transmittal

Include at least the following information:

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

2. Disclosure and Certifications – Offeror shall provide:

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

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

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

3. Experience and Capability

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

4. Responsiveness to MFA and Technical Capabilities

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

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

5. Fees

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

6. References

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

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

Part VII: Principal Contract Terms and Conditions

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

Hold Harmless and Indemnification.

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

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

Permitted Subcontractors.

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

Records.

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

Payment.

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

Insurance.

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

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

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

Equal Opportunity Data.

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

Termination.

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

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

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

Termination for convenience of MFA.

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

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

Independent Offeror.

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

Awards to Other Offerors.

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

Intellectual Property Rights; Ownership.

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

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

Confidential Information.

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

Remedies.

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

Licenses/Compliance with Laws and Regulations.

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

Compliance with MFA Rules, Regulations and Policies.

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

Governing Law and Jurisdiction.

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

New Mexico Mortgage Finance Authority**Board Members**

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

Management

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

EXHIBIT A

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

Foreclosures

Foreclosure-MFA 1st Mtg - 1

Foreclosure-MFA 1st/2ndMtg – 1

Answer/Monitor - 94

Disclaimer - 74

Title policy claim - 0

Forbearance agreement - 0

Eviction action - 0

Bankruptcies

Monitor Bankruptcy - 30

Proof of Claim - 2

Motion for relief from Stay - 0

Proof of Claim Preparation -2

Plan objection - 0

Miscellaneous

Deed in Lieu of foreclosure - 0

EXHIBIT B**ORGANIZATIONAL REFERENCE QUESTIONNAIRE**

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

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

MORTGAGE SERVICING LEGAL SERVICES RFQ

ORGANIZATIONAL REFERENCE QUESTIONNAIRE FOR:

_____ (“Offeror”)

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

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

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

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

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

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

_____ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

- How would you rate how the work was executed?

_____ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

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

_____ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

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

COMMENTS:

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

COMMENTS:

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

COMMENTS:

7. Would you recommend this Offeror's services?

COMMENTS:



MEMO

TO: MFA Board of Directors
 Through: Finance Committee – September 12, 2023
 Through: Policy Committee – September 11, 2023
 FROM: Joseph McIntyre, Controller
 DATE: September 20, 2023
 SUBJECT: Authorized Signatures Resolution

Recommendation:

Staff recommends the update of the Authorized Signature Resolution to add Arundhati Bose, CFO as an authorized signor.

Background:

The Authorized Signatures Resolution is updated periodically as needed.

Discussion:

Arundhati Bose, CFO was hired on September 11, 2023. In order to transact routine business consistent with her delegations of authority, Arundhati Bose, CFO needs to be added as an authorized signor to the Authorized Signature Resolution. Staff would also like to take this opportunity to capture the proper title of Joseph McIntyre, Controller on the updated Authorized Signature Resolution.

Summary:

The Authorized Signatures Resolution is updated periodically as needed. Staff recommends the update of the Authorized Signature Resolution to add MFA's CFO Arundhati Bose as an authorized signor.

NEW MEXICO MORTGAGE FINANCE AUTHORITY

AUTHORIZED SIGNATURES RESOLUTION

WHEREAS, a regular meeting of the Board of Directors of the New Mexico Mortgage Finance Authority (MFA) was held at the Hilton Santa Fe Historic Plaza 100 Sandoval Street , Santa Fe, NM 87501 on Wednesday September 20, 2023 at 9:30 a.m.; and

WHEREAS, authorized signatures are required to conduct the ongoing business of the MFA;

IT IS THEREFORE RESOLVED:

1. The individuals holding the following positions are designated as Authorized Signatures on documents and/or instruments required to perform program and servicing activities consistent with their areas of responsibility:

Executive Director/Chief Executive Officer	Isidoro R. Hernandez
Chief Financial Officer	<u>Arundhati Bose</u> Lizzy Ratnaraj
Chief Housing Officer	Donna Maestas-De Vries
Chief Lending Officer	Jeff Payne
Human Resources Director	Dolores Wood
Director of Servicing	Teresa Lloyd
Assistant Director of Servicing	Blanca Vasquez
Director of Secondary Market	Olivia Martinez
Secondary Market Supervisor	Cindy Arellano
Secondary Market Loan Processor	Janet Armijo
Document Custodian	Amber Erni
Document Custodian	Judy Horsman

2. The individuals, holding the following positions, are designated as Authorized Signatures on Bank Accounts with the authority to establish accounts in any bank or financial institution (bank) in the name and on behalf of MFA; or to withdraw or disburse funds by checks, drafts, wire transfers, Automated Clearing House (ACH) or other instruments or orders customarily used for the disbursement or payment of funds; and to make, execute, and deliver, under the seal of MFA, any and all bank instruments necessary to effectuate the authority here by conferred:

Chair of the Board	Angel A. Reyes
Vice-Chair of the Board	Derek Valdo
Treasurer of the Board	Rebecca Wurzbarger
Other Board Members Designated by the Chair of the Board	

3. The individuals, holding the following positions, are authorized to effectuate the daily operations of MFA, including approve disbursements from MFA bank accounts by wire, ACH or other electronic transfer; endorse checks payable to MFA; and to make, execute, and deliver under the seal of MFA, any and all bank instruments necessary to effectuate the electronic transfers, endorsements, or other bank services:

Chief Financial Officer	<u>Arundhati Bose</u> Lizzy Ratnaraj
Chief Housing Officer	Donna Maestas-De Vries
Chief Lending Officer	Jeff Payne
Controller	Yvonne Segovia
Controller- Designee	Joseph G. McIntyre
Assistant Controller	Domenica Duran-Arias

4. The individuals holding the following positions are designated as Authorized Signatures on contracts and documents that legally bind the MFA. The Executive Director/Chief Executive Officer (ED/CEO) is the authorized signer on behalf of MFA. Other Management (as defined in MFA's Bylaws) are designated to sign on behalf of ED/CEO; however, they shall be limited to signing contracts and documents within the individual's area of responsibility.

ED/CEO	Isidoro R. Hernandez
Chief Financial Officer	Arundhati Bose Lizzy Ratnaraj
Chief Housing Officer	Donna Maestas-De Vries
Chief Lending Officer	Jeff Payne
Director of Human Resources	Dolores Wood

5. The individuals holding the following positions are designated as Authorized Signatures on federal fiscal reports and payment vouchers in accordance with OMB 2 CFR 200.415:

Chief Financial Officer	Arundhati Bose Lizzy Ratnaraj
Chief Housing Officer	Donna Maestas-De Vries
Controller	Yvonne Segovia
Controller Designee	Joseph G. McIntyre

6. The individuals holding the following positions are designated as Authorized Signatures on contracts and documents that legally bind the MFA where awards have been approved by Policy Committee or Board of Directors; however, such contracts and documents shall be limited to the individual's area of responsibility:

Controller	Yvonne Segovia
Controller Designee	Joseph G. McIntyre
Senior Director of Information Technology	Joseph Navarrete
Director of Asset Management	Patrick Ortiz
Director of Communications & Marketing	To Be Determined
Director of Community Development	Kellie Tillerson
Director of Compliance & Initiatives	Julie Halbig
Director of Homeownership	Rene Acuna
Director of Housing Development	George Maestas
Director of Policy & Planning	Robyn Powell
Director of Secondary Market	Olivia Martinez
Director of Servicing	Teresa Lloyd

7. Authorized Signatures shall be valid, binding, and enforceable against MFA when executed by means of (i) an original manual signature; (ii) a faxed or scanned manual signature, or (iii) any other electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including any relevant provisions of the Uniform Commercial Code (collectively, "Signature Law"), in each case to the extent applicable. Each faxed or scanned manual signature, and each electronic signature, shall for all purposes have the same validity and legal effect as an original manual signature. For the avoidance of doubt all electronic signatures must comply with MFA's Electronic Signatures Policy.

After discussion the foregoing Resolution was:

ADOPTED:

Aye:

Nay:

Abstain:

Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE
AUTHORITY THIS ~~2019~~th DAY OF ~~SEPTEMBER~~^{JULY}, 2023.

Angel Reyes, Chair

CERTIFICATION

I HEREBY CERTIFY, that I am the Secretary of the New Mexico Mortgage Finance Authority; 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 New Mexico Mortgage Finance Authority in accordance with the MFA bylaws in effect on January 18, 2023; that there is no provision in the articles of the MFA 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 ~~2019~~th day of ~~September~~^{July}, 2023.

Isidoro Hernandez, Secretary

(SEAL)



MEMO

TO: MFA Board of Directors
Through: Property Committee
FROM: Isidoro Hernandez, Executive Director/CEO
 Jeff Payne, Chief Lending Officer
DATE: September 20, 2023
SUBJECT: Construction Services Award Approval for 7425 Jefferson Renovation

Recommendation:

Staff recommends the Construction Services Award be made to Klinger, LLC in an amount not to exceed \$2,935,626 (not including NMGR) with the intent to hone the scope and reduce potential construction costs. Klinger, LLC was selected by MFA's internal review committee based on the highest score per evaluation criteria outlined in the RFP and detailed below.

Background:

The MFA Board approved the Request for Proposal (RFP) for Construction Services on July 19, 2023. The RFP was advertised in the Albuquerque Journal and posted on MFA's website. In addition, Doug Heller of MFA's architectural firm, Mullen Heller Architecture, P.C., reached out to contractors who may be interested in the project to view the RFP on the MFA website.

Discussion:

On May 15, 2023, MFA closed on the purchase of the office building at 7425 Jefferson St. NE, Albuquerque, NM. Renovations are to be made to meet the current and future needs of MFA. After approval of the RFP for construction services by MFA's Board of Directors, staff and MFA's contracted architect, Mullen Heller Architects (Doug Heller) held a mandatory Pre-bid meeting with interested contractors at the Jefferson building. Five contractors attended the pre-bid conference. Four of the five contractors that attended the pre-bid conference were contractors contacted by Mr. Heller. The architect explained the scope of work, answered questions, and took the potential offerors on a tour of the building to help provide additional clarity for work requested in the RFP.

The RFP gave Offerors the deadline of August 10, 2023, to submit bids directly to MFA.

Preliminary Budget Expectations:

Mullen Heller Architecture's initial estimated renovation costs at the time the Jefferson building became available for purchase in January 2023 was \$1,452,000 (\$690,000: Tenant Improvements; \$762,000: Cosmetic Improvements). Assumptions were that any interior improvements were anticipated to be cosmetic, such as painting. The flooring, ceiling, and lighting did not look like they needed to be replaced, although the budget anticipated some replacement of damaged ceiling tiles, carpet tiles, window coverings, etc. We did not believe there would be a need for new offices, conference rooms, etc. This

budget did not include any exterior improvements, additional IT needs, replacement of mechanical units, or other equipment that may be determined to be at the 'end of life.'

In February 2023 as part of staff's attempt to project the overall cost of purchasing the building, staff produced an estimate of \$1.5 million to renovate the Jefferson property and \$1 million for furniture and other related costs. MFA was able to negotiate the inclusion of the existing systems furniture as part of the purchase, which had an estimated value of \$700,000+.

Minimum Qualifications and Requirements:

Only those Offerors who met the following minimum criteria outlined in the RFP were eligible to be evaluated. Any proposal submitted by an Offeror that did not meet these minimum qualifications and requirements would be rejected:

1. An Offeror must, at a minimum, hold a current State of New Mexico general contractor license designation of GB-98 and be licensed to do business in the State of New Mexico.
2. Have the ability to work around the existing tenant and to comply with their security and professional requirements.
3. Offeror shall be willing and able to enter into a standard American Institute of Architects (AIA) contract with MFA (**Exhibit B**). MFA shall be under no obligation to accept any material changes to the standard terms of the AIA contract. Materiality shall be determined in MFA's sole discretion.
4. Offeror shall provide evidence of its ability and willingness to provide MFA certificates of insurance acceptable to MFA prior to the commencement of any Work evidencing compliance with the insurance requirements in the AIA Document A101 Exhibit A, including but not limited to:
 - a. Commercial General Liability;
 - b. Automobile Liability;
 - c. Workers' Compensation;
 - d. Employers' Liability;
 - e. All Risks; and
 - f. Other insurance that may be identified by MFA.
5. Offeror shall provide evidence of its ability and willingness to provide surety bonds, from a company or companies lawfully authorized to issue surety bonds in the jurisdiction where the Project is located, as follows:
 - a. Payment Bond in an amount equal to 100% of the contract between MFA and Offeror
 - b. Performance Bond in an amount equal to 100% of the contract between MFA and Offeror

Offerors were also required to meet the following requirements, among others:

6. Offeror shall provide a written statement disclosing: (1) any political contribution or gift valued in excess of \$250.00 (singularly or in the aggregate) made by Offeror to any elected official of the

State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.

7. Offeror shall provide a written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.
8. Offeror shall provide written certification, on the form attached as Exhibit A (to the RFP), that Offeror has read and shall at all times conduct itself in a manner consistent with MFA's Third-Party Code of Conduct. Upon request by MFA, Offeror shall disclose information MFA may reasonably request relating to conflict or potential conflicts of interest.
9. Offeror shall provide a written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.

Project Description

This project is an interior renovation of the 2-story, ±44,978 square feet building at 7425 Jefferson Street NE. There is no change of occupancy associated with this project. The renovation is considered a Level 3 Alteration based on the International Existing Building Code. Currently, a majority of the building is unoccupied, except as noted below.

The renovated building will house new private offices, new open office areas, new conference rooms, a new Community Room on the second floor and new support spaces. New metal stud partitions, ceilings, finishes, painting, wallcovering, casework, doors, manual and automatic blinds, plumbing fixtures, power distribution, interior lighting, and modifications to the existing HVAC systems, fire suppression system and fire alarm will be required to complete the renovation. Currently there are two areas that are considered 'shell' spaces. These areas are to be improved, with new partitions, ceilings, finishes, HVAC equipment, lighting and power distribution. No work to the building envelope or site is anticipated.

All flooring, with the exception of the porcelain tile in the lobby and the restrooms, and those areas designated as 'No Work,' in the RFP is to be removed and replaced with new carpet tile and vinyl tile with wall base.

The majority of the interior doors will remain in place. It is the intent to relocate existing doors and frames to new locations. Door hardware may require modifications for the Owner's new access control system.

The majority of the suspended acoustical ceilings throughout the building will remain 'as-is' with modifications needed to accommodate the new layout. New gypsum board 'beams' and decorative wood ceilings will be installed in the new conference rooms and Community Room.

The majority of the existing lighting is to be removed and replaced 'in kind' with LED fixtures throughout. New decorative and specialty lights will be installed in the lobby, new conference rooms and Board Room.

The restrooms will remain 'as-is' with the exception of new solid surface countertops, sinks, trim, and new vanity lighting. There is no change to the flooring, ceilings, toilet partitions or other plumbing fixtures.

All new and existing gypsum board walls and ceilings, with the exception of those areas designed as 'No Work,' are to be repainted.

The current lobby stair and second floor railing system are to remain 'as-is' and are to be protected during construction.

Installation of the phone, data, IT, and audio and visual systems.

Reconfiguration of the current modular office furniture and removal of the modular wall systems will be the responsibility of MFA. The Offeror will be required to coordinate with the MFA's vendor to maintain the construction schedule.

The Offeror will be required to coordinate new roof penetrations with MFA's vendor to maintain the construction schedule.

Finally, a separate tenant currently occupies ±8,000sf on the west side of the second floor. This tenant, also, has use of the building lobby, the restrooms and a breakroom on the second floor outside their space. During construction, the Offeror must ensure these spaces remain operational for the tenant's employees and guests at all times. Electrical, mechanical, and plumbing systems in these areas shall remain in working order throughout construction. The Offeror must provide a schedule for work in these areas as MFA will coordinate appropriately with the tenant. The schedule for work in these areas will be determined by MFA and tenant. Other than these areas, the Offeror will have full access to the building during construction.

Drawings and Manual

Interested parties were electronically provided with a 28-page set of bid drawings which included a demolition plan, renovation plan, reflected ceiling plan, door and hardware schedule, community room elevations, finish plan, furniture plan, original construction mechanical and HVAC documents with notations regarding the new scope of work, a list of new heat pump units needed, renovation plan with notes for mechanical scope of work. Bid drawings can be accessed at: https://mfa.internal.housingnm.org/BoardSS/NM_Mortgage_Finance_Authority_Office_Renovation-Bid_Drawings_7-20-23.pdf

In addition, interested parties were given an electronic 274-page project manual with instructions to bid and scopes of work for electrical, mechanical, and an overall scope of work. This manual covers topics such as access to the site, coordination with occupants, work restrictions, project management and coordination, construction progress documentation, submittal and quality requirements, and various detailed specification requirements. The Project Manual can be accessed at: [NM Mortgage Finance Authority Office Renovation - Project Manual 7-20-23.pdf](#)

Evaluation Criteria

The Board-approved RFP set out the following criteria to evaluate proposals and gave the flexibility to award the contract for construction services to the offeror whose proposal is most advantageous to MFA. Proposals that met the Minimum Qualifications and Requirements were evaluated. Proposals were scored on a scale of 1 to 150 based on the criteria listed below. A serious deficiency in any one criterion could be grounds for rejection regardless of overall score.

Criteria	Point Range	Maximum Points
1. Evidence of Offeror's Ability to Perform the Work: 1. profiles of the technical competence and experience of: i. Offeror's principal(s); ii. Proposed Project manager and superintendent; and iii. any Subcontractor(s) identified in the response	0-5 0-3 0-2	10
2. Examples of Past Performance in terms of cost control, quality of work, and compliance with performance schedules.	0-30	30
3. Base Bid Proposal not including NMGR.	0-35	35
4. Project Schedule and capability to provide services in a timely manner	0-20	20
5. New Mexico Resident Business: Offeror is licensed to do business in New Mexico and the majority of Offeror's employees who would perform the services to be performed in New Mexico reside in New Mexico	0-5	5
6. Interviews, if held	0-50	50
Maximum Points		150 with interviews held

Staff proposed and received approval from the MFA Policy Committee to create an internal review committee to evaluate the proposals received. MFA policy requires at least three members for an internal review committee. While policy also allows non-MFA staff to participate on the review

committee, only MFA staff committee member scores as listed in **Exhibit A** were used to arrive at the recommendation. The internal review committee consisted of the MFA Executive Director/CEO, Chief Lending Officer, and the Architectural Services Representative, all of whom are employed by MFA. MFA's Architectural Services Representative is an architect and member of MFA staff. He evaluates plans for proposed multifamily construction and renovation projects and inspects the work to make sure it meets or exceeds MFA's design standards.

Doug Heller, MFA's contracted architect, was involved in providing information to the bidders, attended the scoring meeting and answered committee member questions. Staff each individually reviewed and scored the proposals received prior to the scoring meeting and then came together to share those scores and their own evaluations of the proposals. All three proposals met the Minimum Qualifications and Requirements. The individual scores of the internal review committee members were recorded and averaged. Although there was some variation in the scores awarded by the individual committee members, there was unanimity in the ranking of the proposals.

Proposals Received

MFA received proposals from William Cervantes Enterprises, Inc. ("William Cervantes"), Klinger Constructors, LLC ("Klinger"), and Enterprise Builders Corporation ("Enterprise").

The following is a summary of the evaluation of each scoring category. **Final scores of all qualified offerors are summarized on attached, Exhibit A**

Ability to Perform the Work

Each of the offerors are experienced. All offerors provided information on the offeror's principals, and the proposed project manager and superintendent, and any subcontractor who would work with MFA on the renovation project and shared their level of experience. Based on materials contained within the proposals the teams presented by Klinger and Enterprise scored higher in this evaluation criterion based on is years of experience, education and training. William Cervantes did not provide any indication of how long the company had been in business or the experience of its principals. Enterprise scored the highest on average, followed closely by Klinger.

William Cervantes: The William Cervantes proposal did not give much background about the company or how long the company had been in business but listed Gerald Cervantes as the proposed project coordinator. Gerald Cervantes has been in this role since 2017 and prior to that worked as an Electrician Helper for three years. Alex Apachito was listed as Lead Carpenter and had been in that role for two years. Before that he worked as a framing carpenter for eight years. The project management team proposed by William Cervantes is less experienced than the teams proposed by the other offerors.

Klinger: The Klinger proposal indicated the company has been in business for over 40 years. Klinger's principals have 40, 28, 33, and 15 years of experience. The proposal indicated Klinger performs 20 to 25% of the work themselves instead of using subcontractors. The company has over 100 field employees. The Klinger proposal listed Joe Reed as Senior Project Manager. Mr. Reed joined Klinger

in 1997 and has over 24 years of experience in the construction industry. He has a BA in business and completed a four-year carpentry apprenticeship. He has completed 19 projects as Project Manager throughout the state of New Mexico ranging in size from 3,200 sq ft to 70,000 sq ft. The Superintendents that would be involved with the project have been with the company since 1991 and 1997 and have 40 years and 28 years of experience respectively.

Enterprise: Enterprise has been in business for over 35 years and has a team of seasoned managers with 26 years, 36 years, and 16 years of experience for the CEO, EVP of Operations and VP of Estimating. The Enterprise' proposal listed Jared Vigil as the project manager. Mr. Vigil has a BA in construction and a minor in business. He has seven years of experience in the construction industry and lists 13 projects varying from 2,500 sq ft to 60,000 sq ft in size. John Lente is the Project Superintendent and has 20 years of experience and has been with Enterprise just over a year.

Examples of Past Performance

All offerors indicated that their projects were on time and budget and customers were happy with the work they performed. While all the offerors seemed capable as contractors, Enterprise and Klinger were seen as superior in their examples of past performance provided. Both had examples of projects that were recent and very impressive. They showed they do very similar work to that specified in the RFP. As a result, Enterprise and Klinger received a full 30 points in this category while Cervantes earned 24.67.

William Cervantes: The William Cervantes proposal listed 5 examples of past performance. The projects presented in the proposal were not recent and were as old as 2012, 2017, and 2019. No recent examples were provided. The cost of these projects ranged from \$1 million to \$3.6 million. They ranged in size from 6,600 sq ft to 27,000 sq ft. Four of those projects were new construction of a charter school, shooting range, animal shelter and a club house.

Klinger: The Klinger proposal listed five examples with only two projects mentioning dates of construction (2019 and 2022). These projects were selected because they involved working with renovations where the buildings were still occupied. They also listed several projects in buildings with high traffic like three hospitals where they have had to work around the occupants for long periods of time and large projects. Finally, they listed eight projects ranging from \$2.5 million to \$19 million that are in progress with both bid and negotiated contracts. The sizes ranged from 18,000 to 100,000 sq ft.

Enterprise: The Enterprise proposal listed five project examples ranging in cost from \$1 million to \$23 million. The proposal materials presented two new construction projects and three renovation or tenant improvement projects. The sizes ranged from 22,000 sq ft to 89,000 sq ft. One project is still under construction.

Base Bid Proposal

Bid prices are listed below with William Cervantes being the lowest bidder followed by Klinger at the 2nd lowest. Enterprises' bid was significantly higher than the other bids. William Cervantes received the highest score of 33.33 and Klinger was close at 30.67. Enterprise was rated much lower at 21.67. In the

process of negotiating the contract with the winning offeror, there would be an opportunity to work with the contractor to refine the scope to reduce the cost.

William Cervantes: \$2,331,170

Klinger: \$2,935,626

Enterprise: \$4,016,247

Project Schedule

The William Cervantes and Klinger proposals contained timelines that fit the expected time to complete the project. While William Cervantes proposal mentioned an earlier completion time, it lacked much detail. The Klinger proposal provided a detailed path and schedule to meet that timeline. Enterprise showed some level of completion in February but had many weeks scheduled to wrap up and get a Certificate of Occupancy. Klinger unanimously earned full points with William Cervantes a close second, and Enterprise earning a little more than half of the 20 points available.

William Cervantes: The William Cervantes proposal indicated that the project could be completed by late December 2023 or January 2024. The company is available to start right away and proposed getting started with demolition while waiting for building permits and ordering mechanical equipment immediately.

Klinger: The Klinger proposal presented a very specific timeline. They projected that the project could be completed by January 25, 2024. They also described a three week look ahead method of keeping the project on schedule used by the project superintendents.

Enterprise: A specific timeline was presented in the Enterprise proposal showing completion by May 8, 2024, with a certificate of occupancy.

New Mexico License and Employees

All offerors received all five points available.

William Cervantes: New Mexico licensed and New Mexico employees.

Klinger: New Mexico licensed and New Mexico employees.

Enterprise: New Mexico licensed and New Mexico employees.

Results

After all scoring was determined and averaged, Klinger was the top choice with 94.67 points and William Cervantes as a runner up with 89.00 points. The Enterprise proposal scored significantly lower. It was determined that the leading two candidates would be interviewed with another 50 points available.

Interviews

The internal review committee posed the following questions the William Cervantes and Klinger teams:

- How have you worked with occupying tenants and how do you propose to work with tenants in this project? Do you provide a 3 week look ahead?
- What is your plan to keep common areas open and safe?
- Do you anticipate any problems with phasing/working around existing tenant?
- How is the timeline impacted with the change in the RFP award date?
- How often will you hold construction update meetings?
- How much parking will you need and what is the ideal location?
- How did you determine your bid in Mechanical and Electrical?
- Was there anything on the plans you were unsure of?
- How have you resolved conflicts with owners in the past?
- Any suggested changes to plans to “value engineer”?
- Discuss how you maintain schedule control of your subcontractor base.
- Have you seen price increases recently that require change orders to signed contracts?
- How many full-time staff will be assigned to this project?
- How many projects is the project manager going to be working on during construction?
- How many projects is the superintendent going to be working on during construction?

Staff scheduled in person interviews with both offerors. Both were provided an agenda and list of questions or topics to be covered. The Executive Vice President and the proposed Project Manager attended for Klinger. They shared experience with many jobs in hospitals, schools and at Intel which required them to work in a setting where the building was not only occupied but where outside patients, students and customers were coming and going constantly. They shared that in their view frequent communication is the key to project success and has resulted in Klinger maintaining good relationships with its customers even after project completion. Their goal is that the owner becomes a long-time customer and that they continue to provide construction services in the future for even the smallest of tasks.

Klinger holds weekly meetings with the architect and owners. They also meet weekly with sub-contractors. An automated system maintains the construction schedule and notifies all parties involved of tasks needed to be completed. The key to maintaining a schedule is treating their sub-contractors well. They pay on time and don't hold back pay so there is loyalty and trust. The project manager for the MFA job was awarded “Project Manager of the Year” as voted on by the sub-contractors.

Klinger sees an opportunity to reduce costs when the final plans for mechanical and electrical are available. Because they did not have the detailed plans at the time of bidding, they think their mechanical subcontractor bid on the worst-case scenario. They committed to assigning a full-time superintendent on the project and the project manager has 2 to 4 projects at any given time. They expect five months to completion of the project.

William Cervantes was the only attendee on behalf of the offeror. Mr. Cervantes is the Owner and President of the company. He also believes that communication is key to success. He proposed bi-weekly meetings with the architect and owner but was open to weekly meetings as well. He also thought that receiving the final plans for mechanical and electrical would help to refine costs. As the owner, Mr. Cervantes is involved in everything and would act as the project manager. He also proposed a full-time superintendent at the job site.

Mr. Cervantes acknowledged that maintaining control of the subcontractor base is difficult. He indicated that the subcontractors he works with have “bought in” to the project and are ready to throw in extra manpower. He also noted that his wood prices were only good for 30 days.

William Cervantes expects to have another project in process during our job. Other projects are expected to come online at the beginning of the year.

Both offerors scored high, and the final scores were very close. Klinger received more points in the definitive nature of their answers. Beyond the questions asked, it was apparent that Klinger is a very capable contractor with a lot of resources and employees. The nature and scope of our project is routine for them. William Cervantes also sounded very capable but in several of his answers it sounded like the size of this project was larger than his company typically performs.

After the interviews were held, the internal review committee shared their individual scores which were averaged and resulted in the following:

William Cervantes: 44 interview points
Klinger: 48 interview points

Total points average between the three internal review committee members was:

William Cervantes: 133.00
Klinger: 142.67

After the evaluation process, Klinger, LLC had the highest combined score based on ability to perform work, past performance, bid proposal, project schedule, New Mexico business and interviews. Staff will negotiate a standard AIA Contract with the offeror selected through the RFP process and approved by the board.

Summary:

The Board approved the Construction Services RFP on July 19, 2023. MFA received three responses. All responses met the Minimum Qualifications and Requirements and were scored. Staff recommends the Construction Services RFP award be made to Klinger Constructors, LLC and that staff begin contract negotiations.

Exhibit A
Average Scores

Scoring Criteria	Point Range	Maximum Points	Cervantes Average	Enterprise Average	Klinger Average
Ability to Perform the Work Profiles of technical competence and experience		10	7.67	9.33	9.00
Offeror's principal(s)	0-5				
Proposed Project manager and superintendent	0-3				
Any subcontractor(s) identified in response	0-2				
Examples of Past Performance: Cost control, quality of work, compliance with performance schedule	0-30	30	24.67	30.00	30.00
Base Bid Proposal not including NMGRT	0-35	35	33.33	21.67	30.67
Project Schedule: Capability to Provide Services in Timely Manner	0-20	20	18.33	11.67	20.00
Offeror is licensed to do business in New Mexico and the majority of Offeror's employees who would perform the services to be performed in New Mexico reside in New Mexico	0-5	5	5.00	5.00	5.00
Interviews (if held)	0-50	50	44.00	NA	48.00
Total	100-150	150	133.00	77.67	142.67

Links to Documents

Renovation Proposals

Enterprise Builders:

https://mfa.internal.housingnm.org/BoardSS/7425_Jefferson_Renovation_RFP_Proposals/Enterprise_Builders_Proposal.pdf

Klinger LLC Proposal:

https://mfa.internal.housingnm.org/BoardSS/7425_Jefferson_Renovation_RFP_Proposals/Klinger_LLC-NM_MFA_Proposal_Schedule.pdf

Klinger LLC Schedule:

https://mfa.internal.housingnm.org/BoardSS/7425_Jefferson_Renovation_RFP_Proposals/Klinger_LLC-NM_MFA_Proposal.pdf

William Cervantes:

https://mfa.internal.housingnm.org/BoardSS/7425_Jefferson_Renovation_RFP_Proposals/William_Cervantes_Proposal.pdf

Re-Roof Proposals

First Mesa Construction:

https://mfa.internal.housingnm.org/BoardSS/First_Mesa_Construction_bid.pdf

J3 Systems:

https://mfa.internal.housingnm.org/BoardSS/J3_systems_bid.pdf

William Cervantes:

https://mfa.internal.housingnm.org/BoardSS/William_Cervantes_bid.pdf

Renovations Project Manual

https://mfa.internal.housingnm.org/BoardSS/NM_Mortgage_Finance_Authority_Office_Renovation-Project_Manual_7-20-23.pdf

Renovations Bid Drawings

https://mfa.internal.housingnm.org/BoardSS/NM_Mortgage_Finance_Authority_Office_Renovation-Bid_Drawings_7-20-23.pdf



MEMORANDUM

TO: MFA Board

FROM: Isidoro Hernandez, Executive Director/CEO

DATE: September 20, 2023

SUBJECT: 7425 Jefferson St, NE Cost Summary and Highlights

Background:

MFA determined that it required a property better able to accommodate its current and future operations. The Board approved a resolution on July 20, 2022, authorizing the Property Committee “to conduct a search for real property to acquire that will satisfy the Authority’s current and reasonably foreseeable future needs for space from which to conduct its operations, and to list and sell its Offices.”

A third-party space needs assessment was conducted and used in conjunction with other criteria developed by staff and the Property Committee in our search of a suitable building. A total of 18 meetings (Finance Committee (1), Property Committee (11), Board Meetings (6)) were held in the methodical process leading to the purchase/closing of 7425 Jefferson Ave on May 15, 2023.

7425 Jefferson is a 45,035 square foot building on 2.77 acres with 191 parking spaces, great corner location on main thoroughfare (excellent visibility/exposure), energy efficient with solar panels (LEED GOLD Certified). The building meets/exceeds our building selection criteria and has room for future projected growth. The negotiated purchase price of \$9,950,000 included \$2M of office and systems furniture.

The Board approved publishing of two Requests for Proposals (RFPs) for Building Renovation and Building Roofing along with approving a Limited Source Procurement for systems furniture.

Reasons for relocating:

- *Need additional workstations and offices.*
- *Need for larger Community/Board room. (All Staff meetings, LOC, Board Meetings, Partner Trainings.*
- *Need for additional parking.*
- *Security Concerns.*

Building Search Criteria

- ✓ *Affordable/Price*
- ✓ *Square Footage*
- ✓ *Parking*
- ✓ *Large Community/Board Room*
- ✓ *Location/ Accessible (staff/partners/customers)*
- ✓ *Visibility*
- ✓ *Energy Efficient*
- ✓ *Public Transit*
- ✓ *Proximity to amenities*
- ✓ *Large Break Room*
- ✓ *Security*

Cost Summary:

Proposals have been received for the two RFPs and award recommendations are being presented for approval. We've also received cost quotes for the disassembly, reinstallation, and purchase of new systems furniture from Contract Associates and a quote for the removal and reinstallation of the solar panels to enable the new roofing of the building. The table below summarizes the various bids and total costs. The table also includes our very preliminary pre-design budget estimates. It is important to note that the pre-design estimates were developed prior to detailed discussions and design documents being produced. Further, the pre-design estimates (\$1,452,000) were calculated at \$100/sq ft to build out the 6900 sq foot of shell space (\$690k) and \$20 sq ft for cosmetic improvements of 38,100 sq ft (\$762k). These pre-design estimates did not include new flooring, IT Needs/Wiring, HVAC, Electrical, 2nd floor community room and exterior improvement which are detailed below.

7425 Jefferson - Building Renovation/Re-Roofing/Furniture Costs				
Activity		Pre-Design Budget Estimate	Recommended Awards	Notes
Renovation		\$1,500,000	\$2,935,626	
Not Included in pre-design estimates	Flooring	\$240,000		Cost in recommended bid.
	IT Needs/Wiring	\$150,000		Cost in recommended bid. (Does not include equipment)
	HVAC/Electrical/Plumbing	\$743,000		Cost in recommended bid. Cost to be honed in.
	New Offices	Not Detailed		Not Detailed in proposal
	Conference Rooms	Not Detailed		Not Detailed in proposal
	Community Room (2nd Floor)	\$474,000		3160/SF at \$150/SF. Evaluated 1st & 2nd floor.
	Sub-Total of Added Scope	\$1,607,000		
	Total Renovations (Pre-Design & Added)	\$3,107,000		
Re-Roof		\$500,000	\$373,777	
Furniture		\$300,000	\$778,500	
				1. Potential savings on demo and storage of existing workstations. 2. Reusing and relocating existing MFA furniture. 3. Reusing all existing office furniture. Reusing all existing workstations. 4. 51 new workstations. 5. Community Room furniture.
Solar Panels		\$132,786	\$132,786	
				Not included in pre-design budget estimate. Remove, Reinstall and Connect Solar Panels.
TOTAL w/o Added Scope		\$2,300,000		
TOTAL w/ Added Scope		\$4,039,786	\$4,220,689	

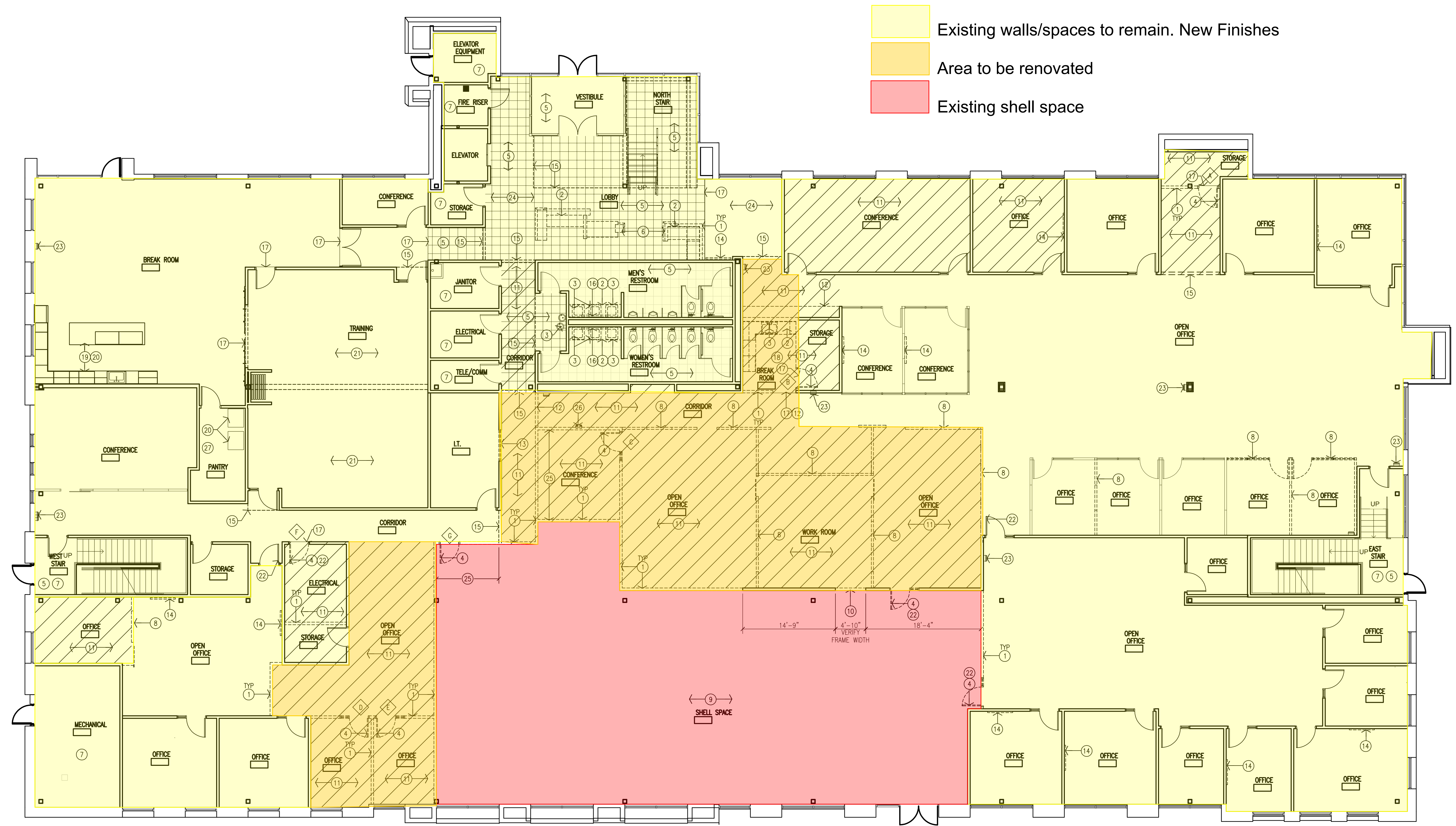
Below I've also included cost per square foot calculations.

7425 Jefferson St NW		
Cost Per Square Foot Calculations		
	Costs	Cost Per Sq/Ft
Total Cost (Purchase Price & Improvements)	\$14,220,689	\$315.77
All Improvements	\$4,220,689	\$93.72
Internal Renovation Costs	\$3,714,126	\$82.47
Renovations minus furniture	\$2,935,626	\$65.19
Building w/o improvements	\$9,950,000	\$220.94

I've also attached the design plans developed by Mullen Heller Architecture which depict the current building design and new building as re-designed. Additionally, the design drawings drafted by Contract Associates are attached for your review. You will notice the re-use of the existing systems furniture and the new additions.

Summary:

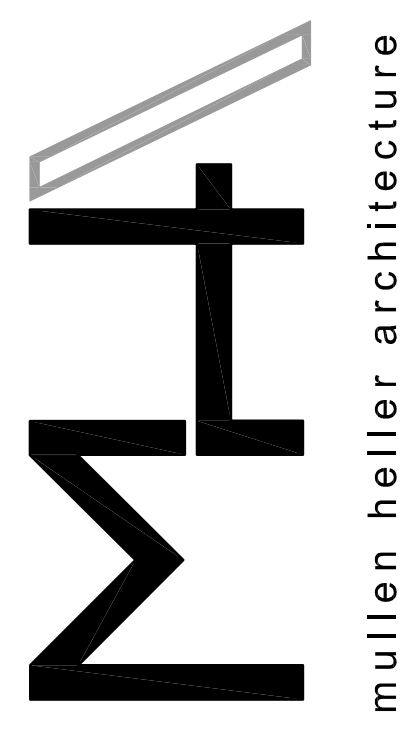
Staff respectfully requests your consideration of our recommendations. We are confident that the RFP has rendered us competitive bids and that the recommended agencies will provide quality work. While the proposed total improvement cost of \$4.2m is higher than our pre-design budget estimates of \$2.3M, the reconciling list of added scope costs (\$1.1M not fully reflective of all new scope) in addition to the increased costs we have been experiencing, brings our initial estimate in line with the proposed bids. Staff through Mr. Doug Heller (Architect) will work with contractors to hone in costs where possible.



- Existing walls/spaces to remain. New Finishes
- Area to be renovated
- Existing shell space

1 First Floor Demolition Plan
Scale: 1/8"=1'-0"

REV	DATE	BY	DESCRIPTION
A			
A			
A			
A			



PRELIMINARY
NOT FOR
CONSTRUCTION

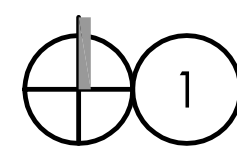
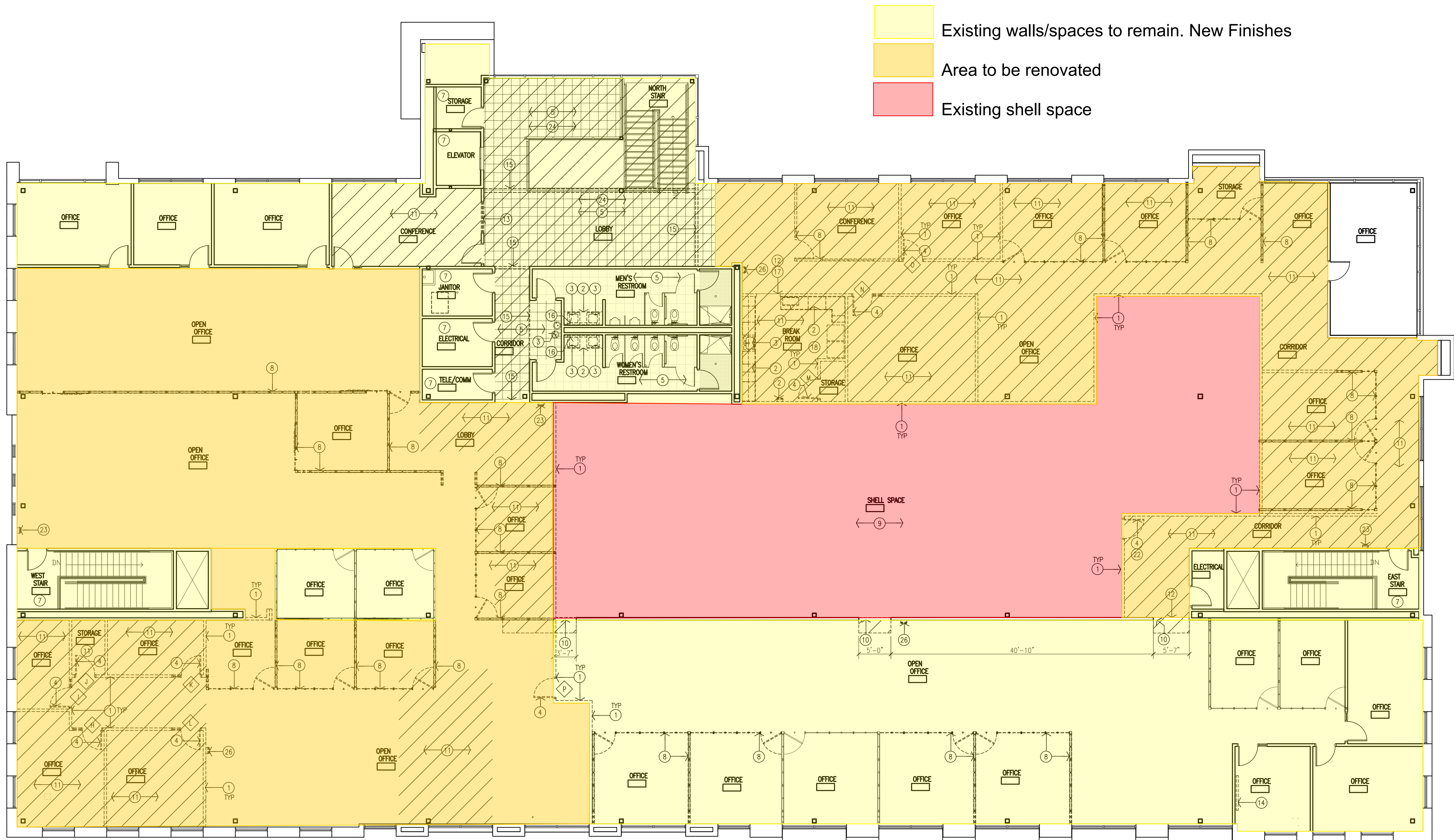
MULLEN HELLER ARCHITECTURE
1718 CENTRAL AVE SW | STE. D
ALBUQUERQUE, NM | 87109
P | 505.268.4144
F | 505.268.4244
www.mullenheller.com

JOB NUMBER	22-19
DRAWN BY	LF
PROJECT MGR	JDH
DATE	7/20/23
PHASE	BID SET

PROJECT
NM MFA Office Renovation
7425 JEFFERSON ST. NE
ALBUQUERQUE, NM 87109

TITLE
First Floor Demolition Plan

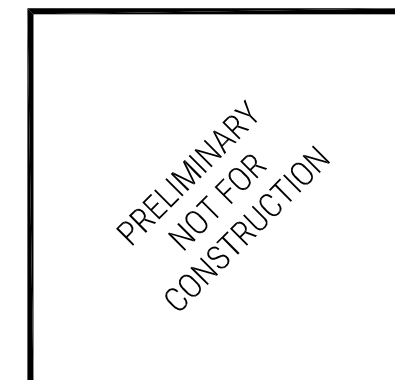
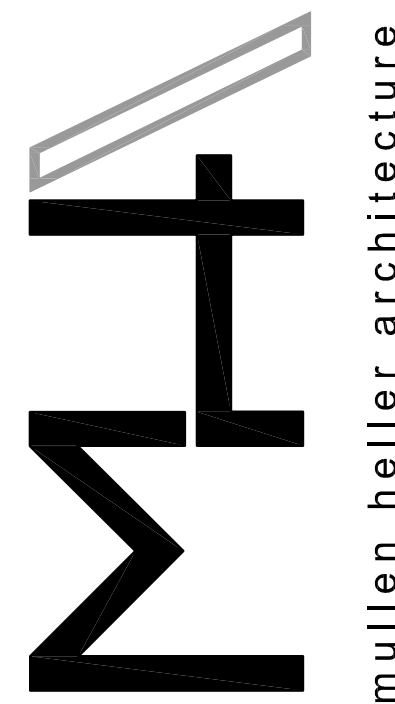
SHEET
D101



Second Floor Demolition Plan

Scale: 1/8"=1'-0"

REV	DATE	BY	DESCRIPTION
1			
2			
3			
4			
5			



MULLEN HELLER ARCHITECTURE
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DRAWN BY	LF
PROJECT MGR	JDH
DATE	7/20/23
PHASE	BID SET

PROJECT
NM MFA Office Renovation
7425 JEFFERSON ST. NE
ALBUQUERQUE, NM 87109

TITLE
Second Floor Demolition Plan

SHEET

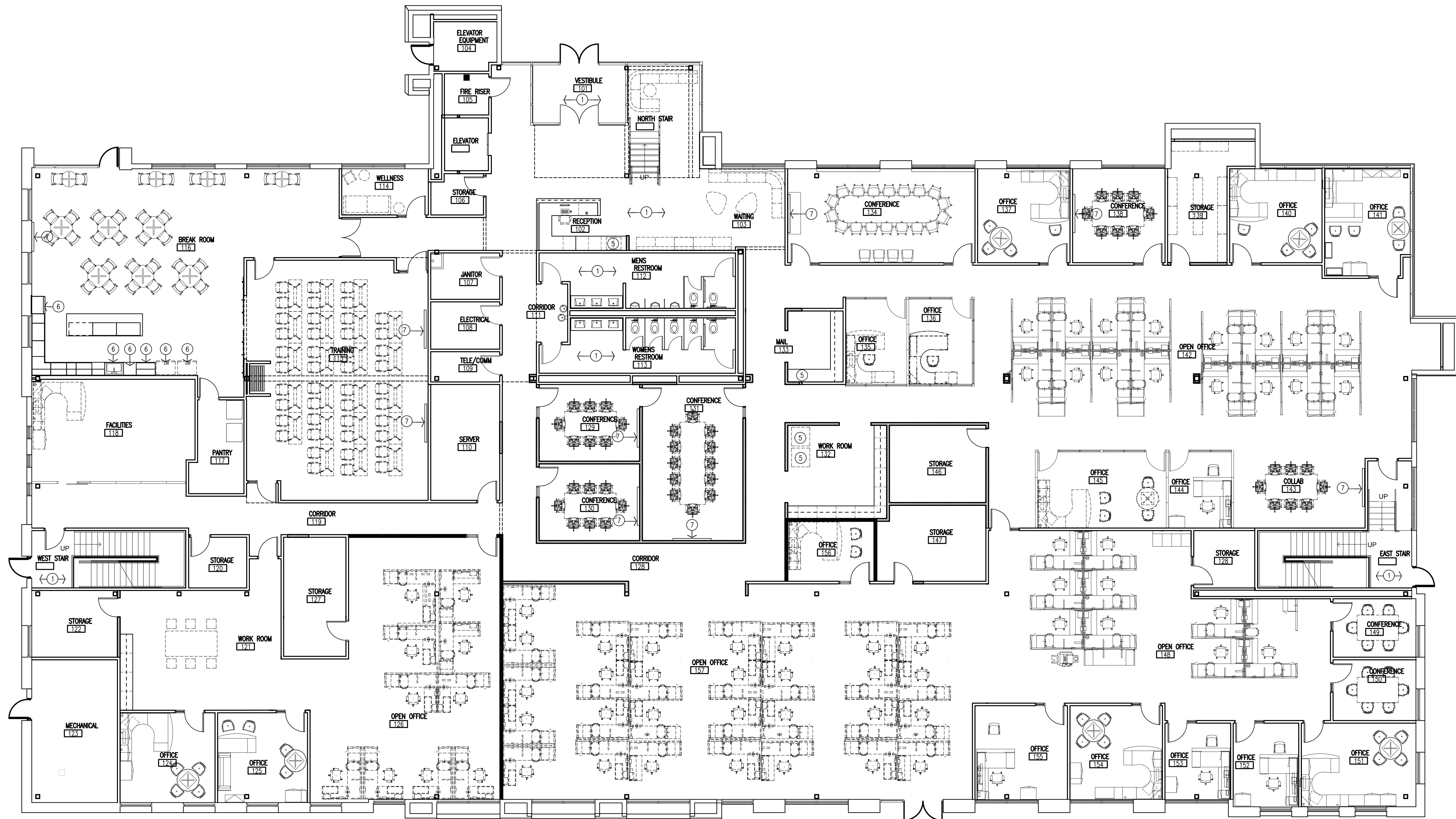
D102

GENERAL NOTES:

- [A] FURNITURE PROVIDED BY OWNER. CONTRACTOR TO COORDINATE INSTALLATION. CONTRACTOR TO PROVIDE BLOCKING AS REQUIRED. CONTRACTOR TO COORDINATE LOCATION OF POWER, SWITCHES, AND LIGHT FIXTURES.
- [B] EQUIPMENT PROVIDED BY OWNER UNLESS NOTED OTHERWISE. CONTRACTOR TO COORDINATE RELOCATION & ELECTRICAL OR PLUMBING NEEDS.
- [C] REFER TO INTERIOR ELEVATIONS FOR ADDITIONAL INFORMATION.

KEYED NOTES:

1. RELOCATED REFRIGERATOR.
2. RELOCATED MICROWAVE.
3. RELOCATED DISHWASHER.
4. ICE MAKER BY OWNER.
5. OFFICE EQUIPMENT BY OWNER. COORDINATE POWER & DATA. CONFIRM LOCATION WITH OWNER PRIOR TO INSTALLATION.
6. EXISTING APPLIANCE TO REMAIN.
7. RELOCATED TV BY OWNER. PROVIDE BLOCKING, POWER, AND DATA.



- GENERAL NOTES:

[A] FURNITURE PROVIDED BY OWNER. CONTRACTOR TO COORDINATE INSTALLATION. CONTRACTOR TO PROVIDE BLOCKING AS REQUIRED. CONTRACTOR TO COORDINATE LOCATION OF POWER, SWITCHES, AND LIGHT FIXTURES.

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2. RELOCATED MICROWAVE.

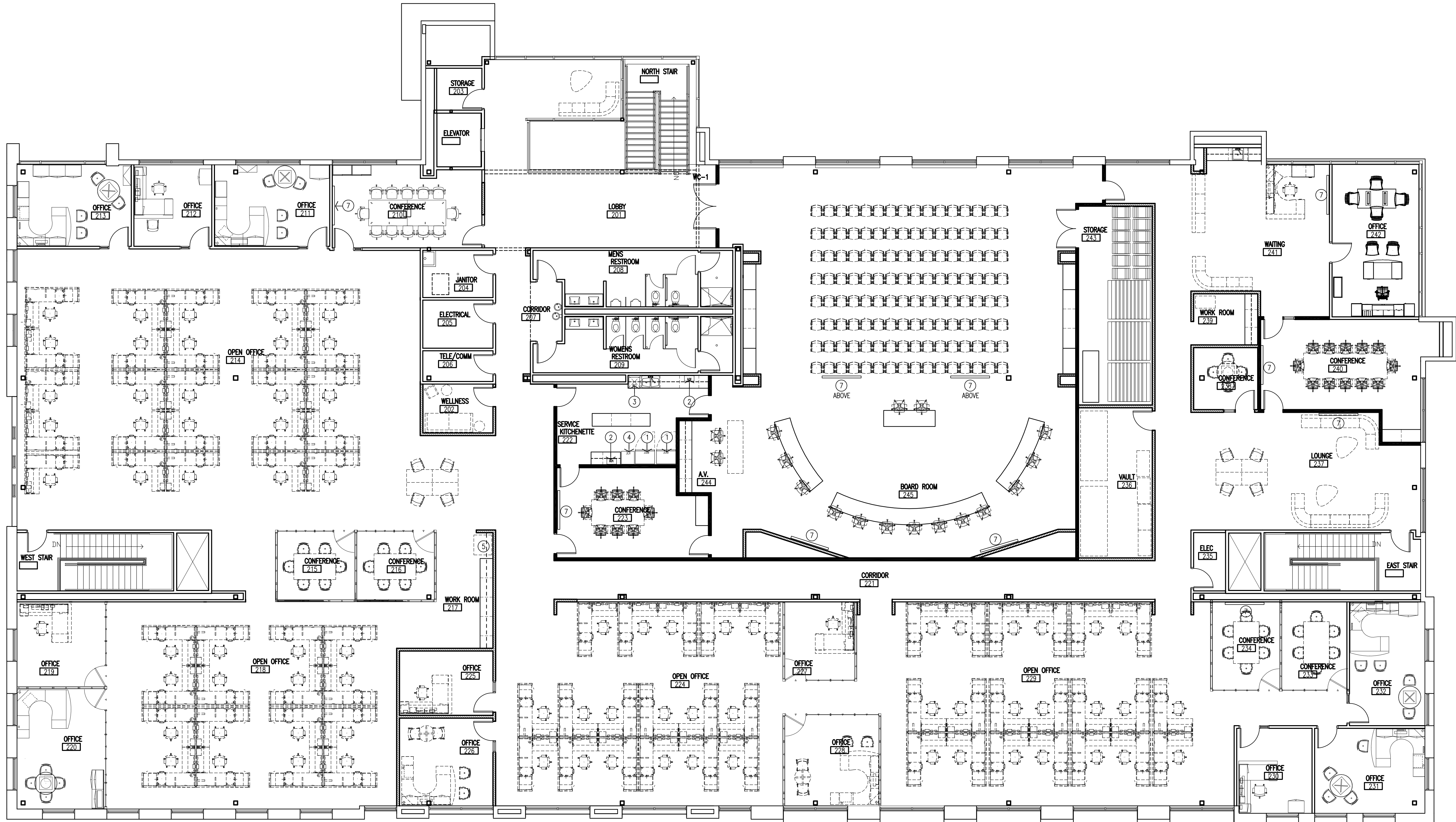
3. RELOCATED DISHWASHER.

4. ICE MAKER BY OWNER.

5. OFFICE EQUIPMENT BY OWNER. COORDINATE POWER & DATA. CONFIRM LOCATION WITH OWNER PRIOR TO INSTALLATION.

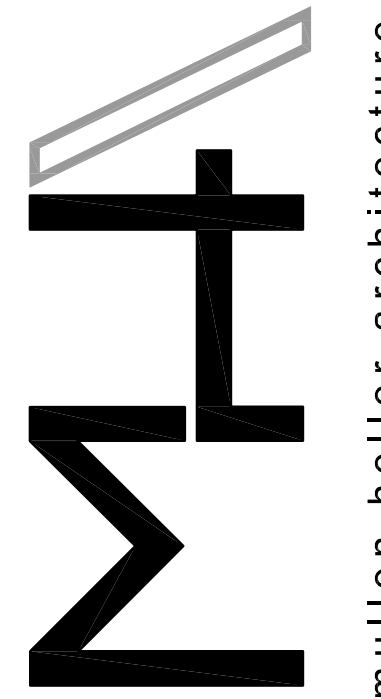
6. EXISTING APPLIANCE TO REMAIN.

7. RELOCATED TV BY OWNER. PROVIDE BLOCKING, POWER, AND DATA.



1 Second Floor Furniture Plan
Scale: 1/8"=1'-0"

REV	DATE	BY	DESCRIPTION
1	10/1/19	LF	ISSUED FOR PERMIT
2	10/1/19	LF	ISSUED FOR BIDDING
3	10/1/19	LF	ISSUED FOR CONSTRUCTION
4	10/1/19	LF	ISSUED FOR CONSTRUCTION
5	10/1/19	LF	ISSUED FOR CONSTRUCTION



PRELIMINARY
NOT FOR
CONSTRUCTION

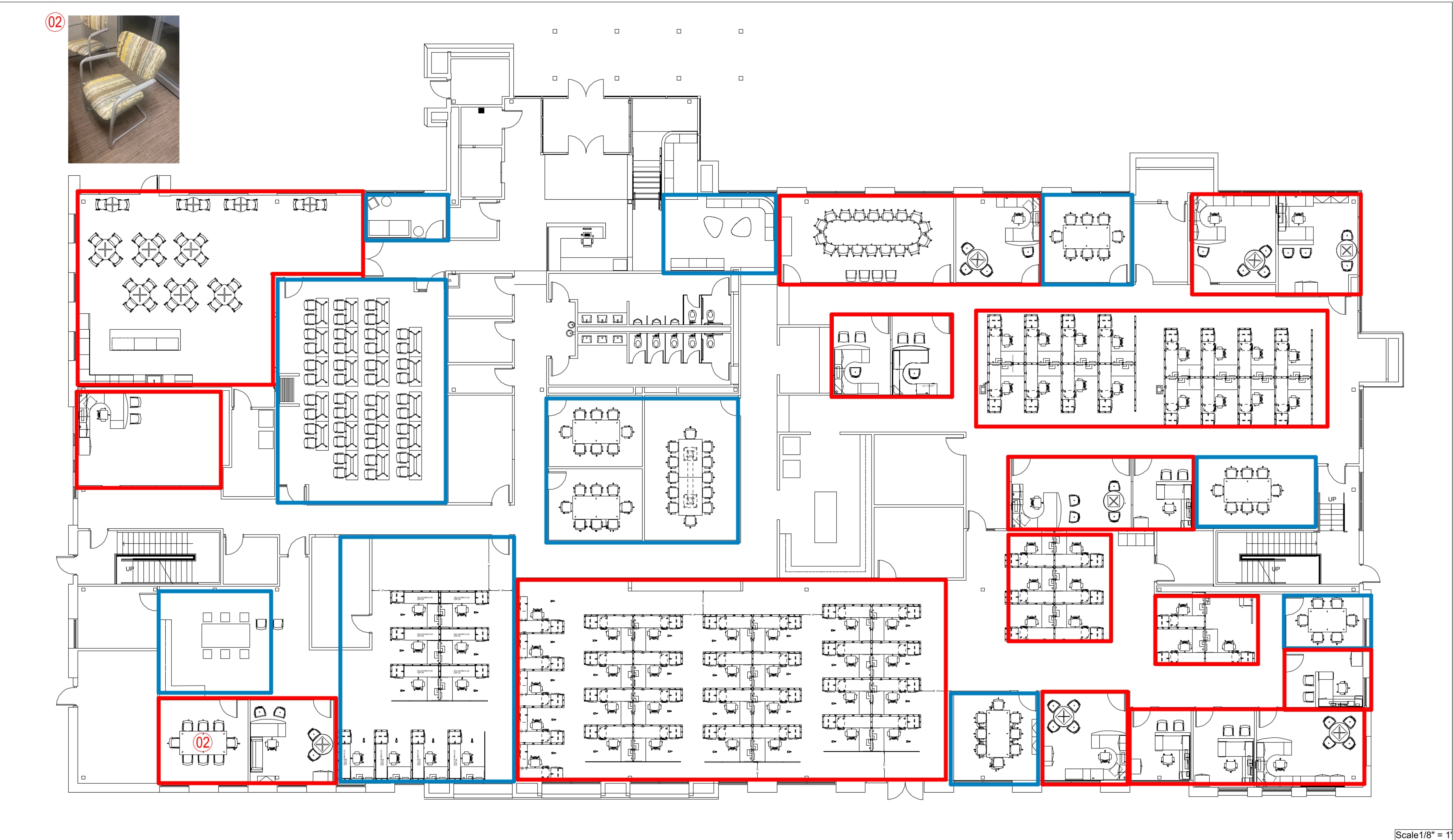
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P | 505.268.4144
F | 505.268.4244
www.mullenheller.com

JOB NUMBER	22-19
DRAWN BY	LF
PROJECT MGR	JDH
DATE	7/20/23
PHASE	BID SET

PROJECT
NM MFA Office Renovation
7425 JEFFERSON ST. NE
ALBUQUERQUE, NM 87109

TITLE
Second Floor Furniture & Equipment Plan

A8526 MFA RECONFIGURE: DESIGN DRAWING FLOOR 1 NEW AND RE-USE



1 FLOOR PLAN

GENERAL NOTES

A. Installation staff are not permitted to make changes to design scope or undertake work beyond that described on this installation drawing without prior approval from project management.

B. Client is responsible for hardwire connections from furniture to building power as noted in key notes.

C. All telecommunication lines to be provided, routed, and terminated by client (as needed).

KEY NOTES

EXISTING TO RE-USE

NEW FURNITURE

KEY NOTES

01. ALL TASK CHAIRS IN OFFICES AND WORKSTATION ASSUMED TO BE EXISTING OR RE-USE

02. CONFERENCE ROOM UTILIZING THE ZODY GUEST RE-USE CHIARS - SEE REFERENCE IMAGE ABOVE

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o. 915.642.6808 | 500 W. Overland, Suite 260, El Paso, TX 79901

DESIGN DRAWING

PROJECT INFORMATION

COMPANY: MFA

SITE ADDRESS: 7425 Jefferson St NE, Albuquerque, NM 87109

CONTACT: -

PROJECT NAME: -

PROJECT #: A8526

SALES: MARIA
DESIGNER: MADISON
DATE: 6-28-2023

REVISIONS

REVISION #	DATE:	INITIALS:
01	-	-
02	-	-
03	-	-
04	-	-
05	-	-

CLIENT APPROVAL

SIGNATURE:

DATE:

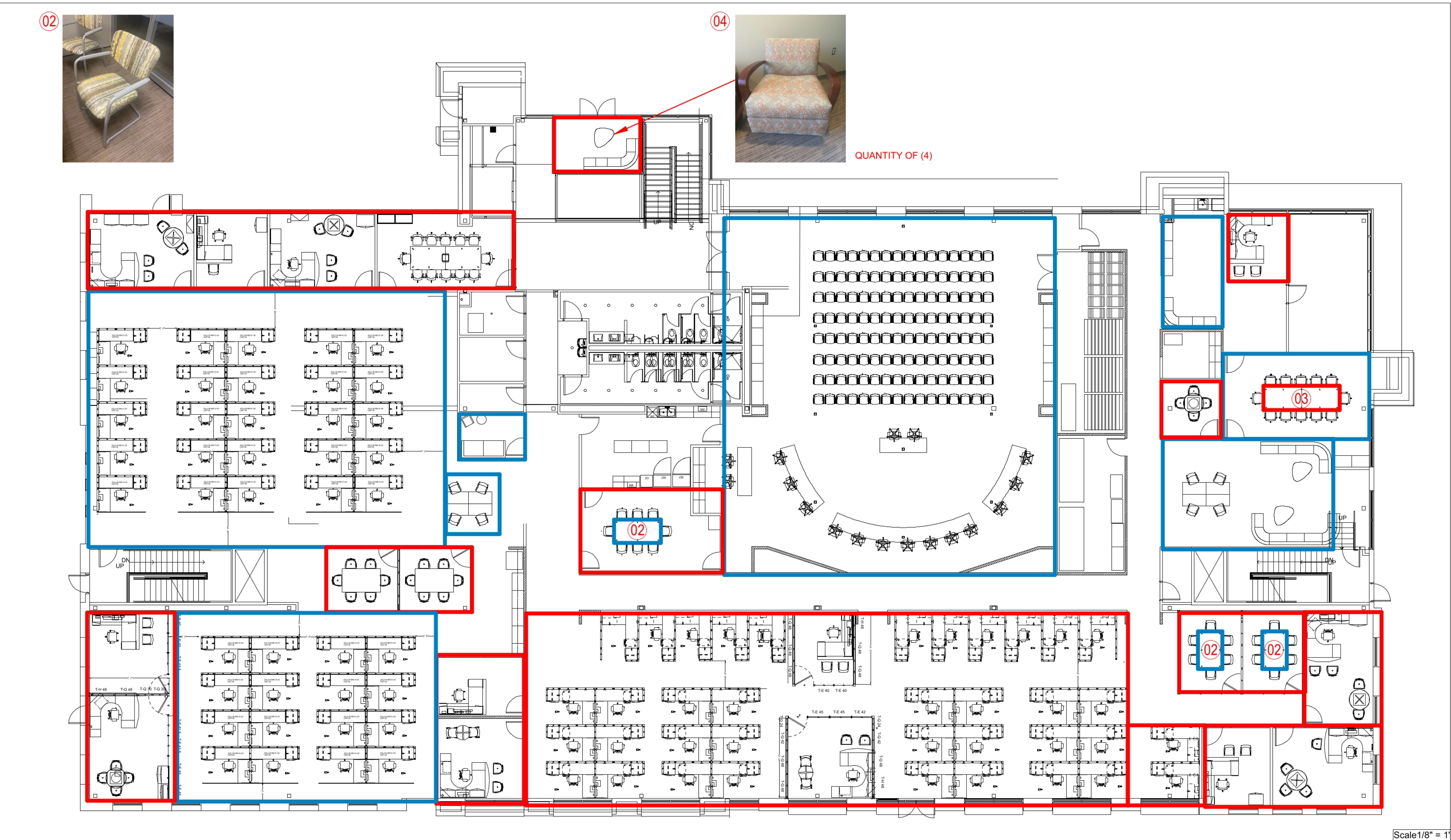
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SHEET NUMBER

1/2

A8526 MFA RECONFIGURE: DESIGN DRAWING FLOOR 2 NEW AND RE-USE



1 FLOOR PLAN

GENERAL NOTES

A. Installation staff are not permitted to make changes to design scope or undertake work beyond that described on this installation drawing without prior approval from project management.

B. Client is responsible for hardwire connections from furniture to building power as noted in key notes.

C. All telecommunication lines to be provided, routed, and terminated by client (as needed).

KEY NOTES

EXISTING TO RE-USE

NEW FURNITURE

KEY NOTES

01. ALL TASK CHAIRS IN OFFICES AND WORKSTATION ASSUMED TO BE EXISTING OR RE-USE

02. CONFERENCE ROOM UTILIZING THE ZODY GUEST RE-USE CHIARS - SEE REFERENCE IMAGE ABOVE

03. CONFERENCE ROOM RE-USING CONFERENCE TABLE

04. (4) EXISTING HBF CHAIRS TO BE RE-USED IN 2ND FLOOR LOUNGE

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REVISIONS

REVISION #	DATE:	INITIALS:
01	-	-
02	-	-
03	-	-
04	-	-
05	-	-

CLIENT APPROVAL

SIGNATURE: _____

DATE: _____

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SHEET NUMBER

2/2



MEMO

TO: MFA Board of Directors

Through: Property Committee, September 13, 2023

FROM: Jeff Payne, Chief Lending Officer

DATE: September 20, 2023

SUBJECT: Construction Services Award Approval for 7425 Jefferson Re-roof

Recommendation:

Staff recommends the Construction Services Award to re-roof the building at 7425 Jefferson be made to J3 Systems, LLC for \$373,777. J3 Systems, LLC was selected by MFA's internal review committee based on highest score per evaluation criteria outlined in the RFP and detailed below.

Background:

The MFA Board approved the Request for Proposal (RFP) for Construction Services to re-roof on July 19, 2023. The RFP was advertised in the Albuquerque Journal and posted on MFA's website.

Discussion:

On May 15, 2023, MFA closed on the purchase of the office building at 7425 Jefferson St. NE, Albuquerque, NM. Renovations are to be made to meet the current and future needs of MFA. Inspections of the building prior to purchase revealed a somewhat unconventional metal roof with many seams and fasteners requiring frequent maintenance and attention. The roofing consultant used by staff to evaluate the building, the architect and staff determined it would be better to replace the roof than to continue with the maintenance of the current roof and potential for failure of the system. The removal, storage, and reinstallation of the existing solar system on the roof will be procured separately and contracted directly with the MFA, and as a result not part of the RFP's scope. Staff proposed through an RFP to award a contract to remove the existing metal roof and install a more conventional roofing option. After approval of the RFP for Construction Services to Re-Roof by MFA's Board of Directors, staff and MFA's architect scheduled a mandatory Pre-bid meeting for interested contractors at the Jefferson building.

Although some contractors expressed interest none attended the pre-bid conference. It was determined that the meeting would be rescheduled, and an updated RFP was posted with communication to the interested parties of the change in schedule. The pre-bid meeting was rescheduled from July 25, 2023, to August 1, 2023. Five companies attended the pre-bid conference, two of which were general contractors who were in attendance with their roofing subcontractors. At the meeting, the architect explained the scope of work, answered questions, and took the potential offerors on a tour of the roof to help provide additional clarity for work requested in the RFP.

The updated RFP timeline gave Offerors the deadline of August 22, 2023, to submit bids directly to MFA.

All three roofing contractors that attended the pre-bid conference provided proposals by the deadline.

Preliminary Budget Expectations:

Mullen Heller Architecture's initial estimate to install a new roof prior to closing on the Jefferson building as \$250,000. The additional labor cost to remove and dispose of the existing metal panels was an unknown variable.

Minimum Qualifications and Requirements:

Only those Offerors who met the following minimum criteria outlined in the RFP were eligible to be evaluated. Any proposal submitted by an Offeror that did not meet these minimum qualifications and requirements would be rejected:

1. An Offeror must, at a minimum, hold a current State of New Mexico general contractor license designation of GB-98 and be licensed to do business in the State of New Mexico.
2. Have the ability to work around the existing tenant and to comply with their security and professional requirements.
3. Offeror shall be willing and able to enter into a standard American Institute of Architects (AIA) contract with MFA (**Exhibit B**). MFA shall be under no obligation to accept any material changes to the standard terms of the AIA contract. Materiality shall be determined in MFA's sole discretion.
4. Offeror shall provide evidence of its ability and willingness to provide MFA certificates of insurance acceptable to MFA prior to the commencement of any Work evidencing compliance with the insurance requirements in the AIA Document A101 Exhibit A, including but not limited to:
 - a. Commercial General Liability;
 - b. Automobile Liability;
 - c. Workers' Compensation;
 - d. Employers' Liability;
 - e. All Risks; and
 - f. Other insurance that may be identified by MFA
5. Offeror shall provide evidence of its ability and willingness to provide surety bonds, from a company or companies lawfully authorized to issue surety bonds in the jurisdiction where the Project is located, as follows:
 - a. Payment Bond in an amount equal to 100% of the contract between MFA and Offeror
 - b. Performance Bond in an amount equal to 100% of the contract between MFA and Offeror

Offerors were also required to meet the following requirements:

6. Offeror shall provide a written statement disclosing: (1) any political contribution or gift valued in excess of \$250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction

between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.

7. Offeror shall provide a written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico, or any agency thereof.
8. Offeror shall provide written certification, on the form attached as Exhibit A (to the RFP), that Offeror has read and shall at all times conduct itself in a manner consistent with MFA's Third-Party Code of Conduct. Upon request by MFA, Offeror shall disclose information MFA may reasonably request relating to conflict or potential conflicts of interest.
9. Offeror shall provide a written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.

Project Description

This project is the re-roof of the existing 2-story, ±44,978 square feet building located at 7425 Jefferson Street NE. The roof is approximately ±23,000 square feet with existing solar panels which need to be removed, stored and re-installed. The Offeror will be required to coordinate new roof penetrations with MFA's General Contractor who will be renovating the interior of the building and with tenant to maintain the Project Schedule.

Evaluation Criteria

The board-approved RFP set out the following criteria to evaluate proposals and gave the flexibility to award the contract for construction services to the offeror whose proposal is most advantageous to MFA. Proposals that met the Minimum Qualifications and Requirements were evaluated. Proposals were scored on a scale of 1 to 150 based on the criteria listed below. A serious deficiency in any one criterion could be grounds for rejection regardless of overall score.

Criteria	Point Range	Maximum Points
1. Evidence of Offeror's Ability to Perform the Work: 1. profiles of the technical competence and experience of: i. Offeror's principal(s); ii. Proposed Project manager and superintendent; and iii. any Subcontractor(s) identified in the response	0-5 0-3 0-2	10
2. Examples of Past Performance in terms of cost control, quality of work, and compliance with performance schedules.	0-30	30
3. Base Bid Proposal not including NMGR.	0-35	35
4. Project Schedule and capability to provide services in a timely manner	0-20	20
5. New Mexico Resident Business: Offeror is licensed to do business in New Mexico and the majority of Offeror's employees who would perform the services to be performed in New Mexico reside in New Mexico.	0-5	5
6. Interviews, if held	0-50	50
Maximum Points		150 with interviews held

Staff proposed and received approval from the MFA Policy Committee to create an internal review committee to evaluate the proposals received. MFA policy requires at least three members for an internal review committee. While policy also allows non-MFA staff to participate on the review committee, only MFA staff committee member scores as listed in **Exhibit A** were used to arrive at the recommendation. The internal review committee consisted of the MFA Chief Lending Officer, the Architectural Services Representative, and the Facilities Coordinator, all of whom are employed by MFA. MFA's Architectural Services Representative is an architect and member of MFA staff. He evaluates plans for proposed multifamily construction and renovation projects and inspects the work to make sure it meets or exceeds MFA's design standards. MFA's Facilities Coordinator manages the care, maintenance and vendors related to MFA's physical facilities.

Doug Heller, MFA's contracted architect, who was involved in providing information to the bidders, attended the scoring meeting and answered internal review committee member questions. Staff each individually reviewed and scored the proposals received prior to the scoring meeting and then came together to share those scores and their own evaluations of the proposals. All three proposals met the Minimum Qualifications and Requirements. The individual scores of the internal review committee members were recorded and averaged. Although there was some variation in the scores awarded by the individual committee members, there was unanimity in the ranking of the proposals.

Proposals Received

MFA received proposals from William Cervantes Enterprises, Inc. ("William Cervantes"), First Mesa Construction, Inc. ("First Mesa"), and J3 Systems, LLC ("J3 Systems").

The following is a summary of the evaluation of each scoring category. **Final scores of all qualified offerors are summarized on attached, Exhibit A**

Ability to Perform the Work

William Cervantes (who also bid on the renovation contract) and First Mesa are general contractors and indicated they would subcontract to a roofing contractor for the project. The third offeror, J3 Systems is a roofing contractor with a general contractor license. They indicated that they would do the work themselves and not use a subcontractor as the company's focus is roofing. Each of the offerors were experienced. Offerors provided information on their principals, and the proposed project manager and superintendent who would work with MFA on the project and shared their level of experience. J3 Systems scored the highest on average with 9.33 points followed closely by First Mesa at 8.33 and Cervantes at 7.67.

William Cervantes: William Cervantes' proposal did provide much background about the company or how long it has been in business. The proposal listed Gerald Cervantes as the superintendent and Mr. Cervantes as the Project Manager, and Alanis Roofing, LLC and Gila Electric Inc. as subcontractors for the job.

J3 Systems: J3 indicated the company had been in business since 1973 with a focus on roofing. As a general contractor, J3 is also able to perform and contract out related project needs. J3 indicated it is an approved applicator of roofing systems. J3 has over 70 employees. Ouida Sanchez was listed as Project Coordinator. He has been with J3 Systems for 11 years. Eduardo Ramirez-Botello is listed as Project Manager with 12 years in the industry and 9 years at J3 Systems. J3 estimates that this project would account for approximately 11%- 17% of the company's workload during the work period.

First Mesa: While First Mesa did not specifically say how long they have been in business, the proposal indicated their roofing engineer had worked with the Company for 23 years. First Mesa has collaborated with DKG & Associates to complete 75 or more roofs.

Examples of Past Performance

While all the offerors presented evidence of their capabilities as contractors, J3 Systems was seen as superior in their examples of past performance provided. All offerors indicated their projects were on time and on budget and customers were happy with their work. First Mesa and J3 Systems had examples of projects that were recent. All offerors showed they do very similar work to that specified in the RFP. As a result, J3 Systems received 27.33 points in this category while First Mesa Construction received 16.67 and Cervantes earned 16.67.

William Cervantes: The William Cervantes proposal listed 5 examples of past performance. These projects (completed by the subcontractor) were not recent and were as old as 2012, with the most recent completed in 2020. No recent examples were provided. They ranged in size from 6,600 sq ft to 27,000 sq ft. and used the roofing system specified in MFA's RFP.

J3 Systems: Listed 6 projects. J3's proposal provided the name or address of the project, date, size of roof, roofing product used and a contact name. The projects presented were all very relevant and used a roofing system specified in MFA's RFP. These projects are as recent as 2023 and no older than 2020 and were similar sizes. Four of the examples given were as large or larger than the current RFP request. They also provided a list of 22 clients comprising cities, counties, a shopping mall, and school districts.

First Mesa Construction: First Mesa's proposal listed six brief examples of projects although two were the replacement of a couple of large skylights. The proposal did not mention the type of roofing systems that were installed on these buildings. The projects presented by First Mesa were on occupied buildings and highlighted First Mesa's (and subcontractor's) ability to work around the needs of the occupants. Some of those buildings housed critical services that could not be interrupted.

Base Bid Proposal

J3 Systems received the highest score of 30.00, First Mesa Construction scored 25.00, and William Cervantes 23.33.

William Cervantes: \$712,500

J3 Systems: \$373,777

First Mesa Construction: \$724,500

Project Schedule

J3 Systems presented a timeline that fit the expected time to complete the project provided by MFA's contracted architect. While William Cervantes' proposal mentioned an earlier completion time, the proposal lacked detail. J3 Systems timeline projected completion a few weeks later but but provided out a detailed path and schedule to meet that timeline. First Mesa's proposal indicated the amount of sq ft they could complete per work week but did not give any additional details. The review team had to calculate project completion timeframes based on pace of work and roof square footage. J3 Systems earned full points with First Mesa receiving 17.67 points and William Cervantes earning 14.33 of the 20 points available.

William Cervantes: No mention of a project schedule was made in the proposal aside from indicating that they would start upon materials becoming available.

J3 Systems: A very specific timeline was presented in the proposal from J3 Systems. J3 projected that the project could be completed by January 5, 2024, and solar panels re-installed by February 2, 2024.

First Mesa Construction: A pace of 3,500 square feet of roof per 40-hour work week was given in the First Mesa proposal. Trying to interpret that information, a 23,000 square foot roof would take over 6.5 weeks. It is not clear to the internal review committee whether this would include the time to remove the existing roof. First Mesa's proposal included copies of the specifications given in conjunction with the pre-bid conference with comments in red font interspersed throughout the document. This format made it much more difficult for the internal review committee to review the proposal. The committee was unsure of the actual timeframe proposed for the project.

New Mexico License and Employees

All offerors received all five points available.

William Cervantes: New Mexico licensed and New Mexico employees.

J3 Systems: New Mexico licensed and New Mexico employees.

First Mesa Construction: New Mexico licensed and New Mexico employees.

Results

After all scoring was determined and averaged, J3 Systems was the top choice with 91.67 points out of 100 possible and First Mesa as a runner up with 72.67 points followed by William Cervantes scoring 67.00 points.¹ Because J3 Systems scored significantly higher than the other offerors, interviews were not deemed as necessary.

Staff reached out to three references for J3 Systems, two school districts and one city government. All had very strong recommendations. Between the three references they had about 30 projects with J3 Systems. J3 was recommended as very professional and provided good and prompt customer service. Customers indicated J3 is good at keeping a schedule and change orders are very uncommon.

Summary:

The Board approved the Construction Services Request for Proposals to Re-Roof the building at 7425 Jefferson St. NE on July 19, 2023. MFA received three responses. All offerors met the Minimum Qualifications and Requirements and were scored. Staff recommends the Construction Services Award to Re-Roof 7425 Jefferson be made to J3 Systems, LLC.

¹ Scorers included MFA's Architectural Services Representative and Facilities Coordinator. MFA's Executive Director recused himself from scoring as he is acquainted with the owners of offeror J3 Systems, LLC.

Exhibit A
Average Scores

Scoring Criteria	Point Range	Maximum Points	Cervantes Average	J3 Systems Average	First Mesa Construction Average
Ability to Perform the Work Profiles of technical competence and experience		10	7.67	9.33	8.33
Offeror's principal(s)	0-5				
Proposed Project manager and superintendent	0-3				
Any subcontractor(s) identified in response	0-2				
Examples of Past Performance: Cost control, quality of work, compliance with performance schedule	0-30	30	16.67	27.33	16.67
Base Bid Proposal not including NMGRT	0-35	35	23.33	30.00	25.00
Project Schedule: Capability to Provide Services in Timely Manner	0-20	20	14.33	20.00	17.67
Offeror is licensed to do business in New Mexico and the majority of Offeror's employees who would perform the services to be performed in New Mexico reside in New Mexico	0-5	5	5.00	5.00	5.00
Interviews (if held)	0-50	NA	NA	NA	NA
Total	100-150	100	67.00	91.67	72.67



NEW MEXICO MORTGAGE FINANCE AUTHORITY

Finance/Operations Committee Meeting

Tuesday September 12, 2023 at 1:30 p.m.

Webex - call-in information is 1-408-418-9388 (access code): 2483 035 4429

Agenda Item	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
Agenda		
1 Fiscal Year 2023/2024 Bond Resolution (Alex Lundy and Yvonne Segovia)	3-0	YES
2 Increase and Extend Revolving Line of Credit with New Mexico Small Business Investment Corporation (Sharlynn Rosales and George Maestas)	3-0	YES
3 Approval of changes to the Primero Loan Program for Single Family Development (Sharlynn Rosales and George Maestas)	3-0	YES
4 NMHTF Loan Awards Notice of Funding Availability (NOFA) Revisions (Tim Martinez & George Maestas)	3-0	YES
5 Production Statistics (Yvonne Segovia, Jeff Payne, Donna Maestas-De Vries)	3-0	YES
6 FY 2023-2024 General Fund Budget (Joe McIntyre & Yvonne Segovia)	3-0	YES
7 Housing Opportunity Fund Appropriations (Joe McIntyre & Yvonne Segovia)	3-0	YES
8 FY 2023-2024 NM Affordable Housing Charitable Trust Budget (Joe McIntyre & Yvonne Segovia)	3-0	YES
9 Second Amended Resolution to Sell and Acquire Real Estates (Izzy Hernandez and Eleanor Werenko)	3-0	YES
10 MFA Policies and Procedures Manual Revisions - Code of Conduct (Eleanor Werenko)	3-0	YES
11 Authorized Signature Resolution (Joseph McIntyre)	3-0	YES
<i>CONSENT</i>		
Information items		
12 July 2023 Wire Transfers	✓	NO
13 July 2023 Check Register	✓	NO

Committee Members present:

Derek Valdo, Chair

☐ present

☐ absent

☒ conference call



State Treasurer Laura M. Montoya/

JR Rael

Lt. Governor Howie Morales or

Proxy Martina C'de Baca

☐ present

☐ absent

☒ conference call

☐ present

☐ absent

☒ conference call

A handwritten signature in black ink, appearing to read 'D. Hernandez', written in a cursive style.



MEMO

TO: MFA Board of Directors – September 20, 2023
 Through: Finance Committee – September 12, 2023
 Through: Policy Committee – September 5, 2023

FROM: Sharlynn Rosales, Research and Development Manager and George Maestas, Housing Development Director

DATE: September 20, 2023

SUBJECT: Increase and Extend Revolving Line of Credit with New Mexico Small Business Investment Corporation

Recommendation:

Staff recommends approval of resolution to amend the Revolving Line of Credit agreement to extend the loan term for 5 years and increase the loan amount to \$3.5 million.

Background:

March 20, 2013 – MFA’s Board of Directors approved and authorized MFA’s submission of an application to the Small Business Investment Corporation (“SBIC”) for a revolving line of credit to be used to provide additional resources for MFA’s Primero Loan Fund Program. The revolving line of credit was for \$1.5 million with a 5-year term, at a 2% interest rate.

January 15, 2018, MFA’s Board of Directors approved and authorized MFA’s resolution to extend the term of the loan agreement for an additional 5 years.

February 20, 2019 - MFA’s Board of Directors approved and authorized MFA’s resolution to increase the revolving line of credit with SBIC to \$2.5 million.

Discussion:

The revolving line of credit term will end on November 30, 2023. To maintain productivity, requests approval to increase the loan amount to \$3.5 million and extend the term for an additional 5 years. MFA staff attended and received approval of these requests on August 18, 2023, with unanimous approval from the SBIC Board. The SBIC Board determined that the agency will require a resolution of MFA’s Board documenting the Board’s approval of the loan amendments. To satisfy the request from SBIC, the resolution this memo accompanies was prepared for the MFA Board of Directors’ approval.

Summary:

Staff recommends the approval of the resolution to amend the revolving line of credit agreement with SBIC which will be used as an additional resource for the Primero Loan Fund Program.

RESOLUTION

OF NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA) AUTHORIZING MFA TO MODIFY AND EXTEND THEIR BORROWING RELATIONSHIP WITH THE SMALL BUSINESS INVESTMENT CORPORATION AND TO TAKE ALL ACTIONS NECESSARY TO EXECUTE AMENDMENTS TO THE LOAN AGREEMENT AND RELATED DOCUMENTS OF THE \$1,500,000 REVOLVING LINE OF CREDIT TO SUPPORT THE PRIMERO INVESTMENT FUND LOAN PROGRAM.

WHEREAS the legislated responsibility of the MFA is to help provide decent, affordable housing to all New Mexicans; and

WHEREAS MFA is specifically authorized pursuant to Chapter 58, Article 18, Section 58-18-5 NMSA 1978, subsections (N) and (U), to borrow money and to contract for loans of funds from any source; and

WHEREAS the MFA Board of Directors, in a regular meeting of the MFA held on March 20, 2013, authorized MFA to apply to and negotiate with the Small Business Investment Corporation, d/b/a New Mexico Small Business Investment Corporation (SBIC), for a loan to further MFA's performance of its statutorily-mandated mission; and

WHEREAS the authorization provided by the MFA Board of Directors on March 20, 2013, permitted MFA management staff, pursuant to MFA's policy for Delegations of Authority, to negotiate with SBIC to borrow funds in the principal amount of \$1,500,000, and to execute all documents necessary to effectuate the borrowing agreement with SBIC; and

WHEREAS the MFA Board of Directors, in a regular meeting of the MFA held on April 16, 2014, accepted the agreement entered into between MFA and SBIC, creating a borrowing relationship for the principal amount of \$1,500,000, in accordance with the terms and conditions set out in the Loan Agreement and Related Documents (as such term is defined in the Loan Agreement) dated effective December 1, 2013; and

WHEREAS the MFA Board of Directors, in a regular meeting of the MFA held on December 20, 2017, authorized MFA to amend the Loan Agreement and the Related Documents to extend the term of the loan for an additional five (5) years to permit the full expenditure of the funds; and

WHEREAS, MFA entered into an Amended and Restated Promissory Note with SBIC dated effective January 15, 2018 with a maturity date of January 14, 2023; and

WHEREAS the MFA Board of Directors, in a regular meeting of the MFA held on February 20, 2019, authorized MFA to amend the Loan Agreement to increase the principal amount to \$2,500,000; and

WHEREAS, MFA entered into an Second Amended and Restated Promissory Note with SBIC dated effective March 1, 2019 under which the revolving line of credit was increased to \$2,500,000; and

WHEREAS MFA has determined that it will be necessary to amend the Loan Agreement and the Related Documents to extend the term of the loan for an additional five (5) years, to permit the full expenditure of the funds provided thereunder; and

WHEREAS MFA has determined that an increase in the revolving line of credit under the SBIC Loan Agreement, from \$2,500,000 to \$3,500,000 would allow MFA to further fulfill its commitment to perform its statutory-mandated mission; therefore

IT IS RESOLVED:

The MFA Board authorizes extension of the SBIC loan term for an additional five (5) years with a maturity date on or about November 30, 2028, and an increase in the revolving line of credit from \$2,500,000 to \$3,500,000.

The MFA Board authorizes MFA's Chief Executive Officer/Executive Director and Chief Lending Officer each, individually, to execute and deliver such documents and instruments as may be required to implement the foregoing resolution, including, without limitation, an amended Loan Agreement and amended Related Documents, as is provided for pursuant to MFA's policy for Delegations of Authority.

MFA's Chief Executive Officer/Executive Director and Chief Lending Officer are each individually, authorized and directed to sign any and all certifications of the adoption of the foregoing resolutions required under the Loan Agreement.

After discussion, the foregoing resolution was duly moved by _____, and seconded by _____; adopted by the following vote:

Aye

Nay

Absent

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS
20th DAY OF September 2023.

Chairman

(SEAL)

ATTEST:

Secretary



MEMO

TO: MFA Board of Directors – September 20, 2023
 Through: Finance Committee – September 12, 2023
 Through: Policy Committee – August 1, 2023

FROM: Sharlynn Rosales, Research and Development Manager and George Maestas, Housing Development Director

DATE: September 20, 2023

SUBJECT: Approval of changes to the Primero Loan Program Policy for Single Family Development

Recommendation:

Staff recommends updates to the Primero Loan Program including general language clarifications, loan amount limits and terms, applicant requirements, and revision of the existing Initiatives section.

Background:

The Primero Loan Program (“Primero”) provides funding for high-risk loans throughout New Mexico, including Tribal Trust Lands and Colonias. Communities and localities can use the fund for a range of activities including new construction, rehabilitation, pre-development, and revolving loan for rental and homeownership construction. Primero was originally approved by the Board in December of 2004.

Discussion:

MFA staff are proposing non-substantive changes related to single family development and a general update of the program. In sequential order, staff is recommending the following notable language revisions to the Primero Loan Program Policy:

Purpose B(i) - Removal of referenced programs such as BUILD IT Loan Guaranty, Supportive Housing and Shelter Plus Care Program, and Rural Housing and Economic Development Grants. Added programs including New Mexico Housing Trust Fund and National Housing Trust Fund.

Purpose D - Adding modular and workforce housing as types of housing that may be assisted through Primero Loan Program. Also adding Line of Credit as type of loan that can be obtained with Primero Loan Program.

Administration – Removal of Home Ownership and Contract Administration as those departments will not be involved in the review, awarding, and disbursement of funds for project loans.

Investors F – Removal of North American Development Bank and National Coop Bank as potential partner investors and lenders.

Investors G – Adding Nonprofits as potential partner investor and lender.

Project Characteristics A(iii)(2) – Removal of 115% area median income and replace with “either very low, low, or moderate incomes (adjusted for household size) as defined by the most recently amended MFA Rules and Regulations.” This will broaden our use of the funds as they 115% area median income will limit parts of New Mexico.

Project Characteristics A(iii)(4)- Added minimum of years for land use restrictions for both rental and owner-occupied projects to 5 years.

Project Characteristics A(iii)(5)- Added language that predevelopment project require collateral.

Project Characteristics A(v)- Added language for loan terms that includes 2 years for construction and infrastructure and 5 years for line-of-credit for both rental and homeownership construction.

Project Review and Approval Process B – Removed Homeownership Department as reviewer for applications. Added the MFA Design Standards as threshold criteria for proposed projects.

Project Review and Approval Process C – Removed ten percent policy that limited funding for projects with a single principal to only ten percent of the Housing Opportunity Fund at any given time. This policy limited the program’s ability to assist projects with a large financing need.

Selection Preference – Changed section heading from Initiatives to Selection Preference to better clarify that the program funds prefer and will prioritize specific types of lenders and project activities as defined in the section. This section will be condensed by removing all tables and duplicate language. All sections will be combined into one paragraph followed by definitions. The Objectives for each Selection Preference will also be removed because these projections are not obtainable due to limited program funding, limited number of applications received, and the unpredictable economic state of the construction industry.

Summary:

MFA staff recommends revisions to the Primero Loan Program Policy. This revision will be the first since its approval by the Board in 2004. The revisions pertaining to the single-family development will coincide with our existing Housing Development loan programs

to better meet the needs of our communities. Other revisions are necessary to remove out-of-date information and clarify the use of the program.

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REVISED MFA PRIMERO LOAN PROGRAM

Program Policy

As approved 12/15/04 MFA Board of Directors
And Confirmed with Name Change on 10/23/02

- I. Purpose** The overall purpose of the MFA Primero Loan Program is to create a funding source that meets the financial needs of affordable housing initiatives that cannot be accommodated by existing sources of financing. It will develop sources and mechanisms that address ~~multiple~~ multiple barriers to the creation and financing of affordable housing, including but not limited to secondary market limitations with respect to credit and collateral, high subsidy needs associated with housing for very low, low, and moderate income, and workforce housing, and special needs tenants, inability to fund infrastructure and other development related prerequisites through conventional housing programs, and inefficient or otherwise inadequate delivery systems for underserved markets.

The Primero Loan Program's characteristics will include the following:

- A. The Primero Loan Program will include ~~multiple Initiatives specific~~ Selection Preferences to defined needs. ~~Initially tProjects thatthese Initiatives will include Native American Housing, Colonias Housing, Housing Rehabilitation, and Manufactured Housing Assistance are preferred . Each such initiative preference will be is described below, and and Initiatives others may be added or deleted at any time. Although the Initiatives Selection Preferences are intended to direct concentrated efforts to particularly severe conditions, other projects not included in these Initiative s arewill also be welcomed.~~
- B. Projects may be submitted with or without other financing commitments, though other sources are encouraged. Applicants must demonstrate prior efforts t obtain other sources. The Primero Lon Program will employ every possible financing source available within MFA's managed resources, and will then attempt to finance any remaining financing gap with Primero Loan Program funds. The Primero Loan Program may also provide the ability to meet program needs through a "Line of Credit" (LOC). Applicants must demonstrate prior efforts to obtain other sources. The Primero Loan Program will employ every possible financing source available in New Mexico, within MFA's managed resources, and will then attempt to finance any remaining financing gap with Primero Loan Program funds. Those other sources might include:
- i. All sources currently available to MFA, including Low Income Housing Tax Credits, HOME Investment Partnerships Program (rental and single-family development), New Mexico Housing Trust Fund, National Housing Trust Fund, the BUILD IT Loan Guaranty,

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Weatherization Assistance, Low Income Housing Energy Assistance Program, Emergency Solutions Grant, Housing Opportunities for Persons With Aids, Supportive Housing, and Shelter Plus Care Programs, Rural Housing and Economic Development Grants and taxable and tax exempt bonds;

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ii. Other state and federal government sources, including the programs of USDA/Rural Development, Community Development Block Grant, New Mexico Housing Trust Fund and any other applicable federal and state and state grants and loans, state appropriations, local commitments, etc.; and

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iii. All available private sources, such as private philanthropies, corporate commitments, and faith based organizations.

~~iii. All available private sources, such as private philanthropies, corporate commitments, and faith based organizations.~~

C. The Primero Loan Program will also undertake an affirmative commitment to identify and obtain access to all other sources that might become available in the future.

D. The Primero Loan Program will provide assistance to all types of affordable housing, regardless of location, construction style, or tenure. ~~It will also provide for new construction, conversion from non-residential uses, acquisition, and rehabilitation of existing units~~ ss including and modular or manufactured housing, workforce housing and for rental, owner occupancy or special needs purposes. The Primero Loan Program may also provide the ability to meet housing program needs through a "Line of Credit" (LOC).

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E. The Primero Loan Program may award funds to other public or private agencies to administer and/or originate loans for approved purposes, ~~or it may provide assistance and/or lend funds directly to the end user.~~

F. The Primero Loan Program will assist projects at any or all stages of development, including predevelopment, interim (acquisition and construction) and permanent loan stages.

G. The financing mechanisms to be employed might include loans at or below market rate, Line of Credit (LOC) loan guaranties and mortgage insurance, grants, and other financial mechanisms.

~~H. The Consortium will undertake as a part of its work the development of improved delivery mechanisms, or entirely new delivery systems, wherever that is needed to produce adequate affordable housing.~~

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I.H. The Primero Loan Program will assist in financing of any related services or improvements such as infrastructure that are prerequisite to the development of affordable housing.

J.I. The Primero Loan Program will attempt to provide assistance with a fair geographic distribution throughout the state.

II. Administration The Primero Loan Program will be administered by MFA, enabling it to draw fully upon the staff and other resources already available. ~~Various activities will draw upon the Housing Development department, (single family and multifamily), Home Ownership, Contract Administration, Accounting department, and Servicing departments,~~ as well as the Management Team.

III. Investors Primero Loan Program activity will be designed to attract outside investors/lenders. These might include the following:

- A. Private companies with a vested interest in the local markets this ~~programeffort~~ is designed to serve;
- B. Institutions of Higher Education (New Mexico State University, University of New Mexico, etc.);
- C. Private Foundations (National and New Mexico Based);
- D. New Mexico ~~Mortgage~~ Mortgage Finance Authority (Primero Loan Program loans could eventually fund both housing infrastructure and housing) and any other appropriate state agencies;
- E. Financial Institutions (mortgage lenders throughout the state);
- F. ~~G~~Government ~~Sponsored~~ Enterprises (Fannie Mae, Freddie Mac, and Ginnie Mae, Federal Home Loan Banks, ~~North American Development Bank, National Coop Bank~~); and
- G. Nonprofits and Faith-Based Organizations.

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IV. Investment Committee When and if outside investors materialize, the Chairman of the Board of MFA may appoint a Primero Loan Program Investment Committee, comprised of Board Members and representatives of key investor organizations. ~~This committee will review certain Primero Loan Program decisions and loan proposals.~~

V. Investment Characteristics

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- A. Investments will be structured to minimize risk to any single investor, through mechanisms such as shared participation in all loans. -However, investments will entail below market rates or return, other term concessions vis-à-vis market standards, and/or credit risk.
- B. Although returns on individual project financings will vary, an investment in the pool will achieve a predetermined overall return annually, within a range established by the Investment Committee.
- C. Investment timing and amounts may be tailored to the individual investors' needs, although commitments will be documented to ensure that predictable amounts of funds will be available for projects approved.
- D. MFA will commit to an initial \$3.9 million investment; and will attempt to raise additional funds from other investors.
- E. All investors will be acknowledged in funding source literature, public forums related to the Primero Loan Program or in which the Primero Loan Program is discussed, and MFA publications.

VI. Project Characteristics

- A. Projects must meet the following minimum requirements:
 - i. Location within the State of New Mexico;
 - ii. Commitments of some other source(s) of financing or, at a minimum, clear evidence of efforts to obtain other sources for each project, to maximize leverage of funds.
 - iii. Initiatives may vary in level of affordability. -However, the following minimum affordable housing restrictions will apply:
 - 1. For rental housing;
 - a. ~~at least~~ 40% of the units must be set aside for households earning no more than 60% of area median income, or ~~at least~~
 - ~~1.b.~~ 20% must be set aside for households earning no more than 50% of median income.
 - 2. For owner occupied projects, all units must be set aside for households earning either very low, low, or moderate incomes (adjusted for household size) as defined by the most recently amended MFA Rules and Regulations; and
 - ~~2. no more than 115120% of area median income.~~
 - 3.

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~~3. Housing costs must not exceed 30% of the relevant income limits as derived above for rental housing, and 40% for owner-occupied housing.~~

~~4. Regardless of the financing mechanism (e.g., loan or grant), use restrictions will be documented and recorded at a minimum of 5 years.~~

~~4. Collateral documentation will be required on preconstruction projects.~~

iv. Projects of any number of units may be assisted, although availability of funds and efforts to achieve a fair geographic distribution of resources will limit the amount committed to a given project of up to \$1,000,000.

v. Loan terms may not exceed 2 years for construction loans, 5 years for pre-development loans, ~~—~~ and 30 years for single-family homeownership or special purpose loans. Loan terms for Line-of-Credit may not exceed 5 years for single-family home construction and home rehabilitation.

vi. Project sponsors may include nonprofit organizations, for-profit corporations, units of local or tribal government, partnerships, or limited liability corporations.

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VII. Start Up Initiative Summaries

The Primero Loan Program will fund a variety of Initiatives that will be defined to serve specific kinds of unmet needs. ~~Summaries of new Initiatives will be approved by the Board and made a part of the Program Policy from time to time, and existing Initiatives may also be deleted. Although the Initiatives are intended to direct concentrated efforts to particularly severe conditions, they are not intended to exclude other proposals.~~

VIII. Project Review and Approval Process

- A. MFA will receive funding requests on application forms provided, at any time except when a special initiative competition has been offered.
- B. ~~The Housing Designated~~ Development Department ~~s, Home Ownership Department or other MFA Staff~~ will review threshold criteria for the proposed project, including completeness of application, meeting MFA Design Standards, sponsor eligibility, project eligibility, ~~set-~~asides, etc. Assigned staff will then review the request more fully in order to:

- i. Determine appropriate sources and mechanisms; and
- ii. Underwrite project to ascertain subsidy amounts needed and establish financial viability of project.

When pre-established programs are used, the proposed project will be reviewed against any program specific requirements imposed by MFA or the original funding source, and underwriting will be done with reference to any predetermined underwriting criteria.

~~C. Underwriting standards will be adapted to the needs of the project. However, investments in the projects of a single principal will not exceed ten percent of the Housing Opportunity Fund at any given time.~~

~~C. D. Depending on the amount(s) of the commitment(s) required, Staff will obtain approval for the proposed project based on the Delegations of Authority. present the proposed project to the appropriate committees and to the Board for Approval. Processing and approval decisions will be based on MFA's authorizations in effect at the time.~~

- E. Assigned Staff will close direct assistance, prepare contracts, or confirm the commitment of other subsidies with complete documentation, as required of counsel to the Primero Loan Program.
- F. MFA underwriting will allow for administrative fees to MFA, in the form of a spread for origination and underwriting, and for standard servicing fees.

IX. Long Term Compliance and Asset Management

- A. On closing, the staff assigned to process the proposed project will transfer files to Servicing, Accounting, Contract Administration and/or Asset Management as appropriate needed.
- B. Accordingly, the MFA Servicing department will proceed with loan servicing.
- C. Asset Management will ~~also~~ monitor each project for long term compliance with the use restrictions.

X. Investment Reporting MFA will provide required reports to the Investors/lenders, detailing investment commitments made, loans and subsidy commitments in processing and closed, and returns on investments.

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The Primero Loan Program has identified four Selection Preferences that will be given priority for funding consideration due to unique barriers related to their housing types and geographic areas. Each initiative will 1) Improve the quality of housing through new construction, rehabilitation, or reconstruction, 2) Increase production of affordable housing, including owner occupied, rental, workforce, and special needs facilities, and 3) Encourage consideration for modular or manufactured housing through financing for infrastructure and financing to eligible borrowers. The Selection Preferences have been identified due to the barriers they face such as isolated sites, absence of infrastructure and infrastructure financing, unfamiliar legal jurisdiction, sovereignty issues, cultural/language difference, title issues, limited and/or non-existent credit histories, and lack of consumer awareness and education.

Definitions:

Tribal Lands – Sites held in trust and sites owned by Federally recognized tribes and pueblos in New Mexico.

Colonias - A By federal definition, Colonias are economically distressed areas located within 150 miles of the U.S./Mexican border. These Colonias are composed of low- or very low-income individuals and families. Colonias usually lack decent, safe, and sanitary housing as well as basic services, such as potable water, adequate streets, utilities, sewer and wastewater services and adequate drainage. Most Colonias are far from urban areas and are largely Hispanic in population. Most homes in Colonias are built gradually, with residents living in tents or other makeshift structures of plywood or cardboard until a section is complete. As a family's financial situation improves and additional building materials can be purchased, they move into a finished portion of the house and begin construction of the next section. These temporary additions place the family in danger as they rarely meet local building code requirements and are often not structurally sound.

Rehabilitation - The home must be to bring it up to a safe and livable condition. Minimum building standards will be set appropriate to local and other relevant codes prior to start up.

Manufacture - The home must 1) be attached to a permanent foundation; 2) meet safety standards and local building codes; and 3) be placed on land acquired through a fee simple or leasehold interest of at least 10 years beyond the term of the permanent loan.

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NATIVE AMERICAN HOUSING INITIATIVE SUMMARY

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Purpose	To increase production of affordable housing, including owner-occupied, rental and special needs facilities, on New Mexico's tribal lands.
Definitions	Tribal lands: sites held in trust and sites owned by tribes off reservation.
Objective	Produce 86 units in 5 years.
Issues to Resolve/ Barriers to Overcome	Barriers include isolated sites, absence of infrastructure and infrastructure financing, trust status of the land, unfamiliar legal jurisdictions, sovereignty issues, and cultural differences.
Proposed Delivery System	Tribal governments and Tribal Housing Agencies, Conventional Lenders, USDA/RD, FNMA, and Enterprise Foundation.
Financing Mechanisms and Sources	Housing Tax Credit, HOME/Rental and SFD, BUILD IT Loan Guaranty, predevelopment loans, manufactured housing, and other non-conventional building technologies.
Affordability/Use Restriction	Basic Primero Loan Program requirements.

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COLONIAS HOUSING INITIATIVE SUMMARY

Purpose	To 1) improve the quality of housing in the coloniasColonias by rehabilitating or reconstructing existing homes and 2) convert contracts for deed into traditional mortgages with a proper transfer of title.
Definitions	Colonia: A By federal definition, Colonias are economically distressed areas located within 150 miles of the U.S./Mexican border. These Colonias are composed of low or very low income individuals and families. Colonias usually lack decent, safe, and sanitary housing as well as basic services, such as potable water, adequate streets, utilities, sewer and wastewater services and adequate drainage. Most Colonias are far from urban areas and are largely Hispanic in population. Most homes in Colonias are built gradually, with residents living in tents or other makeshift structures of plywood or cardboard until a section is complete. As a family's financial situation improves and additional building materials can be purchased, they move into a finished portion of the house and begin construction of the next section. These temporary additions place the family in danger as they rarely meet local building code requirements and are often not structurally sound.
Objective	Contract for deed conversions, rehabilitation and/or reconstruction of 115 homes in 5 years.
Barriers to Overcome	Barriers include title issues, lack of infrastructure, cultural/language differences, limited or even non-existent credit histories, and difficulty in saving enough money for a down payment on a traditional mortgage.
Proposed Delivery System	Colonias Outreach Agencies (CDC, Tejas, Tesana), Non-Profit agencies for rehab and reconstruction (TDS, CAA, DACHA, etc.), Conventional Lenders, USDA/RD, FNMA, and Enterprise Foundation.
Financing Mechanisms	RHED, HOME (Rehab and SFD), BUILD-IT Loan Guaranty, predevelopment loans, manufactured housing, and other non-conventional building technologies.
Affordability/Use Restriction	Basic Primero Loan Program requirements.

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REHABILITATION INITIATIVE SUMMARY

Purpose	To improve the quality of housing throughout the state by acquiring, rehabilitating, or reconstructing existing homes. <u>In addition, consideration for modular or manufactured housing.</u>
Definitions	The rehabilitation/reconstruction of the home must be to bring it up to a safe and livable condition. Minimum building standards will be set appropriate to local and other relevant codes prior to start up.
Objective	Rehabilitation or reconstruction of 116 homes in 5 years.
Barriers to Overcome	Barriers include title issues, lack of infrastructure, cultural/language differences, limited or even non-existent credit histories, difficult to save enough money for a down payment on a traditional mortgage.
Proposed Delivery System	Through non-profits and local governments around the state.
Financing Mechanisms	All programs and leveraging sources available under this loan pool
Affordability/Use Restriction	Basic Primero Loan Program requirements

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MANUFACTURED HOUSING INITIATIVE SUMMARY

Purpose	To provide below market financing to eligible borrowers who wish to purchase a manufactured home and attach it to a permanent foundation. To provide interim financing for the infrastructure and set up of manufactured housing.
Definitions	The home must 1) be attached to a permanent foundation; 2) meet safety standards and local building codes; and 3) be placed on land acquired through a fee simple or leasehold interest of at least 10 years beyond the term of the permanent loan.
Objective	234 loans to manufactured homeowners over the next 5 years.
Barriers to Overcome	Lag between time home leaves lot and is attached to permanent foundation; consumer awareness and education; forming partnerships w/dealers/developing incentives for dealers and consumers.
Proposed Delivery System	Participating lenders, manufactured housing dealers and manufacturers, Manufactured Housing Division of the Department of Licensing and Regulation, NM Manufactured Housing Association, housing counseling providers.
Financing Mechanisms and Sources	Site development loans, permanent loans (i.e., mortgages — Mortgage\$aver, other below market rate homeownership programs)
Affordability/Use Restriction	Standard Primero Loan Program owner occupancy requirements

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NMHTF Board Update - September 20, 2023

Board Approved Certified Uses	Board Approved Certified Use Allocation	MFA Activity Allocation	Activity Allocation	Program Commitments established with Board Approval	Balance Not Committed	Procurement Documents		Contractual Commitment			Balance available to contract	Commitments Presented Today (9/20/23)			Balance Available to award after 9/20/2023	Expenditures as of September 5, 2023
							Date of Approval	Award	Amount	Expected Impact		Proposed Award	Proposed Amount	Expected Impact		
Down payment assistance	\$ 8,500,000.00	DPA	\$ 8,500,000.00	\$ 8,500,000.00	\$ -	Approved under existing Homeownership Policies approved by the BOD in January 2023	-	-	\$ -	766 Households	\$ 8,500,000.00	-		-	\$ 8,500,000.00	\$ -
First mortgage; Affordable homeownership loan purchase	\$ 3,400,000.00	40 YLM	\$ 3,400,000.00	-	\$ 3,400,000.00	This allocation will be reallocated to unit production or preservation.	-	-	\$ -		\$ 3,400,000.00	-	\$ -	-	\$ 3,400,000.00	\$ -
Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	\$ 1,500,000.00	Single-family Rehab	\$ 1,000,000.00	\$ 1,000,000.00	\$ -	Board approved NOFA on April 15, 2023.	Aug-23	SWRHCDC	\$ 134,655.19	19 Households	\$ 755,344.81	-		-	\$ 755,344.81	
							Aug-23	SWRHCDC	\$ 110,000.00	1 Household						
		Weatherization	\$ 500,000.00	\$ 500,000.00	\$ -	Weatherization RFP published in August 2023. Expected awards October 2023.	-	-	\$ -	71 Households	\$ 500,000.00	-	\$ -	-	\$ 500,000.00	\$ -
Single family acquisition and rehabilitation	\$ 2,000,000.00	ROC	\$ 2,000,000.00	\$ 2,000,000.00	\$ -	NOFA approved in May 2023, published on September 2023	-	-	\$ -	67 Households	\$ 2,000,000.00	-	\$ -	-	\$ 2,000,000.00	\$ -
Rental and single- family development	\$ 22,130,000.00	Gap Financing Loan	\$ 8,630,000.00	\$ 8,630,000.00	\$ -	Modifications to the exiting NOFA will be going to Board September 2023	Jun-23	The Three Sisters	\$ 3,500,000.00	70 Units	\$ 5,130,000.00	La Serena Apartments	\$ 1,000,000.00	100 units	\$ 4,130,000.00	\$ -
		Preservation loan	\$ 2,500,000.00	\$ 2,500,000.00	\$ -	NOFA approved and published in March 2023	-	-	\$ -	-	\$ 2,500,000.00	-	\$ -	-	\$ 2,500,000.00	\$ -
		Primero Loan (SF)	\$ 3,000,000.00	\$ 3,000,000.00	\$ -	Modifications to the exiting NOFA will be going to Board September 2023	-	-	\$ -	-	\$ 3,000,000.00	-	\$ -	-	\$ 3,000,000.00	\$ -
		New Constuction DPA (SF)	\$ 3,000,000.00	\$ -	\$ 3,000,000.00	MFA staff presenting Single Family Development Grant program NOFA October 2023	-	-	\$ -	120 Households	\$ 3,000,000.00	-	\$ -	-	\$ 3,000,000.00	\$ -
		Housing Innovation	\$ 5,000,000.00	\$ -	\$ 5,000,000.00	MFA staff presenting Housing Innovation NOFA September 2023	-	-	\$ -	-	\$ 5,000,000.00	MFA staff requesting approval of Housing Innovation NOFA	\$ 5,000,000.00	-	\$ 5,000,000.00	\$ -
\$ 37,530,000.00			\$ 37,530,000.00	\$ 26,130,000.00	\$ 11,400,000.00					1,114	\$ 33,785,344.81	\$ 6,000,000.00			\$ 32,785,344.81	\$ -

**Data is as of PC meeting on September 5th*



MEMO

TO: MFA Board of Directors

Through: Finance – September 12, 2023
Through: Policy Committee – August 1, 2023

FROM: Tim Martinez, Housing Development Supervisor
George Maestas, Director of Housing Development

DATE: August 1, 2023

SUBJECT: Proposed Changes to the New Mexico Housing Trust Fund Loan Awards Notice of Funding Availability

Recommendation:

Staff recommends approval of changes to the New Mexico Housing Trust Fund (NMHTF) Loan Awards Notice of Funding Availability (NOFA) to align single family household income limits with the most current income limits defined in the MFA Rules and Regulations. Additionally, staff recommends the removal of HUD median sales price limitations to remove potential barriers to the development and sale of homes to otherwise qualifying projects and households. To mirror the recommended changes, staff also proposes to increase household income and home sales price thresholds in the NOFA scoring criteria.

Background:

As the trustee of the NMHTF, MFA administers housing development loan awards as governed by the NMHTF Loan Awards NOFA, which stipulates program uses, guidelines, and the competitive application process for loan awards. Although both single family and multifamily developments are permitted under the Loan Awards NOFA, current household income restrictions for single family development (80% of AMI or lower) have rendered the program virtually unusable in the current construction cost environment. Additionally, the current single family income restrictions effectively exclude many moderate income households who would otherwise qualify for MFA single family homeownership programs and/or downpayment assistance. In November 2022, MFA Board of Directors and MFA Legislative Oversight Committee approved an amendment to the MFA Rules and Regulations which significantly expanded the income levels that determine eligibility for MFA's non-federal programs. In the current Rules and Regulations, the definition of moderate income now applies to households earning above 80% and up to 150% of AMI adjusted for family size. The current version of the NMHTF Loan Award NOFA does not align with this expanded definition, but doing so could significantly increase the utilization of the program for single family development as well as opportunities to moderate income homebuyers.

Discussion:

Staff proposes changes related to both legislative updates to NMHTF and income limits and definitions affecting single family project eligibility. In sequential order, staff is recommending the following amendments to the NMHTF Loan Award NOFA:

1. **Pg. 1 - Introduction and Background:** To align with recent legislative activities, the NOFA now summarizes all capital outlay appropriations from 2006 to 2022 and describes the annually recurring funding established by the passage of S.B. 134 and expedited by S.B. 381.
2. **Pg. 4 - Beneficiary Income Limits and Other Requirements – Owner-Occupied Housing:** Whereas previously Owner-Occupied Housing could only benefit households earning 80% or less of AMI, the NOFA now refers to the income definitions and eligibility requirements stated in the MFA Rules and Regulations.
3. **Pg. 4 - Beneficiary Income Limits and Other Requirements – Workforce Housing:** This paragraph previously defined workforce housing, setting the maximum household income eligible for assistance at 120% of AMI. It also based project eligibility on the participation of a specific employer, significantly limiting the range of households that can benefit from such a development. By defining workforce housing with these constraints, MFA would also be limiting its ability to serve households earning between 80% and 150% of AMI. As such, staff recommends removing the Workforce Housing paragraph.
4. **Pg. 5 - Housing Standards – Owner-Occupied Housing:** This paragraph sets the maximum purchase price for owner-occupied housing at no more than 95% of the HUD median purchase price for the applicable county. This was originally intended to mirror the HOME single family program, but staff views this federal requirement as overly restrictive as it may prevent some moderate income households from purchasing homes they could otherwise qualify for. As such, staff recommends removing this paragraph.
5. **Exhibit A – Application Ranking Criteria**
 - **Pg. 9 - Scoring Criterion #2 – Cost Effectiveness - Homeownership:** Previously, this scoring category awarded points to homeownership projects with an average sales price between 85% to 90% of the HUD median purchase price and awarded maximum points for an average sale price below 85% of the HUD median purchase price. Staff views these ranges as out of sync with market realities as well as the proposed increase in eligible incomes. Staff recommends increasing these ranges to 100-110% of the county median sales price for partial points and less than 100% of the median sales price for maximum points. Median sales prices for the applicable county will be based on IRS published market data or other market data deemed appropriate by MFA.
 - **Pg.10 - Scoring Criterion #6 – Repayment Term:** On Aug 1, 2023 MFA Policy Committee approved internal NMHTF policy changes increasing the maximum permanent loan term from 30 to 40 years. Since the Repayment Term scoring criterion awards points based on loan terms shorter than MFA's maximum (thus encouraging quicker repayment to MFA), staff

recommends increasing the three qualifying loan term ranges eligible for points by five years each to reflect the policy change.

- **Pg. 10 - Scoring Criterion #7 – Low Income Targeting - Homeownership and Rental:** To reflect the proposed increases in eligible household incomes as well as current market conditions, staff recommends increasing the income ranges required to score points for homeownership projects as well as reduce the percentage of units at or below 50% AMI required to score partial points for rental projects. Previously, 25% of homeownership units had to be reserved for households earning at or below 80% of AMI to receive partial points or 25% at or below 60% of AMI to receive full points. Staff recommends increasing the AMI requirements to 100% of units at 150% of AMI for partial points and an additional 15% of units at 120% of AMI for full points. For rental projects, staff recommends reducing the minimum percentage of units at 50% of AMI required to earn points from 50% of all units to 25% of all units.

Summary:

MFA staff-proposed revisions to the NMHTF Loan Awards NOFA aim to better align single family development lending requirements with the current income eligibility language in the MFA Rules and Regulations. Not only will this increase program utilization, but it will significantly expand eligibility for moderate income households to purchase homes funded by the NMHTF. The recommended amendment serves as both a practical program improvement and will better align with MFAs overall mission and existing homeownership programs.

New Mexico Housing Trust Fund Loan Awards Notice of Funding Availability (NOFA) and Application Guidelines

Introduction and Background

During the 2005 legislative session the New Mexico Housing Trust Fund Act (“the Act”) was passed with unanimous support by the State’s Senate and House of Representatives. \$10 million was appropriated from the State capital outlay fund to provide initial capital for the Housing Trust Fund (“NMHTF”), with an additional \$~~2647~~ million appropriated ~~during-between~~ the 2006, ~~2007, 2008, 2012, 2013, 2014, 2019, 2020 and to~~ 202~~4~~ legislative sessions. In November 2006, Constitutional Amendment 4 passed and its enabling legislation, the Affordable Housing Act, was amended, allowing state funds to be used to finance land and building acquisition in addition to providing or paying for the costs of infrastructure. In April 2021, the NMHTF Act was amended to expand the purpose of the program to include both the production and preservation of affordable housing. During the 2022 legislative session, Senate Bill 134 was signed into law, which allocated 2.5 percent of the annual severance tax bond capacity to the NMHTF on a recurring basis. During the 2023 legislative session, the passage of Senate Bill 381 modified the timing of the first severance tax bond capacity allocation to the NMHTF, expediting the funds to be received a year earlier (July 2023) than initially stipulated.

The New Mexico Mortgage Finance Authority (“MFA”) 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 New Mexico Housing Trust Fund Act designates MFA as the administrator and trustee of the NMHTF. MFA’s Board of Directors approved the Housing Trust Fund Act Rules on September 28, 2005, and as amended on September 19, 2007, and again on May 19, 2021.

The purpose of the NMHTF is to provide flexible funding for housing initiatives in order to produce and preserve significant housing investment in the state. The Act requires that funds be awarded on a competitive basis or based on need, and that the application process encourage applicants to develop solutions that are responsive to local needs and are consistent with sound housing policy. The NMHTF may be used to finance in whole or in part projects that will provide affordable housing primarily for persons or households of low- or moderate-income.

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:

Tim Martinez
New Mexico Mortgage Finance Authority
344 Fourth Street SW
Albuquerque, NM 87102
Phone: (505) 767-2258 or toll-free statewide (800) 444-6880
E-mail: tmartinez@housingnm.org

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

Application Submission and Due Date

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. Meetings of the MFA Board of Directors are generally held every third Wednesday of the month. With the exception of applications submitted for consideration with applications for 9% Low Income Housing Tax Credits (LIHTC), all applications submitted by the deadline for a particular meeting of the MFA Board of Directors will be treated as one funding round and evaluated concurrently. Applications submitted with LIHTC applications will follow the approval process found in the then-current State of New Mexico Housing Tax Credit Qualified Allocation Plan (QAP) and will generally be heard at the MFA Board of Directors meeting with the accompanying 9% LIHTC application. The QAP may be downloaded from MFA's website at <https://www.housingnm.org/developers/lihtc>. Applications which were submitted for a prior funding round, but which are still pending, will be given priority over new applications. If sufficient funds are not available to fund all projects in a funding round that meet the requirements outlined in this NOFA, the project receiving the highest score will be recommended to the Board for approval, followed by the next highest scoring project, etc. until the remaining funds are no longer sufficient to fulfill the next highest scoring project's requested loan amount. The required application forms will be provided electronically and may be downloaded from MFA's website at: <https://housingnm.org/developers/rental/new-mexico-housing-trust-fund>.

Applications must be submitted either electronically through MFA's file sharing site (see below) or as hard copies. Hard copy applications shall be submitted in file folders marked "New Mexico Housing Trust Fund Loan Application" as instructed on MFA's website and may be delivered by U.S. mail, by courier service or by hand* to the following address:

MFA
Attn: Tim Martinez, Development Loan Manager
344 Fourth St. SW
Albuquerque, NM 87102

*All in person deliveries must call the main line at (505) 843-6880 to schedule a time for the drop off.

Electronic applications must be uploaded to MFA's file sharing site:
<https://local.housingnm.org/FileTransferHD/>

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 MFA, the version maintained by MFA shall govern.

Eligible Applicants

Eligible applicants include non-profit organizations, for-profit organizations, governmental housing agencies, regional housing authorities, governmental entities, governmental instrumentalities, tribal governments, tribal housing agencies, builders, corporations, limited

liability companies, partnerships, joint ventures, syndicates, associations, or other entities that can assume contractual liability and legal responsibility by executing one or more written agreements entered into with MFA.

To be eligible to receive Housing Trust Fund assistance, an applicant shall:

- Be organized under state, local, or tribal laws and provide proof of such organization and that the applicant is in good standing, as applicable;
- Have 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;
- Have (a) no significant financial audit findings, and (b) no significant outstanding or unresolved monitoring findings from any governmental entity, or from MFA as Trustee or otherwise; or if it has any such findings, it has a certified letter from the governmental entity, MFA as Trustee or otherwise, stating that the findings are in the process of being resolved;
- Not have been suspended, debarred or otherwise restricted by any department or agency of the Federal Government or any State government from doing business with such department or agency because of misconduct or alleged misconduct;
- Have among its purposes significant activities related to providing housing or services to persons of low- or moderate-income; and
- Not have defaulted on any obligation covered by a surety or performance bond.

If a non-profit organization, an applicant shall:

- Have a primary mission to provide housing or housing related services to persons of low- or moderate- income;
- Provide proof of its 501(c)(3) tax status;
- Provide proof that it is in 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; and
- Have no part of its net earnings inuring to the benefit of any member, founder, contributor or individual.

Eligible Activities

Subject to applicable law, the NMHTF may be used to assist in financing a wide range of activities to provide affordable housing, including costs of infrastructure necessary to support and preserve affordable housing. MFA encourages contact and inquiries from potential applicants prior to and during application preparation to help assure that proposed activities are eligible. Eligible activities may include, but are not limited to:

Homeownership

- New construction or acquisition, rehabilitation, and resale of single family homes including manufactured housing.
- Home rehabilitation and maintenance, or repair of existing owner-occupied housing.
- Emergency home repair of existing owner-occupied housing.

Rental Housing

- New construction or acquisition/rehabilitation of permanent rental housing.

Special Needs Housing

- New construction or acquisition/rehabilitation of housing for special needs populations including, but not limited to, transitional, group or congregate housing, and temporary housing for the homeless.

Eligible Expenses

Subject to applicable law, NMHTF financing may be used only for reasonable and customary costs that are directly attributable and traceable to the development, acquisition, construction, rehabilitation, and/or preservation of affordable housing projects. Eligible expenses include, but are not limited to, those related to the construction or rehabilitation of modest living quarters/community spaces and basic durable household furnishings (i.e., stoves, refrigerators, & dishwashers) but not electronics, equipment or luxury (i.e., non-essential) goods.

Beneficiary Income Limits and Other Requirements

Beneficiaries or occupants of housing financed in whole or in part by the NMHTF must have incomes at or below the following limits, which the applicant shall be required to verify. The income limits and requirements vary depending on the type of housing provided.

Owner-Occupied Housing - Beneficiary households residing in units financed with NMHTF monies must ~~have~~ earn either very low, low, or moderate incomes (adjusted for household size) incomes at or below 80% of areas defined by the most recently amended MFA Rules and Regulations. -median income (AMI) adjusted for household size as determined by HUD. The home must be owned and occupied by the household as a principal residence. Title to the property must be held as fee simple or a 99-year leasehold. Homes located on Tribal Land may have a 50-year lease or alternative acceptable to MFA.

~~**Workforce Housing** — Workforce housing is defined as housing, owner-occupied or rental, for which there is a direct and demonstrable link between the availability of such housing and the ability of the locality to attract or retain essential service providers or those workers that are required to maintain and/or develop a viable local economy. Applicants must identify specific salary ranges earned by the beneficiaries to whom the workforce housing is targeted. Beneficiary eligibility of the households residing in units financed with NMHTF monies will be based primarily on employment with the participating employer. Although there is no prescribed income eligibility guideline for this activity; applications will be reviewed to ensure consistency with the purposes and intent of the Act. MFA policy sets the maximum household income eligible for assistance at 120% of AMI.~~

Rental Housing - Beneficiary households residing in units financed with NMHTF monies must initially have incomes at or below 60% of AMI adjusted for household size as determined by HUD. Rent rates for households residing in units financed with NMHTF monies will be rent-restricted. A unit is deemed "rent-restricted" when the maximum rent for such unit will not exceed 30 percent of the maximum annual income allowable for persons or households occupying such unit. If persons or households occupying such

rent-restricted units pay for their own utilities, the maximum tenant-paid rent will equal the amount, reduced by the amount of the local utility costs approved by Lender. If a unit receives Federal or State project-based rental subsidy and the household pays as a contribution toward rent not more than 30 percent of the household's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program. Additionally, MFA requires that 60% of all rental units be for households earning no more than 120% of AMI.

Affordability Period

The NMHTF is designed to assist housing that will remain affordable on a long-term or permanent basis. MFA shall establish a required affordability period, which, as long as funding for the NMHTF is provided by state funds, shall be in accordance with Section 5.7 E of the Affordable Housing Act Rules, a copy of which can be obtained on MFA's website. These rules require minimum affordability periods of up to 20 years, depending on the total amount of NMHTF funds awarded, during which the housing units must only be occupied by low-income or moderate-income households. Additionally, for multifamily rental projects, MFA may require an extended affordability period to match the duration of the loan term. For single family for-sale homes, the Act required deed restrictions ensuring that the unit can only be sold to qualifying individuals during the affordability period (minimum 5 years).

Housing Standards

All housing receiving NMHTF financing must meet housing standards prior to occupancy (or after completion for rehabilitation) and throughout the affordability period. Standards vary depending on the type of housing (owner-occupied, rental, special needs, etc.) and the type of activity.

Standards must be met for both the type of housing and the type of activity which includes meeting all state and local code requirements, federal fair housing requirements, ADA, Model Energy codes as applicable and MFA's then-current design standards.

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

Funding Terms and Conditions

All awards shall be subject to the availability of funds and applicable law. MFA 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. Applications will be underwritten and awards structured to ensure that NMHTF funds will be repaid. Principles of sound underwriting and risk management will be applied when reviewing all applications.

All NMHTF financing will be in the form of loans, which may be for interim and/or permanent financing. The terms and conditions for each loan will be based on the financing needs of each project or activity. Loan terms and conditions may range from no interest, deferred payment loans to revolving line of credit loans to loans with near-market interest rates and terms. Staff will post current underwriting guidelines on MFA's website.

All loans will be secured by mortgages and/or other appropriate liens. The recording of Land Use Restriction Agreements (LURAs) will be required for all loans. LURAs shall remain in place throughout the required affordability period 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 imposed through permanent affordability mechanisms such as deed restrictions or land trusts.

Funding Limits and Restrictions

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

Maximum Funding Amount - There is no cap on funding amounts. However, MFA, in its discretion, may set limits on the amount of NMHTF funding to be awarded per application, per NOFA, per quarter, per year, or otherwise. See MFA's website at <https://housingnm.org/developers/blue-housing-trust-fund> for current limits.

Underwriting Guidelines - Refer to MFA's Universal Multifamily Initial Underwriting Supplement for all applicable NMHTF loan underwriting guidelines.

Evaluation of Applications and Documentation

Subject to applicable law, the Housing Trust Fund Act Rules, the Affordable Housing Act Rules, and the MFA Rules and Regulations, applications will be evaluated by MFA staff using the criteria listed below and by the New Mexico Housing Trust Fund Advisory Committee, with final selection to be made by MFA's Board of Directors.

Staff may contact applicants for clarification of information provided. In the event of a tie score, staff will recommend approval based on the income level of households served (i.e., the lower the average AMI percentage, the higher the weight), financial need, lowest per square foot building cost and other factors as determined by staff. MFA shall enter into loan agreements and related agreements with the applicants whose applications are deemed to be most advantageous to the achieving the goals of the NMHTF. The loan and related agreements shall include provisions for adequate security against the loss of NMHTF funds in the event that a successful applicant abandons or otherwise fails to complete a project and further shall include remedies and default provisions in the event of the unsatisfactory performance by the successful applicant.

Threshold Requirements

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

1. The application is complete and legible, including all schedules and attachments, and is submitted by the application deadline.
2. The application complies with all applicable requirements established in these Guidelines and NOFA.

3. The applicant provides sufficient evidence of its ability to undertake and complete the proposal in the areas of financing, acquiring, rehabilitating, developing, and/or managing an affordable housing project.
4. The application provides sufficient evidence that the proposed project is financially and technically feasible and includes a proposed budget and performance schedule for the proposed project.

Applications that do not meet all of the threshold requirements will not receive further consideration for funding and will be returned to the applicant.

Ranking Criteria

Applicants will be scored based on the criteria in Exhibit A “Application Ranking Criteria”. Applications must score at least 57 out of 112 possible points otherwise the application will be rejected.

Application Format and Instructions to Applicants

All proposals must include the items requested in the application checklist on MFA’s website located at <https://housingnm.org/developers/nm-housing-trust-fund>. The checklist includes, but is not limited to, such items as application, schedules, resumes, audits, narrative, certifications, and disclosures.

Incurred Expenses

MFA shall not be responsible for any expenses incurred by an applicant in applying for NMHTF 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 shall provide written notice of the award to all applicants within 15 days of the date of the award. The award shall be contingent upon signing final loan documents.

Application Confidentiality

Prior to the application deadline, MFA encourages inquiries and contacts with its Contact Person from potential applicants regarding the NOFA or sound housing project policies and procedures. MFA shall not disclose any information regarding a proposed application provided during such inquiries and contacts to any third party, except as may be required under MFA’s Request to Inspect Documents policy. After the application deadline and until awards are made and notice given to all applicants, MFA 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, except as may be required under MFA’s Request to Inspect Documents policy.

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 may waive technical irregularities in the form of proposal of any applicant selected for award which do not alter the price, quality or quantity of the services offered. Note especially

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 the NMHTF application and who has furnished, when required, information and data to prove that the applicant’s financial resources, production or service 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 NMHTF application process may protest to MFA. The protest must be written and addressed to the Contact Person. The protest must be delivered to MFA within 5 business 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 substantial and reasonable prospect of being affected by the outcome of the protest. The applicants receiving notice may file responses to the protest within 5 business days of notice of protest. A committee appointed by MFA’s Board Chair shall review the protest and responses to the protest and shall make a recommendation to MFA’s Board of Directors regarding the disposition of the protest.

MFA’s Board of Directors shall make a final determination regarding the disposition of the protest. Applicants or their representatives shall not communicate with MFA’s Board of Directors, the committee or staff members regarding any proposal under consideration, except when specifically permitted to present testimony to the committee of MFA’s 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 MFA’s Board of Directors, the committee or staff members during any portion of the review process, or does not follow the prescribed Application and Protest process.

Third-Party Code of Conduct

Applicant shall conduct themselves in a manner consistent with MFA’s Third-Party Code of Conduct which is attached hereto as Exhibit B.

Applicant shall promptly disclose information MFA may reasonably request relating to conflicts or potential conflicts of interest.

Exhibit A – Application Ranking Criteria

	Ranking Criteria	Self Score	MFA Score
1	Leverage - Maximum points: 12 The higher of NMHTF construction or permanent loan as a percentage of total development cost (TDC) per MFA underwriting: Zero to 10% = 12 points Greater than 10% to 20% = 8 points Greater than 20% to 30% = 6 points Greater than 30% to 40% = 4 points Greater than 40% = 2 points		
2	Cost Effectiveness - Maximum points: 12 A. <i>Homeownership</i> : If the proposed <u>Points will be awarded based -average on how the sales price for affordable units for MFA-funded units compares to(i.e., serving 80% AMI or below) is below HUD's the median salespurchase price for the county in which it is located (based on county Average Area Sales Price published by the IRS or other appropriate metrics determined by MFA):</u> <ul style="list-style-type: none"> 85% to 90% <u>100 – 110% of median sales price of median</u> = 6 points, <u>Less than 100% of median sales price</u> Less than 85% of median = 12 points. B. <i>Rental</i> : Points will be awarded based on the average total development cost (minus land, reserves and commercial costs) divided by total units compared to MFA's LIHTC round cost data for new construction as of the date the application is received. The applicant will receive 12 points if costs are at or below the average cost (see http://www.housingnm.org/developers/nm-housing-trust-fund , "Info for Scoring Criterion #2"). Two points will be deducted for each 10% (rounded upwards) by which the project exceeds the average.		
3	Need - Maximum points: 12 (partial points allowed) Based on the degree to which the applicant has demonstrated the need and market for the proposed affordable housing project per information acceptable to MFA. Points will be allocated for the following documentation that demonstrates demand for the project: <ul style="list-style-type: none"> Market study = 10 points Waiting lists from market comparables = 2 points Recent governmental study = 2 points Another form of documentation acceptable to MFA = up to 12 points 		
4	Readiness - Maximum points: 12 (partial points allowed) Based on the degree to which the applicant has demonstrated readiness to proceed. Points will be allocated for the following documentation: <ul style="list-style-type: none"> Site control = 4 points Zoning approval or other proof of permissible zoning = 4 points Preliminary site and building design = 4 points 		
5	Sustainability & Energy Efficiency - Maximum points: 12 A. <i>Homeownership</i> : <ul style="list-style-type: none"> Energy Star certification or LEED certification (of any level) = 12 		

	<p>points</p> <ul style="list-style-type: none"> Other sustainability/energy efficiency certifications or ratings acceptable to MFA = up to 12 points <p><i>B. Rental:</i> Home Energy Rating System (HERS) score exceeds a sufficient HERS rating as stipulated in the then-current MFA Design Standards= 12 points</p>		
6	<p>Repayment Term - Maximum points: 10</p> <p>Full repayment of NMHTF funds within:</p> <p>2045 years or less = 5 points</p> <p>1500 years or less = 8 points</p> <p>83 years or less = 10 points</p>		
7	<p>Low Income Targeting - Maximum points: 12</p> <p>Serving the low and moderate area median income (AMI) households.</p> <p><i>A. Homeownership:</i></p> <ul style="list-style-type: none"> At least 25100% of total units at or below 80150% AMI = 8 points or 100% at or below 80150% AMI with an additional 15% or more of total units at or below 60120% AMI = 12 points <p><i>B. Rental:</i></p> <ul style="list-style-type: none"> At least 2550% of total units at or below 50% AMI = 8 points or below 2550% at or below 50% AMI with an additional 15% of total units at or below 40% AMI = 12 points 		
8	<p>Underserved Populations - Maximum points: 12 (no partial points)</p> <p>Twelve points total available for Permanent Supportive Housing, Special Needs, or Senior projects, defined as follows:</p> <p><i>A. Permanent Supportive Housing</i> – Projects that combine housing with voluntary support services that build independent living and tenancy skills to address chronic needs, including housing individuals experiencing homelessness and/or disabled individuals.</p> <p><i>B. Special Needs</i> – Projects that received points under the MFA Qualified Allocation Plan's LIHTC Special Needs category when originally funded.</p> <p><i>C. Senior</i> – Projects that qualify for an exemption from familial status discrimination under the Fair Housing Act. To qualify for this exemption, Projects must be: (i) 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 (ii) intended for, and solely occupied by persons 62 years of age or older; or (iii) intended and operated for occupancy by persons 55 years of age or older in compliance with the Housing for Older Persons Act (HOPA), 24 CFR Part 100 Final Rule.</p>		
9	<p>Location - Maximum points: 12 (no partial points)</p> <p>Twelve points total available for Tribal or Rural Housing projects, defined as follows:</p> <p><i>A. Tribal</i> – Projects located on tribal lands, or</p> <p><i>B. Rural</i> – Projects located outside of the boundaries of Bernalillo County, the City of Rio Rancho, the City of Las Cruces, the City of Santa Fe, the City of Farmington or the City of Roswell.</p>		
10	<p>New Mexico Non-Profit - Maximum points: 6 (no partial points)</p> <p>Either the borrower or its controlling parent is an eligible New Mexico non-profit organization, tribal entity, or housing authority.</p>		

	Total Possible Points = 112 (minimum 57 required)		
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Exhibit B – MFA Third-Party Code of Conduct

- A. Preamble.** The New Mexico Mortgage Finance Authority (“MFA”), an instrumentality of the state government, exists to serve the citizens of the State of New Mexico. To maintain the respect, trust, and confidence of the public, and consistent with MFA’s commitment to conduct its business in an ethical and legal manner, MFA requires that all Third Parties doing business with MFA comply with this Third-Party Code of Conduct and otherwise uphold the highest standards of ethics and behavior.
- B. Purpose.** The purpose of this Code of Conduct is to provide general guidelines and a minimum standard of conduct for Third Parties doing business with MFA.
- C. Definitions.** For the purpose of this Third-Party Code of Conduct, the following words and phrases shall have the following meanings:

"MFA Employee" means any person employed directly by MFA and any person employed through a staffing agency or by contract and for whom MFA has the right to direct and control the work performed.

"MFA Member" means a Member, and with respect to an ex-officio Member, his or her proxy, of the Board of Directors of the MFA.

"MFA Management" means the Executive Director/Chief Executive Officer, Chief Housing Officer, Chief Financial Officer, Chief Lending Officer and Director of Human Resources employed by the MFA.

"Transaction" means any transaction including, but not limited to any sale, purchase, or exchange of tangible or intangible property or services; any loan, loan commitment or loan guarantee; any sale, purchase, or exchange of mortgage loans, notes, or bonds; or any other business arrangement or contract therefor.

- D. Conflicts of Interest.** Third Parties should avoid engaging in any activity that would conflict, interfere, or even create the appearance of a conflict with their business with MFA. Third Parties must disclose any potential conflicts to MFA in writing as soon as practicable upon discovery or recognition. Examples of potential conflicts include, but are not limited to:

- Engaging in a conflict-of-interest transaction prohibited by Section F of MFA’s Code of Conduct, which can be found at: (website reference to be added)
- Providing gifts and entertainment to any MFA Employee, MFA Management or MFA Member in an attempt to improperly influence MFA business decisions.

MFA shall not enter into any Transaction with a former MFA Member or former MFA Management for a period of one (1) year after such person ceases to be an MFA

Member or MFA Management, except with prior approval of a disinterested majority of all current MFA Members.

To the extent applicable, Third-Party shall disclose conflicts of interest required pursuant to state or federal law, including but not limited to 2 CFR 200.112.

- E. Anti-Discrimination and Anti-Harassment Policy.** MFA is committed to maintaining an employment environment in which all individuals are treated with respect and dignity and expects the same from Third Parties doing business with MFA. MFA expects that Third Parties will maintain a workplace where employment-related decisions are based on performance, ability, or other legitimate, non-discriminatory bases and are never based on race, color, national origin, ancestry, citizenship status, religion, sex, sexual orientation, gender identity, age, physical or mental disability, serious medical condition, marital status, status with regard to public assistance, veteran status, or any other legally-protected status. MFA also maintains and expects Third Parties to maintain a workplace that is free of unlawful harassment. This includes harassment based upon any of the above legally-protected status (such as age, sex, religion, national origin, etc.) and which creates an intimidating, hostile, or offensive working environment. This also includes sexual harassment which is defined as unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature when submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, submission to or rejection of such conduct by an individual is used as a basis for employment decisions affecting such individual; or such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidated, hostile, or offensive working environment. MFA will also not tolerate any form of unlawful discrimination or harassment of an MFA Employee by any Third-Party including by its employees, owners, managers, members, directors, agents, or representatives.
- F. Confidential Information and Intellectual Property.** Third Parties doing business with MFA must protect any confidential or proprietary information that belongs either to MFA or any other third-party with whom MFA does business, if such other third-party has provided MFA with confidential or proprietary information. Confidential or proprietary information includes, but is not limited to, any non-public financial information, business processes and systems, intellectual property, personally identifiable information of MFA's customers, and personally identifiable or private information about any MFA Employee, MFA Member, MFA Management, third-party, or customer, such as identity, medical, employment, or financial information. To the extent necessary for a Third-Party to share MFA's confidential or proprietary information with a sub-contractor, MFA expects the Third-Party to implement adequate controls at a level no less than those set forth in this Third-Party Code of Conduct with such sub-contractor. Third Parties must not infringe upon the intellectual property rights of other companies or organizations. Third Parties must return all confidential and proprietary information in their possession to MFA when the contractual relationship between MFA and the Third-Party has terminated, unless otherwise specified by contract. The obligation to protect MFA's confidential and proprietary information continues even after any business relationship between MFA and the Third-Party ends.

MFA may require that Third Parties sign a separate confidentiality and non-disclosure agreement.

- G. Onsite Visitor Requirements.** While on MFA's premises, Third Parties must comply with all MFA rules and procedures, including security measures and requests. These may include but are not limited to:
- Registering with reception.
 - Accessing only authorized areas unless accompanied by an MFA Employee.
 - Promptly reporting known security violations and property loss or damage.
 - Complying with all MFA facility requirements, including maintaining a substance-free and violence-free workplace.
 - Any public health and safety policies in effect, including wearing a face mask.
- H. Compliance with Laws, Regulations, Policies and Procedures and Contracts.** All Third Parties must comply with all applicable state and federal laws, codes, and regulations and MFA's policies and procedures to the extent applicable to the Third-Party and must not violate any terms and conditions established by contract with MFA.
- I. Business Integrity.** Any and all forms of illegal or inappropriate activity by a Third-Party doing business with MFA, including, but not limited to, corruption, misrepresentation, extortion, embezzlement, or bribery, are strictly prohibited and may result in termination of any or all agreements with MFA.

OFFEROR ACKNOWLEDGMENT

DATE



MEMO

TO: MFA Board of Directors

Through: Policy Committee- September 5, 2023

Through: Finance Committee- September 12, 2023

FROM: Alex Lundy, Finance Manager

DATE: September 20, 2023

SUBJECT: Fiscal Year 2023/2024 Bond Resolution

Recommendation:

Staff is recommending the approval of the Fiscal Year 2023/2024 Single Family Bond Resolution in an amount not to exceed \$600 million. This resolution would cover the time period of October 1, 2023, through October 31, 2024. The resolution is anticipated to provide funds for \$600 million of new single family first-time homebuyer mortgage loans.

Background:

Historically, MFA has had the option of funding the single-family program via the To Be Announced ("TBA") Market or the Bond Market. A thorough analysis is done periodically throughout the year to determine which funding mechanism will provide the most economic benefit to MFA and the best rates to MFA's borrowers. There have been years where the TBA program is the dominant execution and other years the bond market is more favorable, and MFA will fund most of its single-family production using Tax-Exempt bond issuance. Most years, MFA utilizes both programs to some extent to fund its single-family program.

The COVID-19 pandemic shifted markets, making TBA funding more favorable than bonds in some cases. In Fiscal Year 2023, MFA issued 2022 Series E, 2023 Series A, 2023 Series B, and 2023 Series C which, in total, funded approximately \$315 million in new mortgages and did not refund any in prior bonds outstanding. Staff continues to evaluate best execution options and is funding the program accordingly.

It is MFA's practice to keep a Board-approved single family program bond resolution in place to allow staff to respond to market conditions as needed in order to provide beneficial funding executions for both MFA and first-time homebuyers. With the Fiscal Year 2023/2024 Resolution, MFA will improve upon this practice.

Discussion:

The Fiscal Year 2023/2024 Resolution provides MFA staff with the ability to fund one strong year's worth of mortgage production. Rather than requesting authority from the board multiple times throughout the year to issue bonds for the Single-Family program,

this resolution provides authority to issue bonds throughout the year to fund the Single-Family program. Staff will provide notice of the intention to issue bonds as an informational item and will continue to provide post-issuance reporting with each issuance. The bond issues in Fiscal Year 2023/2024 will not exceed the amount of \$600 million and will be used to fund new loans or refinance previous bond issues. The timing and sizing of each issuance has not been determined and will depend on actual reservation activity and bond market conditions.

Summary:

To authorize future bonding activity and to ensure MFA can be responsive to market conditions, staff is requesting approval of the Fiscal Year 2023/2024 Single Family Bond Resolution in an aggregate amount not to exceed \$600 million. MFA anticipates providing funds for up to \$600 million of new loans or refinanced prior issuances. The timing and sizing of each issuance has not been determined and will depend on actual reservation activity and bond market conditions.

Fiscal Year 2023/2024

CERTIFICATE REGARDING THE RESOLUTION
OF THE AUTHORITY

I, the undersigned, Isidoro Hernandez, Secretary of the New Mexico Mortgage Finance Authority (the “Authority”), DO HEREBY CERTIFY that: (i) the annexed Resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on September 20, 2023, at which meeting a quorum was present and acting throughout; (ii) the annexed Resolution has been compared by me with the original thereof recorded in the minute book of the Authority and is a correct transcript therefrom and of the whole of said original; (iii) the annexed Resolution has not been altered, amended or repealed; and (iv) the annexed Resolution is in full force and effect on the date of this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Authority this 20th day of September, 2023.

Isidoro Hernandez, Secretary
New Mexico Mortgage Finance Authority

(SEAL)

Bond Resolution
Single Family Mortgage Program Bonds
Fiscal Year 2023/2024

A RESOLUTION OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE “AUTHORITY”) AUTHORIZING AND PROVIDING FOR: THE ISSUANCE AND SALE BY THE AUTHORITY OF ITS SINGLE FAMILY MORTGAGE PROGRAM BONDS FROM TIME TO TIME IN ONE OR MORE ISSUES AND AS ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$600,000,000 AND WITH SUCH TERMS AND CONDITIONS AS AN AUTHORIZED OFFICER DETERMINES ARE IN THE BEST INTERESTS OF THE AUTHORITY, SUBJECT TO THE PARAMETERS SET FORTH IN THIS RESOLUTION, TO MAKE FUNDS AVAILABE TO FINANCE MORTGAGE LOANS, EITHER DIRECTLY, OR INDIRECTLY BY REFUNDING OUTSTANDING BONDS AND OBLIGATIONS OF THE AUTHORITY; THE EXECUTION AND DELIVERY BY THE AUTHORITY OF ONE OR MORE SERIES INDENTURES, BOND PURCHASE CONTRACTS, OFFICIAL STATEMENTS, INVESTMENT AGREEMENTS, AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; DECLARING THE AUTHORITY’S OFFICIAL INTENT TO REIMBURSE ITSELF FOR CERTAIN EXPENDITURES; AND RELATED MATTERS.

WHEREAS, pursuant to the Mortgage Finance Authority Act, Sections 58-18-1 through 58-18-27, inclusive, NMSA 1978, and Section 2-12-5, NMSA 1978, as amended (collectively, the “**Act**”), the New Mexico Mortgage Finance Authority (the “**Authority**”) is a public body politic and corporate, separate and apart from the State of New Mexico (the “**State**”), constituting a governmental instrumentality servicing a public purpose and acting for the public benefit by improving the health, safety, welfare and prosperity of the State and the general public; and

WHEREAS, the Authority is authorized under the Act to implement a single-family mortgage purchase program, to provide down payment assistance in connection therewith, and to issue its bonds and other obligations to provide funds to (a) alleviate the shortage of decent, safe and sanitary housing which is within the financial means of low- and moderate-income persons and families within the State, (b) refund such bonds and other obligations; and

WHEREAS, the Authority has determined that it will serve and fulfill the purposes for which it was created by the establishment of a program (the “**Single Family Mortgage Program**”) to finance the purchase of mortgage loans made by eligible mortgage lenders to eligible borrowers for the financing of residential housing within the State and securities backed by such mortgage loans; and

WHEREAS, to finance a portion of the Single Family Mortgage Program, the Authority has deemed it necessary and advisable to proceed with the issuance, sale and delivery of its Single Family Mortgage Program Bonds in an original aggregate principal amount not to exceed \$600,000,000, in one or more issues and as one or more series, at the times and with such terms

and conditions as the Chair, the Vice Chair, the Executive Director/Chief Executive Officer, the Secretary, the Chief Financial Officer, the Chief Lending Officer and the Assistant Secretary of the Authority (each an “**Authorized Officer**”) determines are in the best interests of the Authority, subject to the Act, this Resolution and the hereinafter-described General Indenture (herein collectively referred to as the “**Series 2023-24 Bonds**”); and

WHEREAS, the Series 2023-24 Bonds shall be issued on or before October 31, 2024 in one or more issues and as one or more series pursuant to and secured by either the General Indenture of Trust dated as of November 1, 2005 between the Authority and Zions Bancorporation, National Association, as trustee, or the Indenture of Trust dated as of December 1, 2009 between the Authority and Zions Bancorporation, National Association, as trustee (each, a “**General Indenture**”), and prescribe and establish conditions and other appropriate matters with respect to the issuance of the Series 2023-24 Bonds; and

WHEREAS, the Series 2023-24 Bonds shall be special obligations of the Authority payable solely from and secured by a lien on the proceeds, moneys, revenues, rights, interest and collections pledged therefor under the General Indenture; and

WHEREAS, the proceeds made available upon issuance of the Series 2023-24 Bonds will enable the Authority, as directed by an Authorized Officer, to (i) redeem or refund all or a portion of the Authority’s outstanding bonds and other obligations, thereby reducing related interest costs to the Authority and/or providing funds for the purchase or financing of mortgage loans made by eligible mortgage lenders to eligible borrowers for the financing of residential housing within the State and securities backed by such mortgage loans, (ii) finance the purchase of mortgage loans made by eligible mortgage lenders to eligible borrowers for the financing of residential housing within the State and securities backed by such mortgage loans, and/or (iii) fund down payment assistance and closing costs in connection with certain mortgage loans financed under the Single Family Mortgage Program and (iv) fund reserves or pay costs of issuance of the Series 2023-24 Bonds; and

WHEREAS, there has been presented to the Authority at this meeting proposed forms of (a) a Bond Purchase Contract relating to the purchase of one or more series of Series 2023-24 Bonds (the “**Purchase Contract**”) to be entered into among the Authority, and any of RBC Capital Markets LLC, Raymond James & Associates, Inc. (including any of their successors) or any other purchasers to be named therein (collectively, the “**Underwriters**”), (b) a Series Indenture (the “**Series Indenture**” and collectively with the General Indenture, the “**Indenture**”) to be entered into between the Authority and the applicable trustee, (c) a Preliminary Official Statement to be used by the Underwriters in marketing the Series 2023-24 Bonds (the “**Preliminary Official Statement**”) and (d) a form of a Continuing Disclosure Agreement with respect to the Series 2023-24 Bonds (the “**Continuing Disclosure Agreement**” and together with the Purchase Contract, the Indenture and the Preliminary Official Statement (the “**Bond Documents**”); and

WHEREAS, in order to provide continuous financing for borrowers under the Single Family Mortgage Program, the Authority may purchase mortgage loans and securities backed by such mortgage loans from its general fund, a commercial line of credit or other warehouse financing, and, at such times as proceeds of Series 2023-24 Bonds become available, may direct the trustee to use Series 2023-24 Bond proceeds to reimburse such purchases; and

WHEREAS, the federal tax laws, particularly Internal Revenue Code Regulation Section 1.150-2, require that any governmental issuer which intends to use bond proceeds to reimburse itself for expenditures paid from non-bond sources declare its intention to so reimburse itself prior to making any such expenditure; and

WHEREAS, it appears that each of the instruments above referred to, which are now before each of the members of the Authority, is in appropriate form and is an appropriate instrument for the purposes intended.

NOW, THEREFORE, BE IT RESOLVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY, AS FOLLOWS:

Section 1. The Authority finds and determines that the supply of funds available in the private banking system in the State for residential mortgages is inadequate to meet the demand of persons and families of low or moderate income for residential mortgage financing, and that financing the making of loans by the Authority will alleviate such inadequate supply of residential mortgage money in the State's banking system.

Section 2. All other action heretofore taken (not inconsistent with the provisions of this Resolution) by the Authority and its officers directed toward the issuance of the Series 2023-24 Bonds are hereby ratified, approved and confirmed.

Section 3. For the purpose of providing funds to finance the purchase of housing by persons and families of low or moderate income within the State, either directly, or indirectly by refunding certain outstanding bonds of the Authority, the purchase of mortgage loans and securities backed by such mortgage loans, the funding of down payment assistance and closing costs, and the funding of any reserves and costs of issuance, all as authorized under the Indenture, the Authority authorizes the issuance of its Series 2023-24 Bonds in the aggregate principal amount of not to exceed \$600,000,000 during the period commencing on the date hereof and ending on October 31, 2024. No Series 2023-24 Bonds may be issued pursuant to this Resolution after October 31, 2024, absent an amendment hereto. The Series 2023-24 Bonds shall be issued from time to time as one or more issues and in one or more series, which shall be designated New Mexico Mortgage Finance Authority "Single Family Mortgage Program Class __ Bonds, 20__ Series __" (or such other or additional Class/Series/title designation as appropriate), shall be of the Class or Classes, shall be dated, shall mature on the dates and in the principal amounts, shall bear interest (which may be included in or exempt from federal income taxation) at rates and be payable all as determined by an Authorized Officer, within the parameters set forth in Exhibit A hereto. The Series 2023-24 Bonds shall be issued only in fully registered form.

Section 4. The form, terms and provisions of the Series 2023-24 Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, and number shall be determined by an Authorized Officer, subject to the parameters set forth herein. The Authorized Officers are each individually authorized to execute, attest and seal by original or facsimile the Series 2023-24 Bonds and to deliver the Series 2023-24 Bonds to the bond registrar for authentication. The appropriate officials of the Authority, including, without limitation, the Authorized Officers, are authorized to execute and deliver to the bond registrar the

written order of the Authority for authentication and delivery of the Series 2023-24 Bonds in accordance with the provisions of the Indenture.

Section 5. The Series 2023-24 Bonds shall be sold to the Underwriters pursuant to one or more Purchase Contracts. An Authorized Officer shall specify and agree as to the purchase prices, the principal amounts, the interest rates, the maturities, and underwriting fees (not to exceed 1.0% of the principal amount of each series) with respect to each issuance of Series 2023-24 Bonds for and on behalf of the Authority by the execution and delivery of the Purchase Contract, provided such terms are within the parameters set by this Resolution.

Section 6. The Bond Documents for each issuance of Series 2023-24 Bonds in substantially the form and content presented at this meeting are in all respects authorized, approved and confirmed. The Authorized Officers are each individually authorized to finalize, execute, attest, seal and deliver each of the Bond Documents in the form and with substantially the same content as presented to this meeting for and on behalf of the Authority with such alterations, changes or additions as may be authorized by Section 13 hereof.

Section 7. Employees of the Authority designated by an Authorized Officer are authorized to give notice of the availability of funds from any issue of Series 2023-24 Bonds (if applicable) and to enter into, execute and deliver Single Family Mortgage Program documents for and on behalf of the Authority.

Section 8. The Authorized Officers are each individually authorized to approve the distribution of a Preliminary Official Statement (in substantially the form presented to the Authority at this meeting) and an Official Statement in substantially the form of the Preliminary Official Statement, with modifications determined at the time of the sale of the New Series 2023-24 Bonds and to execute and deliver for and on behalf of the Authority an Official Statement in connection with the sale of the Series 2023-24 Bonds. The Authority authorizes the use of such Preliminary Official Statement and Official Statement by the Underwriters in connection with the offering and sale of each issue of Series 2023-24 Bonds and the use of any supplement or amendment thereto so that such Preliminary Official Statement and Official Statement do not include any untrue statement of material fact and do not omit to state a material fact necessary to make the statements therein not misleading.

Section 9. The Authorized Officers are each individually authorized to enter into investment agreements (“**Investment Agreements**”) in form and substance satisfactory to such Authorized Officer. Any and all proceeds of, and investment income attributable to, the Series 2023-24 Bonds may be loaned to or deposited from time to time pursuant to the Investment Agreements for the periods, and at the interest rates, specified therein.

Section 10. The officers of the Authority, including, without limitation, the Authorized Officers, are authorized to take all action necessary or reasonably required by or in connection with the Series 2023-24 Bonds, the Indenture, the Mortgage Loan Sub-servicing Agreement, the Master Servicing Agreement, the Preliminary Official Statement, the Official Statement, the Continuing Disclosure Agreement, any Investment Agreement, the Purchase Contract and all other documents, agreements and items related to the Series 2023-24 Bonds to carry out, give effect to

and consummate the transactions as contemplated thereby and are authorized to take all action necessary in conformity with the Act.

Section 11. Upon their issuance, the Series 2023-24 Bonds will constitute special, limited obligations of the Authority payable solely from and to the extent of the sources set forth in the Series 2023-24 Bonds and the Indenture. No provision of this Resolution, the Indenture, the Series 2023-24 Bonds or the Purchase Contract shall be construed as creating a general obligation of the Authority, incurring or creating a charge upon the general credit of the Authority, creating an obligation of any kind of the State or any political subdivision thereof.

Section 12. The appropriate officials of the Authority, including, without limitation, the Authorized Officers, are authorized to make any alterations, changes or additions in the Indenture, the Series 2023-24 Bonds, the Purchase Contract, the Preliminary Official Statement, the Official Statement, any Investment Agreement, the Continuing Disclosure Agreement, the Mortgage Loan Sub-servicing Agreement, the Master Servicing Agreement or any other document, agreement or item herein authorized and approved to be delivered in connection with each issuance of the Series 2023-24 Bonds which may be necessary to correct errors or omissions therein, to remove ambiguities therefrom, to permit the inclusion under the Indenture of any other loans approved by the governing board of the Authority, and maintain the expected rating on the Series 2023-24 Bonds, to conform the same to other provisions of said instruments, to the final terms established for each issuance of Series 2023-24 Bonds (within the parameters established herein), and the final agreement with the Underwriters, to the provisions of this Resolution or any resolution adopted by the Authority, or the provisions of the laws of the State of New Mexico or the United States.

Section 13. The issuance of the Series 2023-24 Bonds and approval and authorization of the Authority of the documents relating thereto and the provisions thereof are conditioned on the holding of a public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended, and the approval by the Governor of the State, the designated and elected official as described in said Section 147(f).

Section 14. The Authorized Officers are each authorized to cause any portion of an allocation of current-year volume cap from the State Board of Finance or any prior-year volume cap carried forward by the Authority for the purposes of the Single Family Mortgage Program, to be allocated to the issuance of any Series 2023-24 Bonds issued as bonds the interest on which is exempt from federal income taxation.

Section 15. The Authority declares its intention to reimburse itself from all or a portion of proceeds of the Series 2023-24 Bonds for expenditures relating to purchasing mortgage loans, purchasing securities backed by such mortgage loans and funding down payment assistance and closing costs. During its 2023-24 fiscal year, the Authority reasonably expects and intends to issue the Series 2023-24 Bonds in a maximum principal amount not to exceed \$600,000,000 pursuant to the Indentures, the proceeds of which may be used to reimburse the Authority for funds expended by the Authority prior to the issuance of the Series 2023-24 Bonds for the purposes described herein.

Section 16. The Authority authorizes the use of such portion, if any, of the proceeds made available upon issuance of the Series 2023-24 Bonds as directed by and Authorized Officer to be

used to refund, retire, redeem (including pursuant to an optional redemption), defease or pay all or a portion of the Authority's outstanding bonds and other obligations in such amounts as directed by such Authorized Officer. Such Authorized Officer is authorized and directed to take such actions and execute such documents and agreements as required to cause the refunding, retirement, redemption, defeasance or payment of such bonds and obligations, including, but not limited to, executing any necessary amendments or supplemental indentures in order to cause the refunding, retirement, redemption, defeasance or payment thereof.

Section 17. The Authority authorizes the Executive Director/Chief Executive Officer to deposit with the Trustee, in connection with the issuance of one or more series of Series 2023-24 Bonds, up to \$11,800,000 in the aggregate from the general unencumbered funds of the Authority or the Surplus Fund under the Indenture (the "**Authorized Amount**") to be used to facilitate the issuance of such Series 2023-24 Bonds and, to the extent necessary, for credit into the funds and accounts under the Indenture to further secure principal and interest on the bonds, to obtain a rating on the Series 2023-24 Bonds and to maintain the current rating on bonds currently outstanding under the Indenture (such exact amount of the deposit to be determined by the Executive Director/Chief Executive Officer upon consultation with the Underwriters and the Authority's financial advisor, CSG Advisors). The Authority further authorizes the Executive Director/Chief Executive Officer to allocate and apply all or a portion of the Authorized Amount, all in the manner determined by the Executive Director/Chief Executive Officer to be in the best interests of the Authority, for the purpose of making funds available to finance a down payment assistance program, to pay borrower closing costs, or to pay other Single Family Mortgage Program costs, as determined by the Executive Director/Chief Executive Officer to be in the best interests of the Authority. In addition to the Authorized Amount, the Executive Director/Chief Executive Officer may allocate mortgage-backed securities held by the Authority (in the Surplus Fund of the Indenture or otherwise) to provide additional collateral for any issuance of the Series 2023-24 Bonds.

Section 18. If any provisions of this Resolution should be held invalid, the invalidity of such provision shall not affect the validity of any of the other provisions of this Resolution.

Section 19. The officials of the Authority, including, without limitation, the Authorized Officers, are authorized and directed to execute and deliver for and on behalf of the Authority any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Resolution and the documents authorized and approved herein.

Section 20. After any Series 2023-24 Bonds are delivered by the trustee to the Underwriters and upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the principal of, premium, if any, and interest on the Series 2023-24 Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture. After any of the Series 2023-24 Bonds are issued, this Resolution shall constitute an irrevocable contract between the Authority and the owner or owners of the Series 2023-24 Bond, and this Resolution, if any Series 2023-24 Bonds are in fact issued, shall remain irrevocable until the Series 2023-24 Bonds shall be fully paid, canceled and discharged.

Section 21. No member or employee of the Authority has any interest, direct or indirect, in the transactions contemplated by the Authority and authorized by this Resolution.

Section 22. All resolutions of the Authority or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency.

Section 23. This Resolution shall become effective immediately upon its adoption.

ADOPTED:

Aye:

Nay:

Abstain:

Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE
AUTHORITY THIS 20TH DAY OF SEPTEMBER, 2023.

Chair

(SEAL)

ATTEST:

Secretary

EXHIBIT A

Single Family Mortgage Program Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	Weighted Average Interest Rate for <u>each issuance of</u>	Authority Funds <u>Contribution:</u>
Not to extend beyond March 1, 2057	Not to exceed \$600,000,000	Not to exceed 8.00%	Not to exceed \$11,800,000

Fiscal Year 2023/2024

CERTIFICATE REGARDING THE RESOLUTION
OF THE AUTHORITY

I, the undersigned, Isidoro Hernandez, Secretary of the New Mexico Mortgage Finance Authority (the “Authority”), DO HEREBY CERTIFY that: (i) the annexed Resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on September 20, 2023, at which meeting a quorum was present and acting throughout; (ii) the annexed Resolution has been compared by me with the original thereof recorded in the minute book of the Authority and is a correct transcript therefrom and of the whole of said original; (iii) the annexed Resolution has not been altered, amended or repealed; and (iv) the annexed Resolution is in full force and effect on the date of this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Authority this 20th day of September, 2023.

Isidoro Hernandez, Secretary
New Mexico Mortgage Finance Authority

(SEAL)

Bond Resolution
Single Family Mortgage Program Bonds
Fiscal Year 2023/2024

A RESOLUTION OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE “AUTHORITY”) AUTHORIZING AND PROVIDING FOR: THE ISSUANCE AND SALE BY THE AUTHORITY OF ITS SINGLE FAMILY MORTGAGE PROGRAM BONDS FROM TIME TO TIME IN ONE OR MORE ISSUES AND AS ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED ~~\$500,000,000~~600,000,000 AND WITH SUCH TERMS AND CONDITIONS AS AN AUTHORIZED OFFICER DETERMINES ARE IN THE BEST INTERESTS OF THE AUTHORITY, SUBJECT TO THE PARAMETERS SET FORTH IN THIS RESOLUTION, TO MAKE FUNDS AVAILABE TO FINANCE MORTGAGE LOANS, EITHER DIRECTLY, OR INDIRECTLY BY REFUNDING OUTSTANDING BONDS AND OBLIGATIONS OF THE AUTHORITY; THE EXECUTION AND DELIVERY BY THE AUTHORITY OF ONE OR MORE SERIES INDENTURES, BOND PURCHASE CONTRACTS, OFFICIAL STATEMENTS, INVESTMENT AGREEMENTS, AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; DECLARING THE AUTHORITY’S OFFICIAL INTENT TO REIMBURSE ITSELF FOR CERTAIN EXPENDITURES; AND RELATED MATTERS.

WHEREAS, pursuant to the Mortgage Finance Authority Act, Sections 58-18-1 through 58-18-27, inclusive, NMSA 1978, and Section 2-12-5, NMSA 1978, as amended (collectively, the “Act”), the New Mexico Mortgage Finance Authority (the “**Authority**”) is a public body politic and corporate, separate and apart from the State of New Mexico (the “**State**”), constituting a governmental instrumentality servicing a public purpose and acting for the public benefit by improving the health, safety, welfare and prosperity of the State and the general public; and

WHEREAS, the Authority is authorized under the Act to implement a single-family mortgage purchase program, to provide down payment assistance in connection therewith, and to issue its bonds and other obligations to provide funds to (a) alleviate the shortage of decent, safe and sanitary housing which is within the financial means of low- and moderate-income persons and families within the State, (b) refund such bonds and other obligations; and

WHEREAS, the Authority has determined that it will serve and fulfill the purposes for which it was created by the establishment of a program (the “**Single Family Mortgage Program**”) to finance the purchase of mortgage loans made by eligible mortgage lenders to eligible borrowers for the financing of residential housing within the State and securities backed by such mortgage loans; and

WHEREAS, to finance a portion of the Single Family Mortgage Program, the Authority has deemed it necessary and advisable to proceed with the issuance, sale and delivery of its Single Family Mortgage Program Bonds in an original aggregate principal amount not to exceed ~~\$500,000,000~~600,000,000, in one or more issues and as one or more series, at the times and with

such terms and conditions as the Chair, the Vice Chair, the Executive Director/Chief Executive Officer, the Secretary, the Chief Financial Officer, the Chief Lending Officer and the Assistant Secretary of the Authority (each an “**Authorized Officer**”) determines are in the best interests of the Authority, subject to the Act, this Resolution and the hereinafter-described General Indenture (herein collectively referred to as the “**Series 2023-24 Bonds**”); and

WHEREAS, the Series 2023-24 Bonds shall be issued on or before October 31, ~~2023~~2024 in one or more issues and as one or more series pursuant to and secured by either the General Indenture of Trust dated as of November 1, 2005 between the Authority and Zions Bancorporation, National Association, as trustee, or the Indenture of Trust dated as of December 1, 2009 between the Authority and Zions Bancorporation, National Association, as trustee (each, a “**General Indenture**”), and prescribe and establish conditions and other appropriate matters with respect to the issuance of the Series 2023-24 Bonds; and

WHEREAS, the Series 2023-24 Bonds shall be special obligations of the Authority payable solely from and secured by a lien on the proceeds, moneys, revenues, rights, interest and collections pledged therefor under the General Indenture; and

WHEREAS, the proceeds made available upon issuance of the Series 2023-24 Bonds will enable the Authority, as directed by an Authorized Officer, to (i) redeem or refund all or a portion of the Authority’s outstanding bonds and other obligations, thereby reducing related interest costs to the Authority and/or providing funds for the purchase or financing of mortgage loans made by eligible mortgage lenders to eligible borrowers for the financing of residential housing within the State and securities backed by such mortgage loans, (ii) finance the purchase of mortgage loans made by eligible mortgage lenders to eligible borrowers for the financing of residential housing within the State and securities backed by such mortgage loans, and/or (iii) fund down payment assistance and closing costs in connection with certain mortgage loans financed under the Single Family Mortgage Program and (iv) fund reserves or pay costs of issuance of the Series 2023-24 Bonds; and

WHEREAS, there has been presented to the Authority at this meeting proposed forms of (a) a Bond Purchase Contract relating to the purchase of one or more series of Series 2023-24 Bonds (the “**Purchase Contract**”) to be entered into among the Authority, and any of RBC Capital Markets LLC, Raymond James & Associates, Inc. (including any of their successors) or any other purchasers to be named therein (collectively, the “**Underwriters**”), (b) a Series Indenture (the “**Series Indenture**” and collectively with the General Indenture, the “**Indenture**”) to be entered into between the Authority and the applicable trustee, (c) a Preliminary Official Statement to be used by the Underwriters in marketing the Series 2023-24 Bonds (the “**Preliminary Official Statement**”) and (d) a form of a Continuing Disclosure Agreement with respect to the Series 2023-24 Bonds (the “**Continuing Disclosure Agreement**” and together with the Purchase Contract, the Indenture and the Preliminary Official Statement (the “**Bond Documents**”); and

WHEREAS, in order to provide continuous financing for borrowers under the Single Family Mortgage Program, the Authority may purchase mortgage loans and securities backed by such mortgage loans from its general fund, a commercial line of credit or other warehouse financing, and, at such times as proceeds of Series 2023-24 Bonds become available, may direct the trustee to use Series 2023-24 Bond proceeds to reimburse such purchases; and

WHEREAS, the federal tax laws, particularly Internal Revenue Code Regulation Section 1.150-2, require that any governmental issuer which intends to use bond proceeds to reimburse itself for expenditures paid from non-bond sources declare its intention to so reimburse itself prior to making any such expenditure; and

WHEREAS, it appears that each of the instruments above referred to, which are now before each of the members of the Authority, is in appropriate form and is an appropriate instrument for the purposes intended.

NOW, THEREFORE, BE IT RESOLVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY, AS FOLLOWS:

Section 1. The Authority finds and determines that the supply of funds available in the private banking system in the State for residential mortgages is inadequate to meet the demand of persons and families of low or moderate income for residential mortgage financing, and that financing the making of loans by the Authority will alleviate such inadequate supply of residential mortgage money in the State's banking system.

Section 2. All other action heretofore taken (not inconsistent with the provisions of this Resolution) by the Authority and its officers directed toward the issuance of the Series 2023-24 Bonds are hereby ratified, approved and confirmed.

Section 3. For the purpose of providing funds to finance the purchase of housing by persons and families of low or moderate income within the State, either directly, or indirectly by refunding certain outstanding bonds of the Authority, the purchase of mortgage loans and securities backed by such mortgage loans, the funding of down payment assistance and closing costs, and the funding of any reserves and costs of issuance, all as authorized under the Indenture, the Authority authorizes the issuance of its Series 2023-24 Bonds in the aggregate principal amount of not to exceed ~~\$500,000,000~~ \$600,000,000 during the period commencing on the date hereof and ending on October 31, 2024. No Series 2023-24 Bonds may be issued pursuant to this Resolution after October 31, 2024, absent an amendment hereto. The Series 2023-24 Bonds shall be issued from time to time as one or more issues and in one or more series, which shall be designated New Mexico Mortgage Finance Authority "Single Family Mortgage Program Class __ Bonds, 20__ Series __" (or such other or additional Class/Series/title designation as appropriate), shall be of the Class or Classes, shall be dated, shall mature on the dates and in the principal amounts, shall bear interest (which may be included in or exempt from federal income taxation) at rates and be payable all as determined by an Authorized Officer, within the parameters set forth in Exhibit A hereto. The Series 2023-24 Bonds shall be issued only in fully registered form.

Section 4. The form, terms and provisions of the Series 2023-24 Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, and number shall be determined by an Authorized Officer, subject to the parameters set forth herein. The Authorized Officers are each individually authorized to execute, attest and seal by original or facsimile the Series 2023-24 Bonds and to deliver the Series 2023-24 Bonds to the bond registrar for authentication. The appropriate officials of the Authority, including, without limitation, the Authorized Officers, are authorized to execute and deliver to the bond registrar the

written order of the Authority for authentication and delivery of the Series 2023-24 Bonds in accordance with the provisions of the Indenture.

Section 5. The Series 2023-24 Bonds shall be sold to the Underwriters pursuant to one or more Purchase Contracts. An Authorized Officer shall specify and agree as to the purchase prices, the principal amounts, the interest rates, the maturities, and underwriting fees (not to exceed 1.0% of the principal amount of each series) with respect to each issuance of Series 2023-24 Bonds for and on behalf of the Authority by the execution and delivery of the Purchase Contract, provided such terms are within the parameters set by this Resolution.

Section 6. The Bond Documents for each issuance of Series 2023-24 Bonds in substantially the form and content presented at this meeting are in all respects authorized, approved and confirmed. The Authorized Officers are each individually authorized to finalize, execute, attest, seal and deliver each of the Bond Documents in the form and with substantially the same content as presented to this meeting for and on behalf of the Authority with such alterations, changes or additions as may be authorized by Section 13 hereof.

Section 7. Employees of the Authority designated by an Authorized Officer are authorized to give notice of the availability of funds from any issue of Series 2023-24 Bonds (if applicable) and to enter into, execute and deliver Single Family Mortgage Program documents for and on behalf of the Authority.

Section 8. The Authorized Officers are each individually authorized to approve the distribution of a Preliminary Official Statement (in substantially the form presented to the Authority at this meeting) and an Official Statement in substantially the form of the Preliminary Official Statement, with modifications determined at the time of the sale of the New Series 2023-24 Bonds and to execute and deliver for and on behalf of the Authority an Official Statement in connection with the sale of the Series 2023-24 Bonds. The Authority authorizes the use of such Preliminary Official Statement and Official Statement by the Underwriters in connection with the offering and sale of each issue of Series 2023-24 Bonds and the use of any supplement or amendment thereto so that such Preliminary Official Statement and Official Statement do not include any untrue statement of material fact and do not omit to state a material fact necessary to make the statements therein not misleading.

Section 9. The Authorized Officers are each individually authorized to enter into investment agreements (“**Investment Agreements**”) in form and substance satisfactory to such Authorized Officer. Any and all proceeds of, and investment income attributable to, the Series 2023-24 Bonds may be loaned to or deposited from time to time pursuant to the Investment Agreements for the periods, and at the interest rates, specified therein.

Section 10. The officers of the Authority, including, without limitation, the Authorized Officers, are authorized to take all action necessary or reasonably required by or in connection with the Series 2023-24 Bonds, the Indenture, the Mortgage Loan Sub-servicing Agreement, the Master Servicing Agreement, the Preliminary Official Statement, the Official Statement, the Continuing Disclosure Agreement, any Investment Agreement, the Purchase Contract and all other documents, agreements and items related to the Series 2023-24 Bonds to carry out, give effect to

and consummate the transactions as contemplated thereby and are authorized to take all action necessary in conformity with the Act.

Section 11. Upon their issuance, the Series 2023-24 Bonds will constitute special, limited obligations of the Authority payable solely from and to the extent of the sources set forth in the Series 2023-24 Bonds and the Indenture. No provision of this Resolution, the Indenture, the Series 2023-24 Bonds or the Purchase Contract shall be construed as creating a general obligation of the Authority, incurring or creating a charge upon the general credit of the Authority, creating an obligation of any kind of the State or any political subdivision thereof.

Section 12. The appropriate officials of the Authority, including, without limitation, the Authorized Officers, are authorized to make any alterations, changes or additions in the Indenture, the Series 2023-24 Bonds, the Purchase Contract, the Preliminary Official Statement, the Official Statement, any Investment Agreement, the Continuing Disclosure Agreement, the Mortgage Loan Sub-servicing Agreement, the Master Servicing Agreement or any other document, agreement or item herein authorized and approved to be delivered in connection with each issuance of the Series 2023-24 Bonds which may be necessary to correct errors or omissions therein, to remove ambiguities therefrom, to permit the inclusion under the Indenture of any other loans approved by the governing board of the Authority, and maintain the expected rating on the Series 2023-24 Bonds, to conform the same to other provisions of said instruments, to the final terms established for each issuance of Series 2023-24 Bonds (within the parameters established herein), and the final agreement with the Underwriters, to the provisions of this Resolution or any resolution adopted by the Authority, or the provisions of the laws of the State of New Mexico or the United States.

Section 13. The issuance of the Series 2023-24 Bonds and approval and authorization of the Authority of the documents relating thereto and the provisions thereof are conditioned on the holding of a public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended, and the approval by the Governor of the State, the designated and elected official as described in said Section 147(f).

Section 14. The Authorized Officers are each authorized to cause any portion of an allocation of current-year volume cap from the State Board of Finance or any prior-year volume cap carried forward by the Authority for the purposes of the Single Family Mortgage Program, to be allocated to the issuance of any Series 2023-24 Bonds issued as bonds the interest on which is exempt from federal income taxation.

Section 15. The Authority declares its intention to reimburse itself from all or a portion of proceeds of the Series 2023-24 Bonds for expenditures relating to purchasing mortgage loans, purchasing securities backed by such mortgage loans and funding down payment assistance and closing costs. During its 2023-24 fiscal year, the Authority reasonably expects and intends to issue the Series 2023-24 Bonds in a maximum principal amount not to exceed ~~\$500,000,000~~\$600,000,000 pursuant to the Indentures, the proceeds of which may be used to reimburse the Authority for funds expended by the Authority prior to the issuance of the Series 2023-24 Bonds for the purposes described herein.

Section 16. The Authority authorizes the use of such portion, if any, of the proceeds made available upon issuance of the Series 2023-24 Bonds as directed by and Authorized Officer to be

used to refund, retire, redeem (including pursuant to an optional redemption), defease or pay all or a portion of the Authority's outstanding bonds and other obligations in such amounts as directed by such Authorized Officer. Such Authorized Officer is authorized and directed to take such actions and execute such documents and agreements as required to cause the refunding, retirement, redemption, defeasance or payment of such bonds and obligations, including, but not limited to, executing any necessary amendments or supplemental indentures in order to cause the refunding, retirement, redemption, defeasance or payment thereof.

Section 17. The Authority authorizes the Executive Director/Chief Executive Officer to deposit with the Trustee, in connection with the issuance of one or more series of Series 2023-24 Bonds, up to \$~~9,800,000~~11,800,000 in the aggregate from the general unencumbered funds of the Authority or the Surplus Fund under the Indenture (the "**Authorized Amount**") to be used to facilitate the issuance of such Series 2023-24 Bonds and, to the extent necessary, for credit into the funds and accounts under the Indenture to further secure principal and interest on the bonds, to obtain a rating on the Series 2023-24 Bonds and to maintain the current rating on bonds currently outstanding under the Indenture (such exact amount of the deposit to be determined by the Executive Director/Chief Executive Officer upon consultation with the Underwriters and the Authority's financial advisor, CSG Advisors). The Authority further authorizes the Executive Director/Chief Executive Officer to allocate and apply all or a portion of the Authorized Amount, all in the manner determined by the Executive Director/Chief Executive Officer to be in the best interests of the Authority, for the purpose of making funds available to finance a down payment assistance program, to pay borrower closing costs, or to pay other Single Family Mortgage Program costs, as determined by the Executive Director/Chief Executive Officer to be in the best interests of the Authority. In addition to the Authorized Amount, the Executive Director/Chief Executive Officer may allocate mortgage-backed securities held by the Authority (in the Surplus Fund of the Indenture or otherwise) to provide additional collateral for any issuance of the Series 2023-24 Bonds.

Section 18. If any provisions of this Resolution should be held invalid, the invalidity of such provision shall not affect the validity of any of the other provisions of this Resolution.

Section 19. The officials of the Authority, including, without limitation, the Authorized Officers, are authorized and directed to execute and deliver for and on behalf of the Authority any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Resolution and the documents authorized and approved herein.

Section 20. After any Series 2023-24 Bonds are delivered by the trustee to the Underwriters and upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the principal of, premium, if any, and interest on the Series 2023-24 Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture. After any of the Series 2023-24 Bonds are issued, this Resolution shall constitute an irrevocable contract between the Authority and the owner or owners of the Series 2023-24 Bond, and this Resolution, if any Series 2023-24 Bonds are in fact issued, shall remain irrevocable until the Series 2023-24 Bonds shall be fully paid, canceled and discharged.

Section 21. No member or employee of the Authority has any interest, direct or indirect, in the transactions contemplated by the Authority and authorized by this Resolution.

Section 22. All resolutions of the Authority or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency.

Section 23. This Resolution shall become effective immediately upon its adoption.

ADOPTED:

Aye:

Nay:

Abstain:

Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE
AUTHORITY THIS 20TH DAY OF SEPTEMBER, 2023.

Chair

(SEAL)

ATTEST:

Secretary

EXHIBIT A

Single Family Mortgage Program Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Weighted Average Interest Rate for each issuance of</u>	<u>Authority Funds Contribution:</u>
Not to extend beyond March 1, 2056 <u>2057</u>	Not to exceed \$500,000,000 <u>600,000,000</u>	Not to exceed 7.50 <u>8.00</u> %	Not to exceed \$9,800,000 <u>11,800,000</u>

Summary report: Litera Compare for Word 11.4.0.111 Document comparison done on 9/1/2023 10:39:05 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original DMS: nd://4894-8674-9306/1/New Mexico NMMFA SF 2023-2024 ANNUAL BOND RESOLUTION.docx	
Modified DMS: nd://4894-8674-9306/2/New Mexico NMMFA SF 2023-2024 ANNUAL BOND RESOLUTION.docx	
Changes:	
<u>Add</u>	18
Delete	16
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
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Embedded Excel	0
Format changes	0
Total Changes:	34

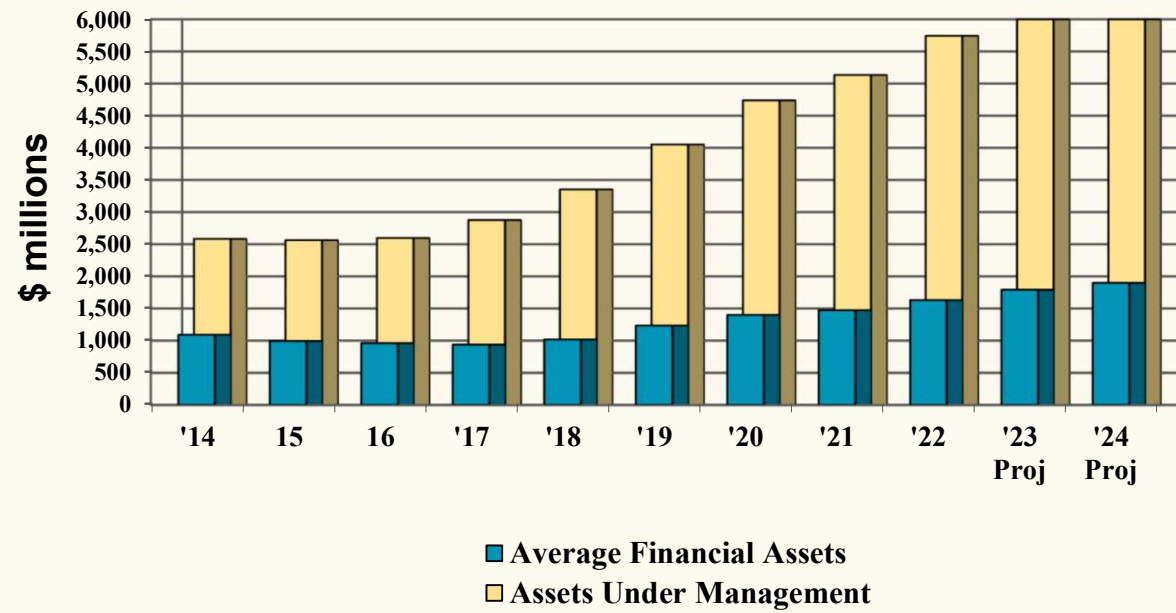
Production Statistics
Actual 9/30/14 through 9/30/22
And Projected 9/30/23 and 9/30/24



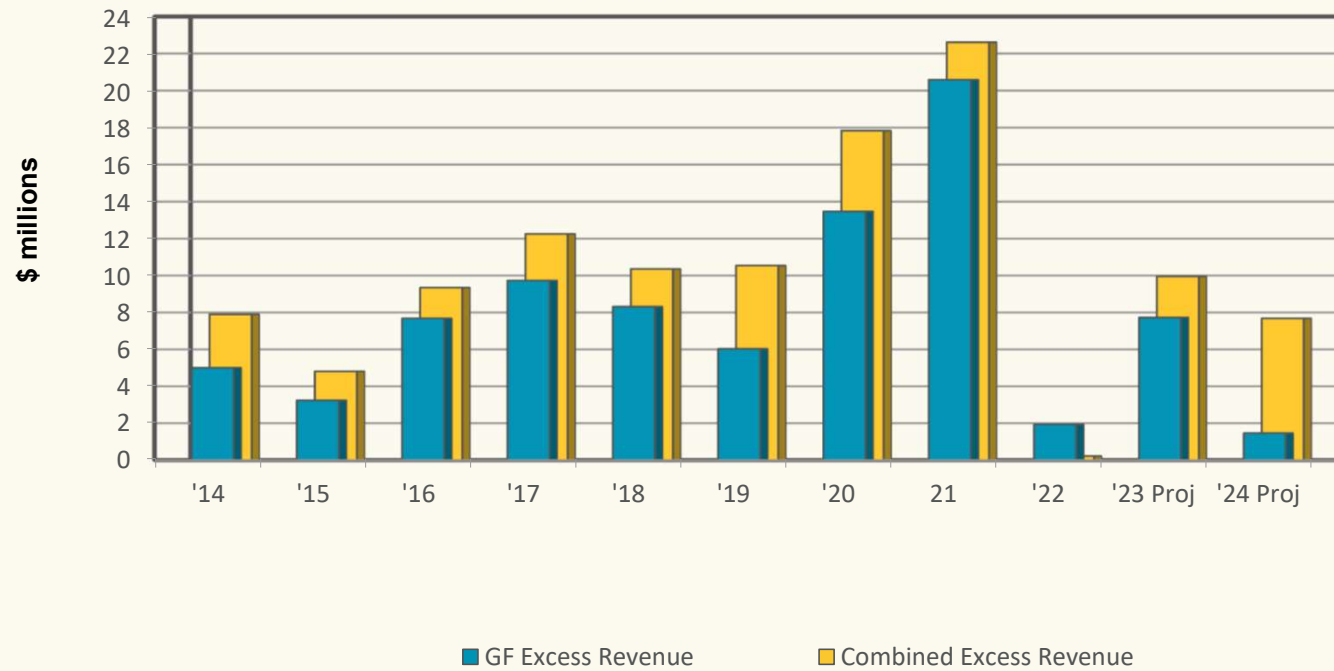
Production & Financial Highlights



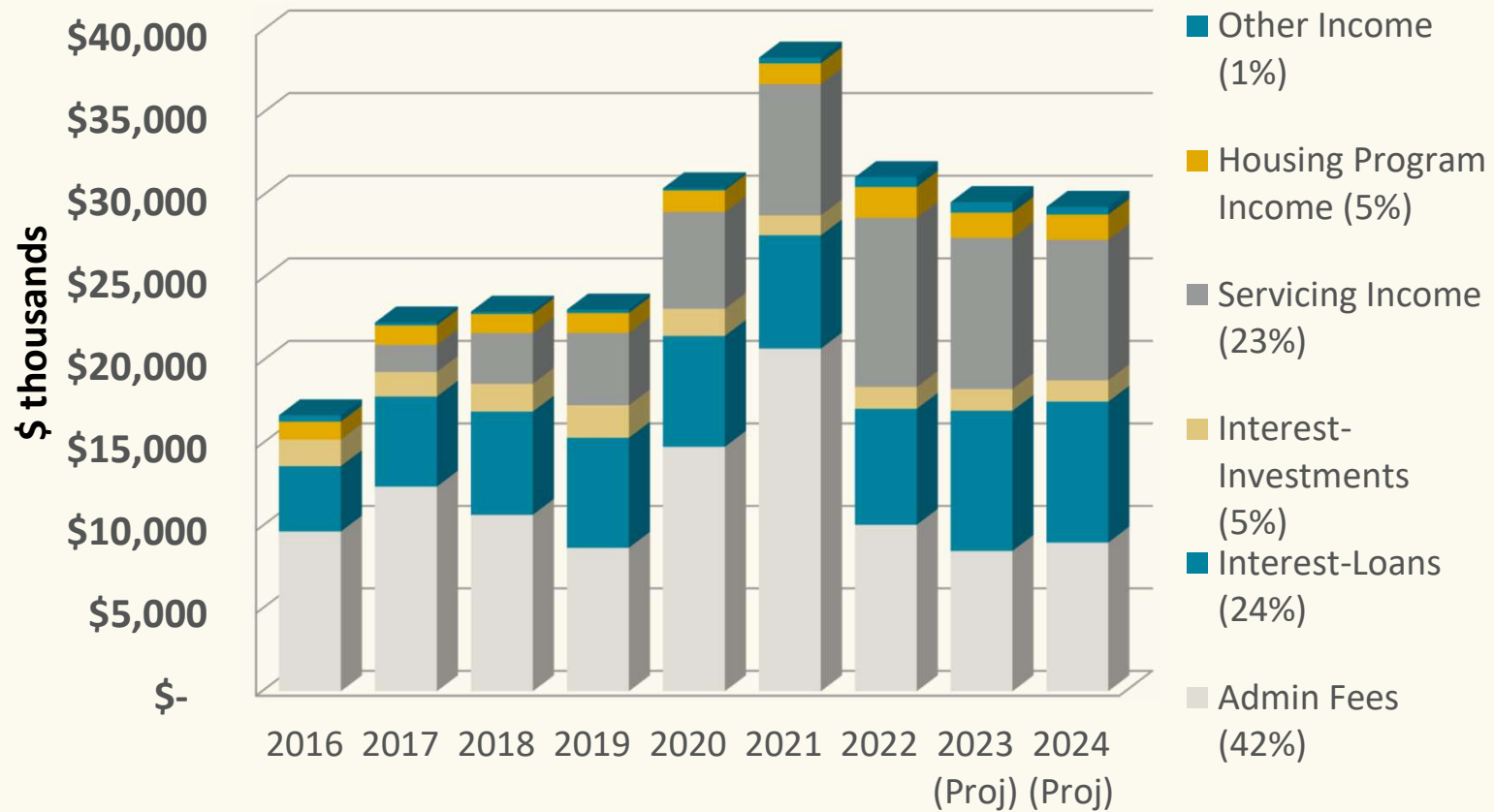
Assets Managed:
Average Financial Assets
vs. Average Assets Under Management
FY 2014-2024



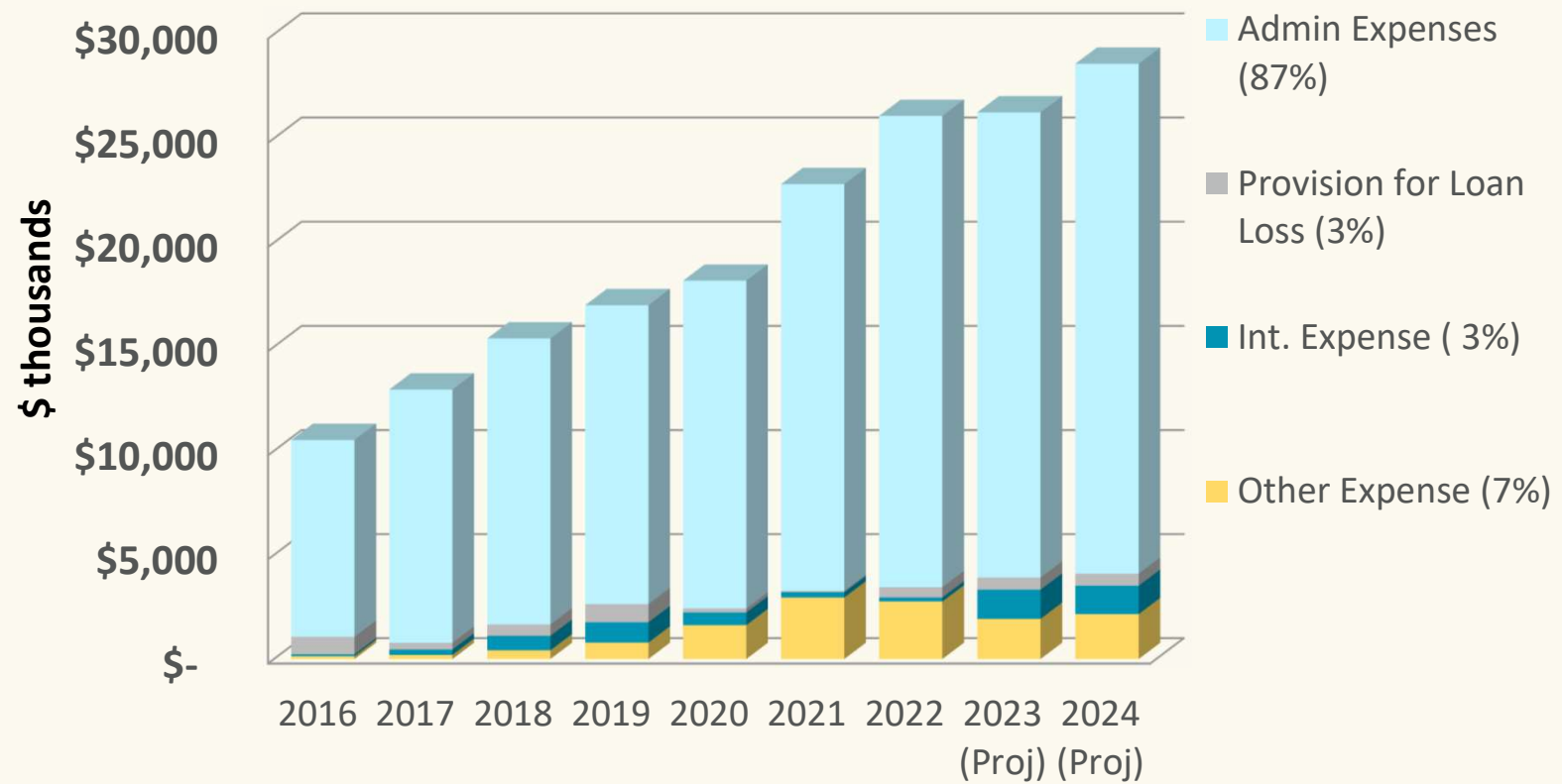
Financial Data:
General Fund Excess Revenue Over Expenses vs.
Combined Excess Revenue Over Expenses
FY 2014-2024



Financial Data: General Fund Revenue Analysis 2016-2024 (Projected)

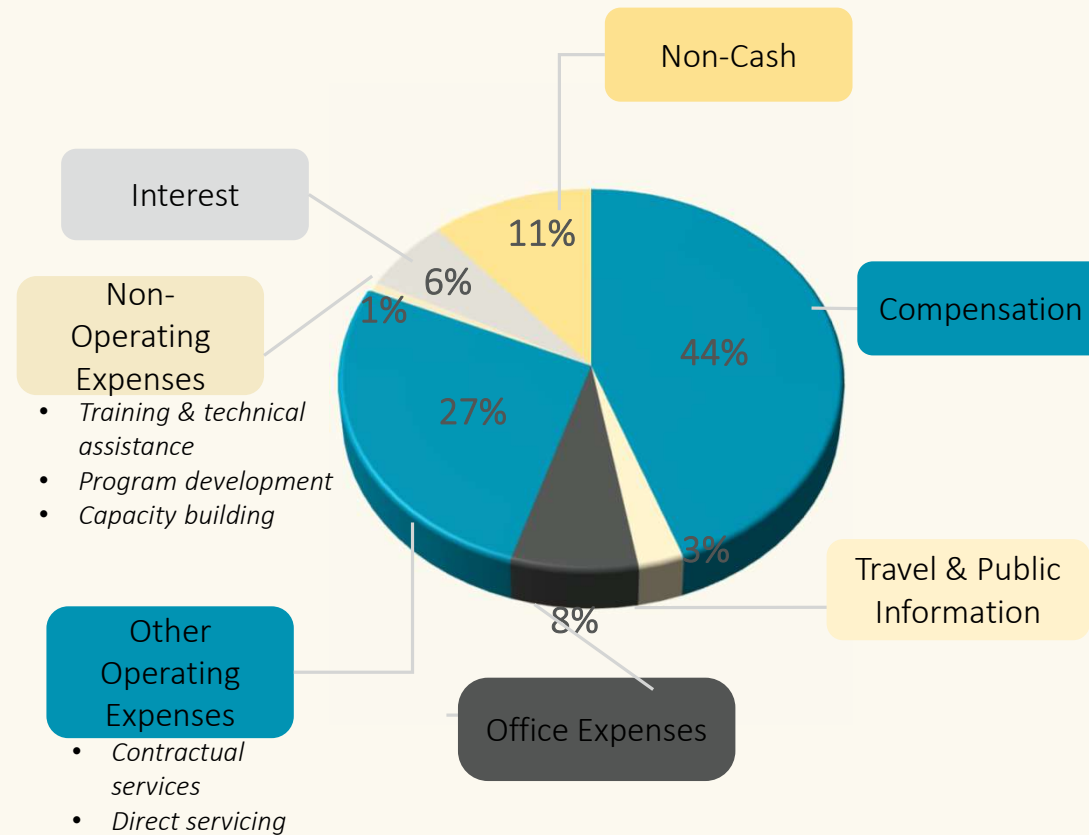


Financial Data:
General Fund Expenditure Summary
2016-2024 (Projected)

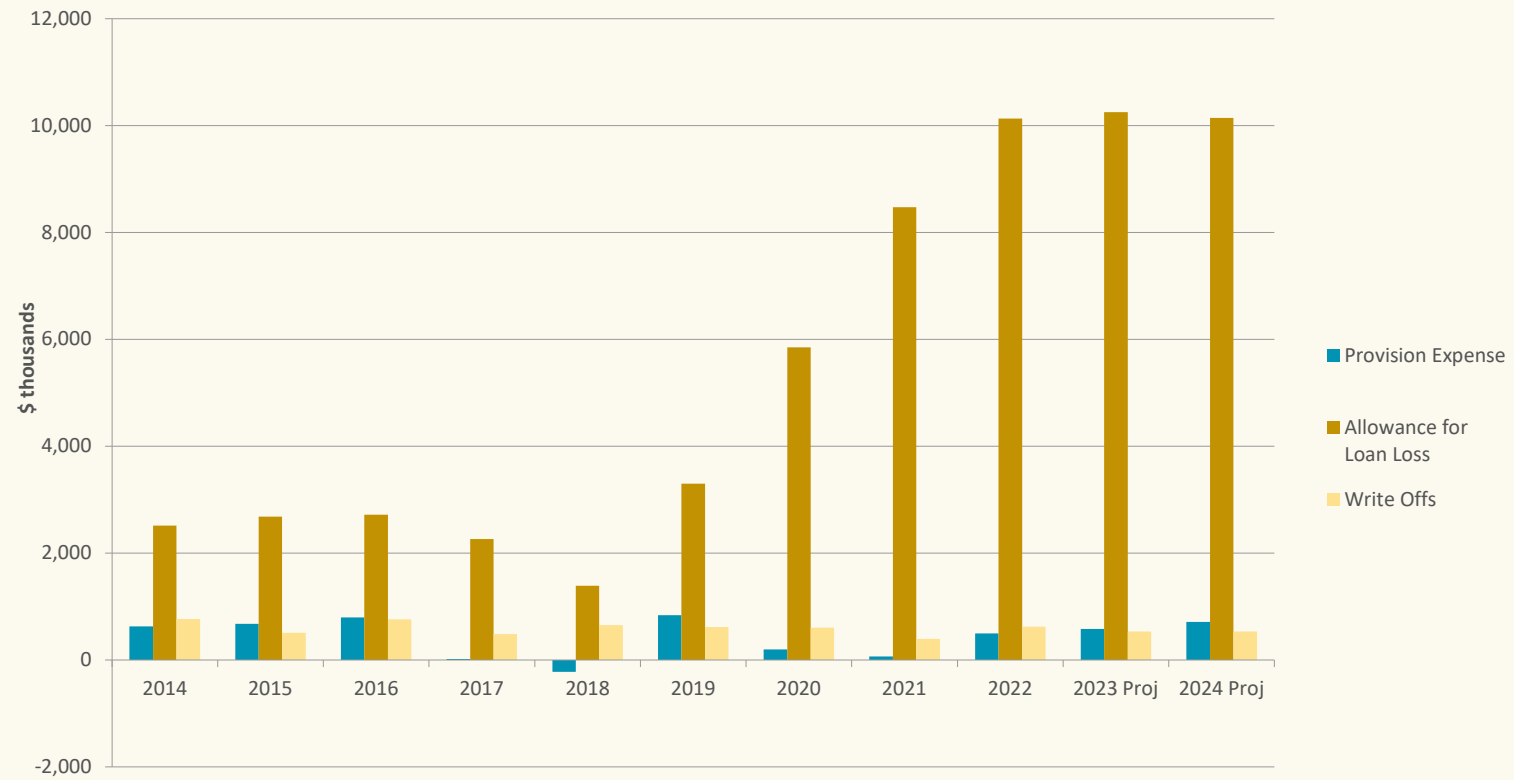


MFA Detailed Administrative Expense Breakout

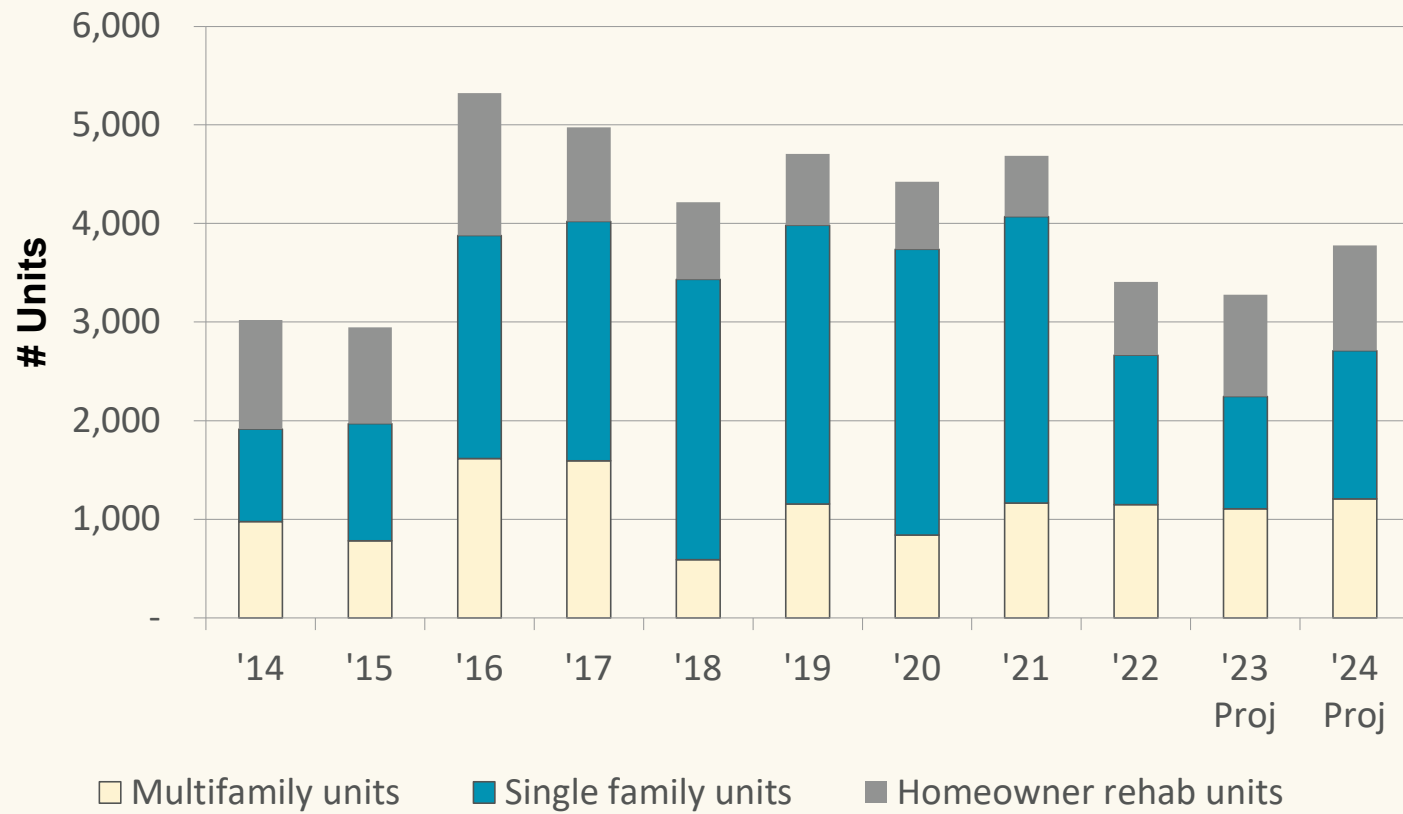
MFA General Fund: FY 2024 Budget



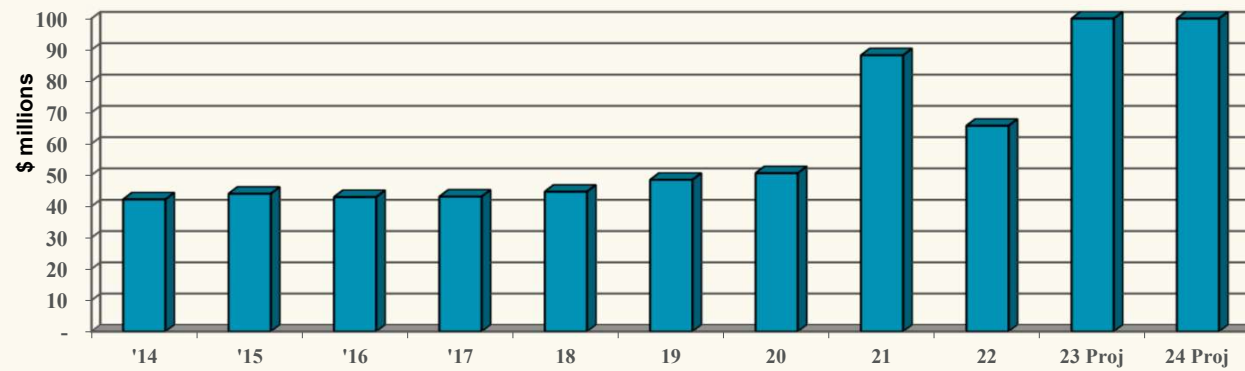
Financial Data: Loan Loss Provision Allowance vs Annual Expense and Annual Write Offs FY 2014 - 2024



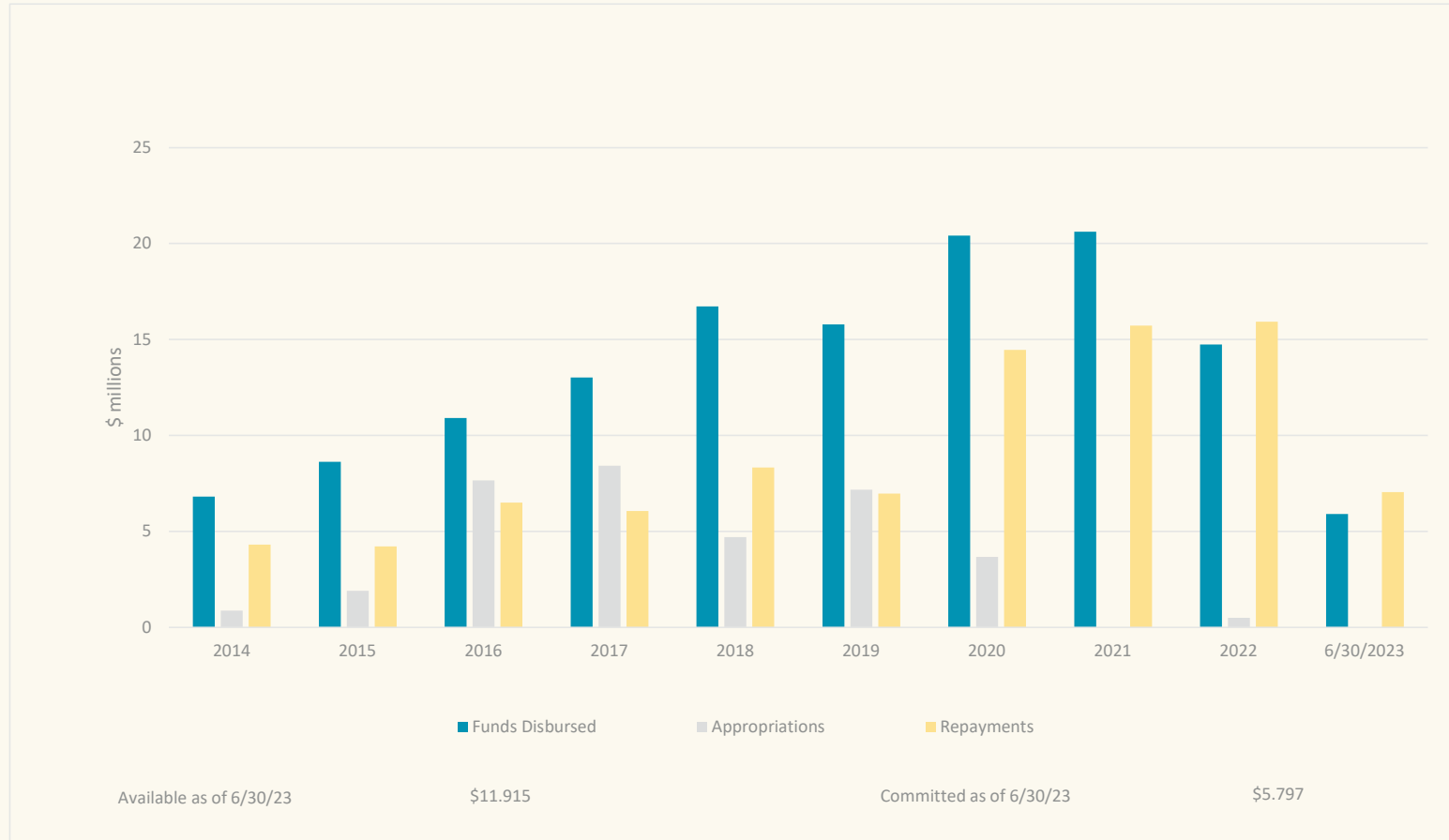
Production Data:
Number of Multifamily, Single Family 1st Mortgage and Single Family Homeowner Rehab Units
FY 2014-2024



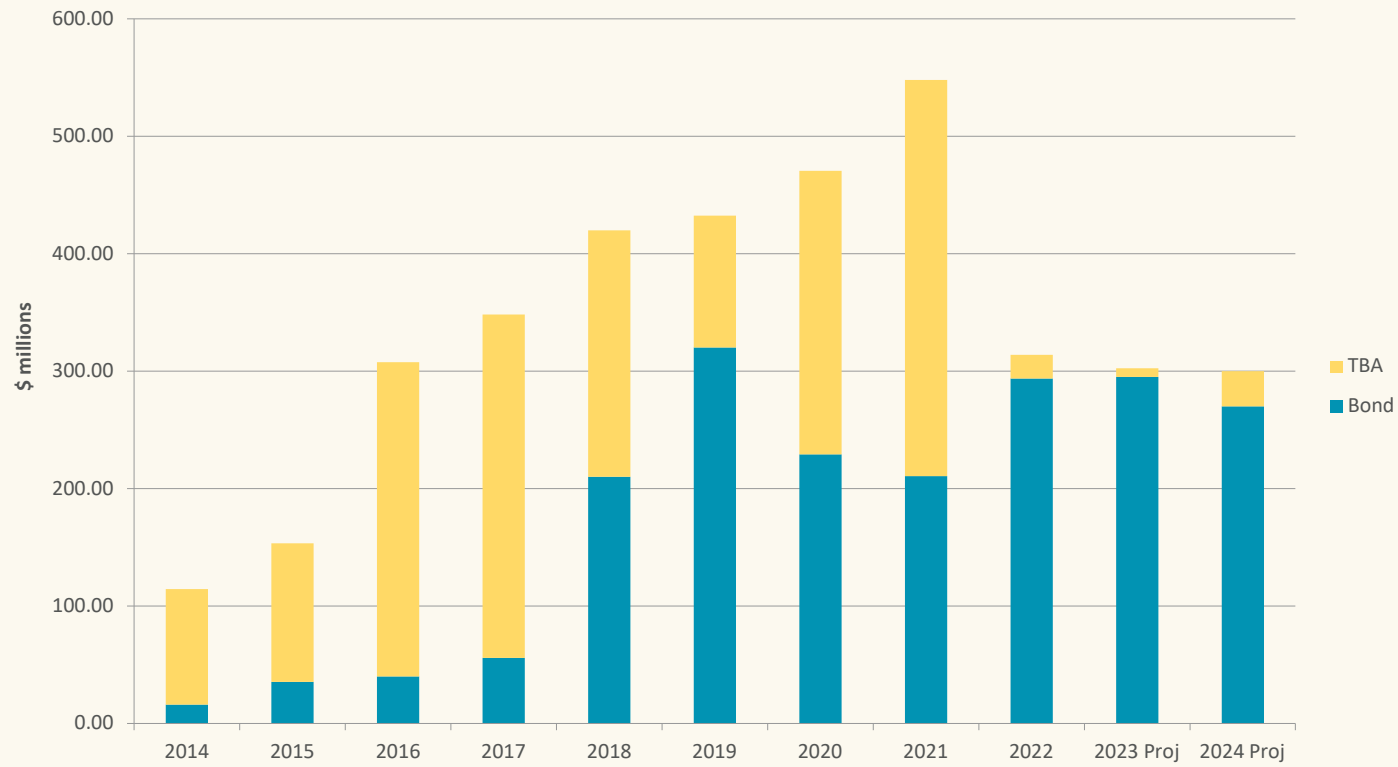
Production Data:
Funds Disbursed-Federal & State Programs
FY 2014-2024



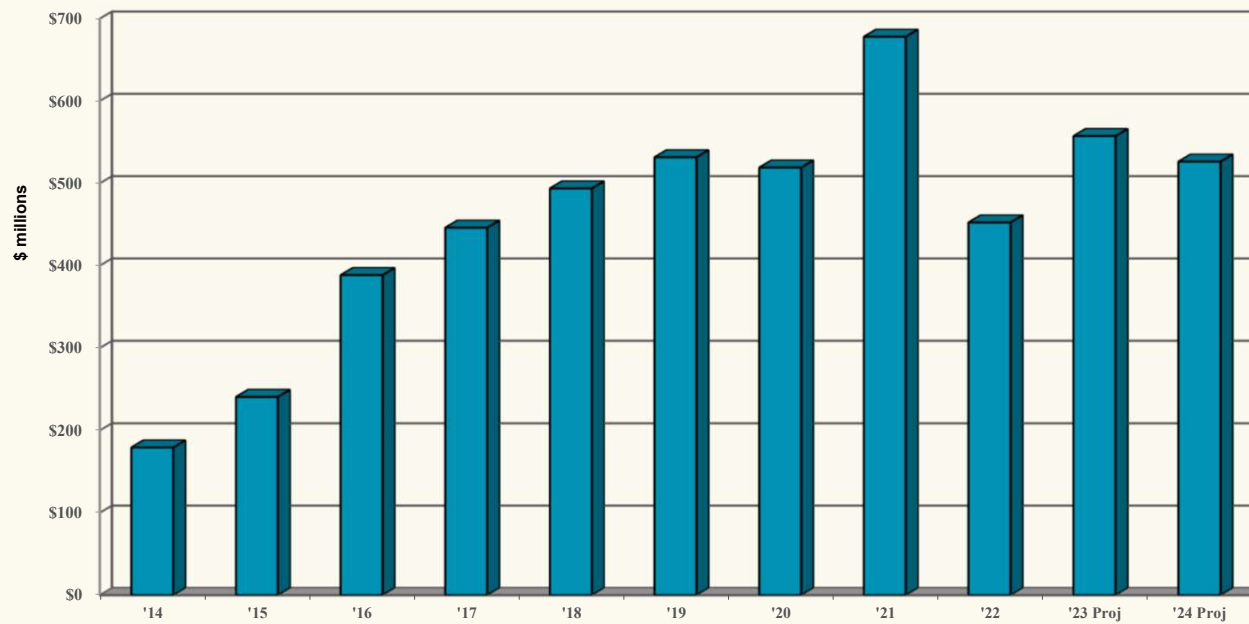
Housing Opportunity Fund 2014-2023



Production Data:
TBA vs Bond Production
FY 2014 – 2024



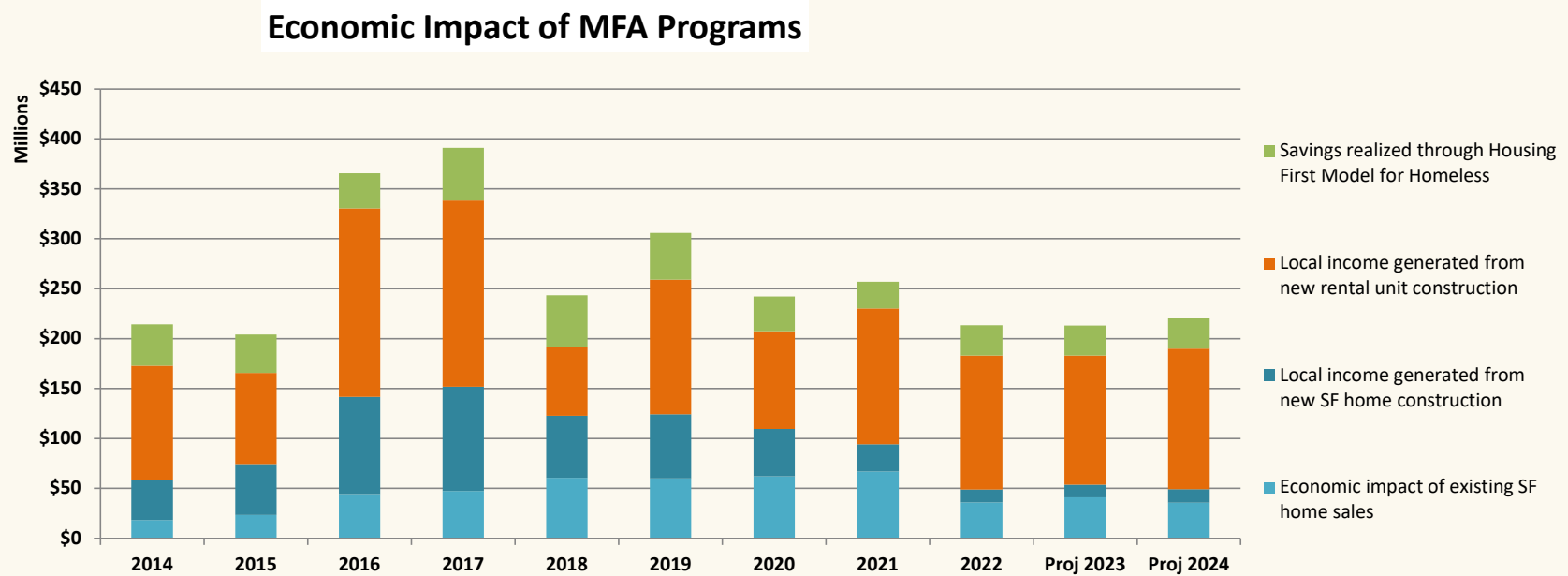
MFA Total Housing Dollars Produced FY 2014-2024



Includes: GF Non-Operating funds disbursed; Single family loans purchased; Multifamily loans/subsidies; federal & state programs disbursed; and Housing Opportunity Fund disbursed

■ Housing Dollars Produced

Economic Impact of MFA Programs FY20214 - 2024



MFA Fiscal Year, 9/30 to 10/01, FY 2023 and 2024 is projected

Sources: Realtors Association of New Mexico, NAHB Economic Model, City of Albuquerque Heading Home Cost Study



MEMO

TO: MFA Board of Directors

Through: Finance Committee – 9/12/2023

Through: Policy Committee – 9/5/2023

FROM: Joseph McIntyre, Controller

DATE: 9/20/2023

SUBJECT: Fiscal Year 2023-2024 General Fund Budget

Recommendation:

Staff recommend approval of the budget as reflected on the attached schedules.

Background:

MFA's fiscal year ends September 30. A budget is presented for approval prior to the beginning of the new fiscal year which begins October 1, 2023.

Discussion:

Attached is MFA's General Fund proposed budget for Fiscal Year (FY) 2023-2024. Revenue is projected at \$31,739,991, an increase of \$1,876,706 or 7% over the prior year budget and a decrease of (\$493,563) or -2% under projected 9/30/23 actuals. The expense budget is projected at \$30,275,693, an increase of \$2,748,879 or 11% over the prior year budget and an increase of \$5,769,341 or 24% over 9/30/23 projected actuals. The FY 2023-2024 budgeted excess revenue over expenses is \$1,464,298. The capital budget is \$7,227,686, a decrease of (\$7,163,485) or (50%) under the previous year budget and a decrease of (\$6,057,567) or (46%) under projected actual.

The changes are primarily a result of the single-family mortgage loan production, repurchased loan expenses, and the addition of 10.375 full-time equivalent (FTE) staff positions over the FY 2023 budget.

Analysis of Significant Increases (Decreases) in Proposed Budget to Prior Year (PY) Budget and Projected Actual

OPERATING REVENUE: Increase over PY Budget \$1,943,413 7%; Decrease under PY Actual (\$132,800) 0%

Interest Income: Decrease under PY Budget (\$373,510) -4%; Increase over PY Actuals \$3,906 0%

The decrease from prior year budget is primarily due to a decrease in the expected Mortgage Loan Warehouse and Access Loan portfolios interest income which is offset

by increases in the anticipated interest income generated by the Repurchased Loan Portfolio and the DPA Loan portfolios.

Interest on Investments and Securities: Increase over PY Budget of \$1,511,790 or 115%; Increase over PY Actuals of \$428,804 or 18%

The increase from prior year budget and prior year actuals is primarily due to an increase in predicted investment returns because of higher interest rates.

Administrative Fee Income: Increase over PY Budget \$1,220,328 15%; Increase over PY Actuals \$552,902 6%

The increase over prior year is primarily due to increases in revenue generated via Bond Administration.

Loan Servicing Income: Decrease under PY Budget (\$875,373) -9%; Decrease under PY Actuals (\$1,353,845) -14%

The decrease in Loan Servicing under prior year is primarily due to a reduction in the service fee yield on the Ginnie Mae loan product.

OPERATING EXPENSES: Increase over PY Budget \$2,773,162 11%; Increase over PY Actual \$5,714,599 23%

Salaries: Increase over PY Budget \$331,570 4%; Increase over PY Actual \$1,248,756 18% - See Attached Organization Chart

Regular merit increases are budgeted at 4%. In addition, the increase in actual and budget includes 10.375 additional FTE positions. The budget includes the following new positions: two Program Managers, a Community Relations Manager, a Development Loan Manager, a Database Programmer, two staff for the HAF Team, and three staff for the Direct Services initiative. The increase over actuals also reflects the vacancies that were experienced in prior year.

Payroll Taxes, Employee Benefits: Increase over PY Budget \$415,848 11%; Increase over PY Actual \$1,023,095 30%

The increase in taxes and benefits over actual and budget is primarily due to salary increases and increases in staffing. In addition, the increase includes an overall increase in medical insurance premiums of approximately 13%.

Repairs, Maintenance & Leases: Increase over PY Budget \$25,905 4%; Increase over PY Actual \$235,939 16%

The increase over prior budget and actuals is due to an increase in costs related to the Jefferson building.

Direct Servicing Expenses: Increase over PY Budget \$974,912 20%; Increase over PY Actual \$640,521 12%

The increase over the previous year's budget is due to increase in projected repurchase loan expenses since the Covid related moratorium on foreclosures has expired. The

projected repurchased loan expense for FY 24 is \$1,567,500. Other direct servicing expenses such as lender compensation, and sub-servicing expenses are expected to decrease.

Interest Expenses: Increase over PY Budget \$118,616 14%; Increase over PY Actual \$451,322 31%

The increase is due to the increase in interest rates predicted for borrowings obtained to fund the warehouse loans and interest that will be incurred on the Jefferson building.

Non-Cash Expenses: Increase over PY Budget \$555,620 20%; Increase over PY Actual \$1,089,326 47%

The increase over prior year budget is due to an increase in amortization of mortgage servicing rights and increased depreciation related to the Jefferson building and equipment being placed into service. The provision for loan losses is also budgeted \$135,000 higher than the previous year.

CAPITAL BUDGET: Decrease under PY Budget (\$7,163,485) (50%); Decrease under PY Actual (\$6,057,567) -46%

Purchased Servicing Rights: Decrease under PY Budget (\$578,485) (13%); Increase over PY Actual \$487,109 15%

The decrease under prior year budget is due to the decreased production levels. Production is estimated to be at \$325mm rather than \$375mm budgeted for FY2023.

Furniture and Equipment 10yr: Increase over PY Budget and Actual 450,000 100%

The Jefferson Building will require furniture for cubicle configuration and conference rooms.

Building: Decrease from PY Budget and PY Actual (\$7,100,000) -71%

It is expected that the costs related to renovation of the building and roof at Jefferson building will cost \$2,900,000. The prior year budget includes the Jefferson building acquisition cost of \$10,000,000.

Summary:

MFA's General Fund proposed budget for Fiscal Year (FY) 2023-2024 is recommended for approval. Revenue is projected at \$31,739,991, an increase of \$1,876,706 or 7% over prior year budget and a decrease of (\$493,563) or -2% under projected 9/30/23 actuals. The expense budget is projected at \$30,275,693, an increase of \$2,748,879 or 11% over the prior year budget and an increase of \$5,769,341 or 24% over 9/30/23 projected actuals. The FY 2023-2024 budgeted excess revenue over expenses is \$1,464,298. The capital budget is \$7,227,686, a decrease of (\$7,163,485) or (50%) under prior year budget and a decrease of (\$6,057,567) or -46% under prior year's projected actual.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
GENERAL FUND
Fiscal Year 2023-2024 Budget

	Proposed Budget FY2023-24	Budget FY2022-23 Amendment #1	6/30/2023 Actuals Annualized	Variance: CY Budget - PY Budget	Variance %: CY Budget - PY Budget	Variance: CY Budget - PY Actuals	Variance %: CY Budget - PY Actuals
	2024	2023	2023	2024	2024	2024	2024
Interest Income	8,031,882	8,405,392	8,027,976	(373,510)	-4%	3,906	0%
Interest on Investments & Securities	2,830,046	1,318,256	2,401,242	1,511,790	115%	428,804	18%
Loan & Commitment Fees	153,000	175,344	153,594	(22,344)	-13%	(594)	0%
Administrative Fee Income (Exp)	9,629,192	8,408,864	9,076,290	1,220,328	15%	552,902	6%
Risk Sharing/Guaranty/RTC fees	641,008	463,730	52,261	177,278	38%	588,747	1127%
Housing Program Income	1,835,258	1,530,014	2,187,978	305,244	20%	(352,720)	-16%
Loan Servicing Income	8,559,371	9,434,743	9,913,216	(875,373)	-9%	(1,353,845)	-14%
Other Operating Income	-	-	-	-	-	-	-
Operating Revenues	31,679,756	29,736,343	31,812,556	1,943,413	7%	(132,800)	0%
Gain (Loss) Asset Sale/Debt Ex	-	-	331,962	-	-	(331,962)	-100%
Other Non-operating Income	60,235	126,942	89,036	(66,707)	47%	(28,801)	-32%
Non-Operating Revenues	60,235	126,942	420,998	(66,707)	47%	(360,763)	-86%
Revenue	31,739,991	29,863,285	32,233,554	1,876,706	7%	(493,563)	-2%
Salaries	8,323,579	7,992,009	7,074,823	331,570	4%	1,248,756	18%
Overtime	31,885	37,585	45,554	(5,699)	-15%	(13,669)	-30%
Incentives	714,768	678,356	605,566	36,412	6%	109,202	18%
Payroll taxes, Employee Benefits	4,381,069	3,965,221	3,357,974	415,848	11%	1,023,095	30%
Compensation	13,451,302	12,673,171	11,083,918	778,131	6%	2,367,384	21%
Business Meals Expense	13,900	7,220	3,218	6,680	93%	10,682	332%
Public Information	361,909	339,488	144,113	22,421	7%	217,796	151%
In-State Travel	141,581	159,671	69,562	(18,090)	-11%	72,019	104%
Out-of-State Travel	314,070	268,046	121,144	46,024	17%	192,926	159%
Travel & Public Information	831,460	774,425	338,036	57,035	7%	493,424	146%
Utilities/Property Taxes	210,562	124,860	85,657	85,702	105%	124,905	146%
Leasehold Expense							
Insurance, Property & Liability	245,510	231,148	247,133	14,362	8%	(1,623)	-1%
Repairs, Maintenance & Leases	1,709,334	1,683,429	1,473,396	25,905	4%	235,939	16%
Supplies	34,700	35,700	38,378	(1,000)	-3%	(3,678)	-10%
Postage/Express mail	45,600	40,800	127,333	4,800	12%	(81,733)	-64%
Telephone	29,501	22,701	16,196	6,800	30%	13,305	82%
Janitorial	89,139	40,900	40,379	48,239	118%	48,760	121%
Indirect Costs	(38,776)	(746)	(52,396)	(38,031)	5101%	13,620	-26%
Office Expenses	2,325,571	2,178,792	1,976,075	146,778	11%	349,495	18%
Dues & Periodicals	80,097	62,773	72,048	17,324	28%	8,049	11%
Education & Training	173,193	170,690	120,229	2,503	1%	52,964	44%
Contractual Services	1,458,632	1,402,004	1,101,585	56,628	4%	357,047	32%
Professional Services-Program	115,900	242,751	303,713	(126,851)	-52%	(187,813)	-62%
Direct Servicing Expenses	5,860,479	4,885,567	5,219,958	974,912	20%	640,521	12%
Program Expense-Other	277,824	180,448	339,288	97,376	54%	(61,464)	-18%
Rebate Analysis Fees	1,590	-	-	1,590	-	1,590	-

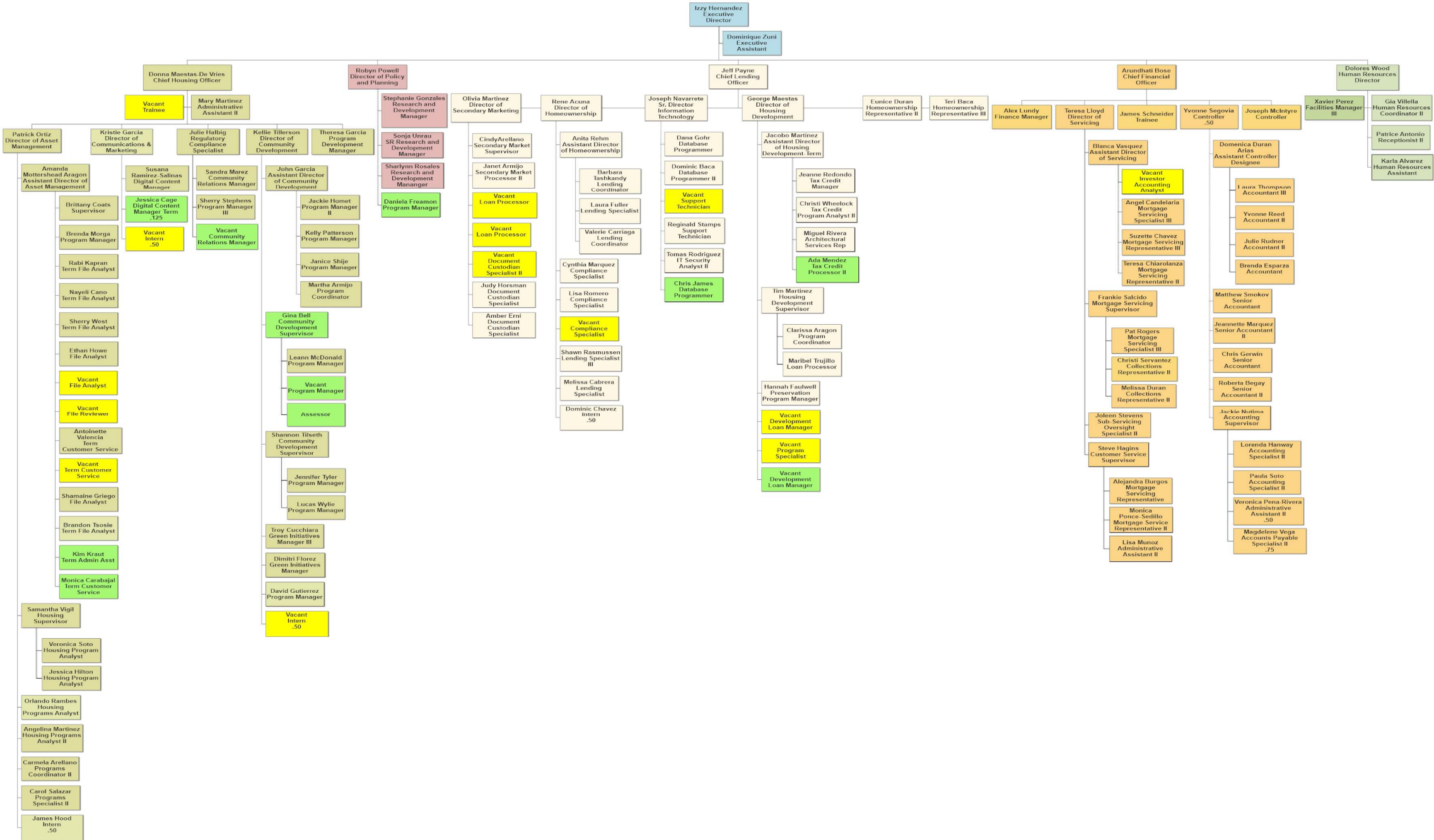
NEW MEXICO MORTGAGE FINANCE AUTHORITY
GENERAL FUND
Fiscal Year 2023-2024 Budget

	Proposed Budget FY2023-24	Budget FY2022-23 Amendment #1	6/30/2023 Actuals Annualized	Variance: CY Budget PY Budget	Variance %: CY Budget - PY Budget	Variance: CY Budget PY Actuals	Variance %: CY Budget - PY Actuals
	2024	2023	2023	2024	2024	2024	2024
Miscellaneous			261			(261)	-100%
Other Operating Expense	7,967,715	6,944,233	7,157,081	1,023,482	15%	810,634	11%
Interest Expense	1,890,036	1,771,420	1,438,714	118,616	14%	451,322	31%
Non-Cash Expenses	3,396,718	2,841,098	2,307,392	555,620	20%	1,089,326	47%
Expensed Assets	173,350	79,850	20,335	93,500	117%	153,015	752%
Operating Expenses	30,036,151	27,262,989	24,321,552	2,773,162	11%	5,714,599	23%
Program Training & Tech Asst	103,242	151,900	61,030	(48,658)	-32%	42,212	69%
Program Development	136,300	111,925	123,770	24,375	22%	12,530	10%
Capacity Building Costs	239,542	263,825	184,800	(24,283)	-9%	54,742	30%
Non-Operating Expenses	239,542	263,825	184,800	(24,283)	-9%	54,742	30%
Expenses	30,275,693	27,526,814	24,506,352	2,748,879	11%	5,769,341	24%
Excess Revenue over Expenses	1,464,298	2,336,471	7,727,203	(872,173)	-42%	(6,262,904)	-81%

NEW MEXICO MORTGAGE FINANCE AUTHORITY
GENERAL FUND
Fiscal Year 2023-2024 Budget

	Proposed Budget FY2023-24	Budget FY2022-23 Amendment #1	6/30/2023 Actuals Annualized	Variance: CY Budget - PY Budget	Variance %: CY Budget - PY Budget	Variance: CY Budget - PY Actuals	Variance %: CY Budget - PY Actuals
2690 PURCHASED SERVICING RIGHTS	3,772,362	4,350,847	3,285,253	(578,485)	-13%	487,109	15%
2920 FURN & EQUIP, 10 YR	450,000	-	-	450,000	0%	450,000	0%
2950 COMPUTER HARDWARE	105,324	40,324	-	65,000	161%	105,324	0%
2860 BUILDING	2,900,000	10,000,000	10,000,000	(7,100,000)	-71%	(7,100,000)	-71%
Capital Budget	7,227,686	14,391,171	13,285,253	(7,163,485)	-50%	(6,057,567)	-46%

Proposed Organization Chart
08/30/23
136,875 Total positions





MEMORANDUM

To: Board of Directors
From: MFA Board Compensation Committee
Date: September 20, 2023
Re: Annual Review of Compensation and Benefits

BACKGROUND:

In October of 2012 Board Chair Dennis Burt established the MFA Board Compensation Committee. The purpose of the committee is to provide the appropriate oversight and transparency over MFA compensation and benefits. The Compensation Committee was asked to meet at least annually and to report the results of its assessment back to the full Board in conjunction with the annual General Fund budget approval. Members are as follows:

Angel Reyes, Committee Chair, MFA Board Chair
Patricia Sullivan, MFA Board Member
Rebecca Wurzbarger, MFA Board Treasurer

ITEMS FOR DISCUSSION:

The committee met September 6, 2023, and reviewed the following:

- 2023-2024 Budget Outlook
- Benefits
 - Healthcare Update
- Compensation Survey Update

The Compensation Committee discussed the General Fund compensation and benefits budget outlook for FY2024. The committee also discussed medical/dental/vision strategy and changes to premiums, update on compensation study.

RECOMMENDATION:

The Committee believes that MFA's compensation and benefit programs and the approach to the FY2024 compensation and benefits budget are reasonable and fair. In addition, the committee believes that MFA has comprehensive policies and procedures related to the compensation and benefit processes.



MEMO

TO: MFA Board of Directors

Through: Finance Committee – 9/12/2023

Through: Policy Committee – 9/5/2023

FROM: Joseph McIntyre, Controller

DATE: 9/20/2023

SUBJECT: Housing Opportunity Fund Appropriations

Recommendation:

As specified on the attached Resolution, staff recommends \$341,000 be appropriated to the Down Payment Assistance Loan Program, which will be transferred from the Access Loan Program. Staff also recommends that \$331,000 be appropriated to the Partners Loan Program, which will be transferred from the Access Loan Program. Finally, staff recommends that \$492,000 be appropriated to the Primero Loan Program, which will be funded by the following transfers: \$451,000 from the Primero Loan PRLF program and \$41,000 from the Access Loan Program.

Background:

The Housing Opportunity Fund (HOF) was created in 1992 to support MFA's legislative responsibility to provide decent, safe, and affordable housing programs to benefit all New Mexicans. The HOF programs are funded by MFA's General Fund reserves through appropriations designated by the Board. The programs that comprise the General Fund HOF include the following: Primero Investment Fund Program, Partners Loan Program, Down Payment Assistance (DPA) Program, HERO First Mortgage Program, Access Loan Program and Emergency Housing Needs Program. The Board has appropriated General Fund reserves to various programs in the HOF throughout the years. Total appropriations to date are \$98.2 million.

The DPA loan program will exhaust all available appropriations due to ongoing demand in the program resulting in a need for funds of \$341,000 through 9/30/24 to support anticipated demand. MFA currently has \$76.2 million in the DPA portfolio loans on its Statement of Net Position, earning approximately 5.39%. This program supports MFA's mission by providing statewide DPA to borrowers that have limited financial resources.

The Primero Loan program is also anticipated to exhaust all available appropriations due to anticipated needs of \$4.5 million in FY 2024. \$1,000,000 is earmarked for a construction loan application received, and \$3,500,000 is slated for potential Single Family development projects. The Partners Loan program has a loan pipeline that anticipates a need in FY 2024 of \$894,202.

Discussion:

The attached schedule summarizes the appropriations, uses, and projections for each program in the General Fund HOF as of 6/30/2023. Staff has estimated the availability of “Funds Required to meet Demand” for each of the programs that comprise the General Fund HOF. Staff also estimated the “Anticipated Need” for the programs through 9/30/2024 as well as the “Estimated Repayments” through 9/30/2024. Based on these estimates, funds will be necessary to support demand in the DPA Loan program, the Primero Loan Program, and the Partners Loan Program; however, there are excess funds available in the Access Loan program, the Primero Loan PRLF program, and the Emerging Housing Needs program.

As of 7/31/2023, MFA has \$51,692,000 in General Fund reserves which have been designated for use in the Single Family and Multifamily housing programs.

Summary:

To meet anticipated demand, Staff recommends the following appropriations:

1. \$341,000 appropriation to DPA Loan Program which will be funded by a transfer from the Access Loan Program.
2. \$331,000 appropriation to Partners Loan Program which will be funded by a transfer from the Access Loan Program.
3. \$492,000 appropriation to the Primero Loan program which will be funded by transfers of \$451,000 from the Primero Loan PRLF program and \$41,000 from the Access Loan Program.

**New Mexico Mortgage Finance Authority
Housing Opportunity Fund**

REQUEST

6/30/2023

Description	Primero Loans	Primero Loans PRLF	Partners Loans	DPA	HERO 1st Mortgages	Access Loans	Emergency Housing Needs	Total
Original Appropriation:	947,041	925,000	2,598,000	67,842,242	1,241,497	24,130,000	500,000	98,183,781
RHED 2002 Award	13,000							13,000
HERO Loans/State Innovations				363,413				363,413
DPA Loans/State Mortgage Loans				75,000				75,000
DPA Loans/General Indenture				11,019,000				11,019,000
Wells Fargo	850,000							850,000
USDA		4,125,000						4,125,000
NM Small Business Investment Corp.	2,500,000							2,500,000
Used for:								
Funded Loans	(19,052,318)	(1,935,965)	(13,532,400)	(157,505,909)	(9,258,705)	(31,522,224)	0	(232,842,521)
Repayments	18,894,137	371,846	11,248,862	81,284,027	8,017,208	7,518,675	0	127,369,754
Funded Grants							(40,000)	(40,000)
Totals	4,151,860	3,485,881	314,462	3,077,773	(0)	126,451	460,000	11,616,427

Total Unused Appropriations:								11,616,427
Commitments:	1,000,000	3,114,035	213,610	1,491,439	0	0	0	5,819,084
Available:	3,151,860	371,846	100,852	1,586,334	(0)	126,451	460,000	5,797,343

PROJECTIONS FOR FISCAL YEAR 2023-2024:

Anticipated Need thru 9/30/2024	4,500,000	0	894,202	12,250,000	0	0	50,000	17,694,202
Estimated Repayments	641,029	79,597	462,660	10,323,584	0	586,983	0	12,093,853
Funds Required to meet Demand	707,000	(451,000)	331,000	341,000	-	(713,000)	(410,000)	(195,000)
Board Appropriation Request	492,000	(451,000)	331,000	341,000		(713,000)	0	0

SUMMARY UPON APPROVAL:

Loans & Guaranties Outstanding	105,472,767
Unused Appropriations	11,616,427
Grants	40,000
Total Appropriations	117,129,194

NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA) RESOLUTION

WHEREAS the New Mexico Mortgage Finance Authority Board of Directors (the "Board") met in a Regular meeting held in Santa Fe, New Mexico on September 20, 2023 at 9:30 a.m.; and

WHEREAS New Mexico's nonprofit organizations, public and tribal agencies often have inadequate funding to initiate the development of affordable and/or special needs housing projects; and

WHEREAS the legislated responsibility of the MFA is to help provide decent, safe and affordable housing to all New Mexicans; and

WHEREAS the Board has \$713,000 of unused appropriation in the Access Loan Program; and

WHEREAS the Board has \$451,000 of unused appropriation in the Primero Loans PRLF program; therefore

IT IS RESOLVED that the MFA Board agrees to the following appropriations:

1. \$341,000 to the DPA Loan Program to be transferred from the Access Loan Program
2. \$331,000 to the Partners Loan Program to be transferred from the Access Loan Program.
3. \$492,000 to the Primero Loan Program of which \$451,000 to be transferred from the Primero PRLF Program and \$41,000 from the Access Loan Program.

After discussion, the foregoing Resolution was duly moved by _____, and seconded by _____; adopted by the following vote:

Aye Nay Absent

Date Adopted: September 20, 2023

*New Mexico***AFFORDABLE HOUSING CHARITABLE TRUST**

TO: MFA Board of Directors

Through: Finance Committee – September 12, 2023

Through: Policy Committee – September 5, 2023

FROM: Joseph McIntyre, Controller

DATE: September 20, 2023

SUBJECT: FY 2023-2024 NM Affordable Housing Charitable Trust Budget

Recommendation:

Staff recommends approval of the budget as reflected on the attached schedule.

Background:

The New Mexico Affordable Housing Charitable Trust is a legally separate trust for which the MFA Board provides oversight.

Discussion:

Attached is the proposed budget for the New Mexico Affordable Housing Charitable Trust for FY 2023-2024. Revenue is projected at \$107,010, and the expense budget is projected at \$136,714, resulting in a FY 2023-2024 budgeted excess revenue over expenses of (\$29,704).

Growth in expenses is primarily in compensation for employees administering the program.

Summary:

The NM Affordable Housing Charitable Trust Budget is recommended for approval. Revenue is projected at \$107,010, and the expense budget is projected at \$136,714, resulting in a FY 2023-2024 budgeted excess revenue over expenses of (\$29,704.)

NEW MEXICO AFFORDABLE HOUSING CHARITABLE TRUST
Fiscal Year 2023-2024 Budget

	Proposed		6/30/2023				
	Budget FY2023-24	Budget FY2022-23 Amendment #1	Actuals Annualized	Variance: CY Budget - PY Budget	Variance %: CY Budget - PY Budget	Variance: CY Budget - PY Actuals	Variance %: CY Budget - PY Actuals
Interest on Investments & Securities	10	10	119	-	0%	(109)	-92%
Administrative Fee Income (Exp)	25,000	8,785		16,215	185%	25,000	
Operating Revenues	25,010	8,795	119	16,215	184%	24,891	20910%
Grant Award Income	82,000	82,000	645,604	-	0%	(563,604)	-87%
Non-Operating Revenues	82,000	82,000	645,604	-	0%	(563,604)	-87%
Revenue	107,010	90,795	645,723	16,215	18%	(538,713)	-83%
Salaries	70,036	5,294	6,745	64,741	1223%	63,291	938%
Overtime	0	0		0	19%	0	
Incentives	5,958	461		5,497	1192%	5,958	
Payroll taxes, Employee Benefits	40,290	1,699	2,892	38,591	2271%	37,398	1293%
Compensation	116,285	7,455	9,637	108,830	1460%	106,648	1107%
Travel & Public Information	-	-	1,726	-		(1,726)	-100%
Utilities/Property Taxes							
Leasehold Expense							
Insurance, Property & Liability							
Repairs, Maintenance & Leases							
Supplies							
Postage/Express mail							
Telephone							
Janitorial							
Indirect Costs	12,429	746	1,682	11,683	1567%	10,746	639%
Office Expenses	12,429	746	1,682	11,683	1567%	10,746	639%
Contractual Services	5,000	-	7,183	5,000		(2,183)	-30%
Program Expense-Other	2,000	-		2,000		2,000	
Other Operating Expense	7,000	-	7,183	7,000		(183)	-3%
Non-Cash Expenses							
Operating Expenses	135,714	8,201	20,229	127,513	1555%	115,485	571%
Capacity Building Costs	1,000	2,000		(1,000)	-50%	1,000	
Grant Expense	-	-	604,379	-		(604,379)	-100%
Non-Operating Expenses	1,000	2,000	604,379	(1,000)	-50%	(603,379)	-100%
Expenses	136,714	10,201	624,608	126,513	1240%	(487,894)	-78%
Excess Revenue over Expenses	(29,704)	80,594	21,115	(110,298)	-137%	(50,819)	-241%



MEMO

TO: MFA Board of Directors

Through: Finance Committee – September 12, 2023

Through: Policy Committee – September 5, 2023

FROM: Izzy Hernandez and Eleanor Werenko

DATE: September 20, 2023

SUBJECT: Second Amended Resolution to Sell, Acquire Real Property

Recommendation:

Executive Director/Counsel recommend adoption of the Second Amended Resolution which proposed amendments to Section 1 of the January 18, 2023, Resolution which amended the July 20, 2022, Resolution authorizing among other matters the sale and acquisition of real property.

Background:

MFA's Board of Directors adopted a resolution on July 20, 2022, authorizing MFA to sell and acquire real property, to borrow money, grant collateral, use general funds, procure services and personal property, and providing for a limited exception to the delegations of authority. Under Section 1 of the Resolution, the Board of Directors authorized the Board Chair to appoint a task force committee, to be known as the Property Committee and composed of the MFA Board Chair, the MFA Treasurer, the State Treasurer, and the Executive Director/Chief Executive Officer.

Discussion:

On January 18, 2023, the Board of Directors adopted a Resolution amending Section 1 of the July 20, 2022, Resolution. Section 1 was amended to amended to appoint the following to the Property Committee: MFA Board Chair, the MFA Treasurer, Member Patricia Sullivan, and the Executive Director/Chief Executive Officer. This Second Amended Resolution is being brought before the Board of Directors to amend Section 1 of the January 18, 2023 (First Amended) Resolution to appoint the following persons as members of the Property Committee: Vice Chair, the MFA Treasurer, Member Patricia Sullivan, and the Executive Director/Chief Executive Officer.

Summary:

Executive Director/Counsel recommend adoption of the Second Amended Resolution and re-composition of the Property Committee as outlined above and in the Second Amended Resolution.

NEW MEXICO MORTGAGE FINANCE AUTHORITY

A SECOND AMENDED RESOLUTION

AMENDING SECTION 1 OF THE JANUARY 18, 2023 RESOLUTION WHICH AMENDED THE JULY 20, 2022 RESOLUTION AUTHORIZING THE SALE, AND ACQUISITION OF REAL PROPERTY; AUTHORIZING THE BORROWING OF MONEY AND GRANT OF COLLATERAL; AUTHORIZING THE USE OF GENERAL FUNDS; AUTHORIZING THE PROCURMENT OF SERVICES AND TANGIBLE PERSONAL PROPERTY; AUTHORIZING A LIMITED EXCEPTION TO THE DELEGATIONS OF AUTHORITY OF THE AUTHORITY; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS TO CHANGE THE MEMBERS OF THE PROPERTY COMMITTEE

September 20, 2023

WHEREAS, the Legislature of the State of New Mexico (the “State”), at its 1975 regular session, adopted Chapter 303, Laws of New Mexico, 1975, known and cited as the Mortgage Finance Authority Act, NMSA 1978 §§ 58-18-1 through 58-18-27 (the “Act”);

WHEREAS, there was created by the Act, a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality known and identified as the “New Mexico Mortgage Finance Authority” (the “Authority”), said Authority being created and established to serve a public purpose and to act for the public benefit by improving the health, safety, welfare and prosperity of the State and the general public;

WHEREAS, the purposes of the Authority are to provide decent, safe and sanitary residential housing to persons of low or moderate income;

WHEREAS, the Authority is authorized by the Act (i) to acquire, hold, improve, mortgage, lease and dispose of real and personal property for its public purposes, (ii) to borrow money and to issue bonds and notes that may be negotiable and to provide for the rights of the holders thereof, (iii) to maintain an office at such place in the state as it may determine, (iv) to employ architects, engineers, attorneys (other than and in addition to the attorney general of the state), accountants, housing, construction and financial experts and such other advisors, consultants and agents as may be necessary in its judgment and to fix and pay their compensation, and (v) other powers enumerated under the Act;

WHEREAS, the Authority resolved on July 20, 2022, to create a Property Committee, comprised of those Members of the Board of Directors listed in Section 1 of the July 20, 2022 Resolution and to delegate to the Property Committee those duties and authorities related to the sale and acquisition of real property as further outlined in the July 20, 2022 Resolution;

WHEREAS, the Authority resolved on January 18, 2023, to amend Section 1 of the July 20, 2022 Resolution to change appointments to the Property Committee; and

WHEREAS, the Authority desires to amend Section 1 of the January 18, 2023 Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY, AS FOLLOWS:

Section 1 of the July 20, 2022 Resolution as amended by the January 18, 2023 Resolution is hereby amended and follows:

The Chair of the Authority, in consultation with the Vice Chair, hereby appoints a task force committee, in accordance with Article VI, Section 6.3 of the Bylaws of the Authority, whose members shall include the Vice Chair, Treasurer, Member Patricia Sullivan, and Executive Director/Chief Executive Officer (the “Property Committee”).

Sections 2 through 9 of the July 20, 2022 Resolution remain unchanged and in full force and effect.

ADOPTED:

Aye:

Nay:

Abstain:

Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS ____ DAY OF _____, 2023.

Angel Reyes, Chair

CERTIFICATION

I HEREBY CERTIFY, that I am the Secretary of the New Mexico Mortgage Finance Authority; 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 New Mexico Mortgage Finance Authority in accordance with the MFA bylaws in effect on January 18, 2023; that there is no provision in the articles of the MFA 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 _____, 2023.

Isidoro Hernandez, Secretary

(SEAL)



MEMO

TO: MFA Board of Directors

Through: Finance Committee – September 12, 2023

Through: Policy Committee – September 5, 2023

FROM: Eleanor Werenko

DATE: September 20, 2023

SUBJECT: MFA Policies and Procedures Manual Revisions – Code of Conduct

Recommendation:

Counsel recommends the approval of changes to Section 1.2 of MFA's Policies and Procedures Manual, to update the Code of Conduct.

Background:

MFA's Code of Conduct provides general guidelines and a minimum standard of conduct for Members, Management and Employees of MFA. The policy details the principals and obligations of disclosures and provides instructions for Members, Management, Employees and Funding Committee Members on Initial, Annual and Updated Disclosure requirements, as well as providing policies related to gifts, conflict of interest transactions, and political activities.

Discussion:

The following is a summary of substantive changes incorporated into the manual for consideration: The redlined document is included for your review.

Page(s) # (redline)	Section	Proposed Changes
7	Section 1 – General Policies 1.2 Code of Conduct	Add a definition of "Secondary Market Facility."
	C. Definitions	This definition derives from the MFA Act, Section 58-18-3.2 NMSA 1978
7	Section 1 – General Policies 1.2 Code of Conduct	D.1.a. Add language clarifying that Members, Management, Employees and Funding Committee Members are required to disclose any Financial Interest they believe or have reason to believe may be affected by their Official Action or Act.
	D. Principles and Disclosure Obligations	

		<p>This change made to align language with NM Financial Disclosure Act.</p> <p>D.1.c. Add term Official Act</p>
7	<p>Section 1 – General Policies 1.2 Code of Conduct</p> <p>D. Principles and Disclosure Obligations</p>	<p>D.2 Add language from Section D.1.a to ensure policy consistency</p>
8	<p>Section 1 – General Policies 1.2 Code of Conduct</p> <p>D. Principles and Disclosure Obligations</p>	<p>D.2.a Added language to align policy with Disclosure Statement. Disclosure Statements require disclosure of the Business in which the Member, Management, Employee or Family Member has a Financial Interest.</p>
8	<p>Section 1 – General Policies 1.2 Code of Conduct</p> <p>D. Principles and Disclosure Obligations</p>	<p>D.2.c. Added language to align policy with Disclosure Statement and with changes to subsection D.1.a. Disclosure Statements require disclosure of Financial Interest that Member, Management or Employee believes or has reason to believe may be affected by their Official Act or actions.</p>
8	<p>Section 1 – General Policies 1.2 Code of Conduct</p> <p>D. Principles and Disclosure Obligations</p>	<p>D.3.a. and b. Move reference to Family Member from a. to b. for more clarity.</p>
8	<p>Section 1 – General Policies 1.2 Code of Conduct</p> <p>D. Principles and Disclosure Obligations</p>	<p>D.4. Add reference to conflict-of-interest provision of MFA Act, Section 58-18-28 NMSA 1978.</p> <p>Add language clarifying that any Member, Management, or Employee that has a Financial Interest in any Business engaging in or proposing to engage in a Transaction with MFA disclose that interest in Board meeting minutes.</p> <p>Revise language to mirror Section 58-18-28 NMSA 1978.</p>
9	<p>Section 1 – General Policies 1.2 Code of Conduct</p>	<p>D.6 Revise language to provide that General Counsel shall report existing or anticipated conflicts of interest indicated</p>

	D. Principles and Disclosure Obligations	in any Member Disclosure Statement to the Board instead of to Policy Committee.
9	Section 1 – General Policies 1.2 Code of Conduct D. Principles and Disclosure Obligations	D.7. Add language requiring MFA to post the Initial, Annual and Updated Disclosures of Members and Management on MFA’s website.
9	Section 1 – General Policies 1.2 Code of Conduct I. Effective Date	Update effective date of policy.
74	Exhibit A – Disclosure Statement	Add language to correspond with changes to Section 1.2 D.1.a

Summary:

Counsel recommends the approval of changes to Section 1.2 of MFA’s Policies and Procedures Manual, to update the Code of Conduct to clarify its policies and to provide additional transparency through the posting of disclosures on MFA’s website.

MFA Policies and Procedures

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EXHIBIT F

NEW MEXICO MORTGAGE FINANCE AUTHORITY THIRD-PARTY CODE OF CONDUCT 80

MFA MISSION, VISION AND CORE VALUES

MFA Mandate

In 1975, the New Mexico state legislature created the New Mexico Mortgage Finance Authority (MFA) as 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.

MFA Vision

All New Mexicans will have quality affordable housing opportunities.

MFA Mission

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

MFA Core Values

- Responsive: To meet New Mexico's needs, MFA optimizes resources, cultivates partnerships, and makes our programs accessible.
- Professional: MFA upholds personal and professional standards. We comply with regulations and ensure prudent financial stewardship.
- Dynamic: MFA is a dynamic place to work. Our employees are our strength. We embrace diversity and provide opportunities for personal and professional growth.

SECTION 1 - GENERAL POLICIES

1.1 Policies & Procedures Manual - Purpose

- A. With respect to Board Members, Management and Employ¹ and the conduct of MFA business, the policies & procedures shall be set forth in this manual, adopted by the Board and consistent with MFA's approved Bylaws. The Board shall approve the manual at least annually, and any changes shall have Board approval, specific to the section affected. All Board Members shall be provided with a current, complete Policies & Procedures Manual.
- B. Although this manual sets forth MFA's policies and procedures, the Board retains its authority established by law, as restricted by law and MFA's bylaws. In the event that the Board takes a lawful action that is inconsistent with the policies set forth in this manual, the provisions of this manual will nonetheless remain in place until they have been amended by the Board.

1.2 MFA Code of Conduct

A. Preamble

MFA, an instrumentality of the state government, exists to serve the citizens of the state of New Mexico. In order to maintain the respect, trust and confidence of the public, all Members, Management and Employees must use the powers and resources of their office only to advance the public interest and not to obtain personal benefits or pursue private interest's incompatible with the public interest. Members, Management and Employees shall conduct themselves in a manner that justifies the confidence placed in them by the public, at all times maintaining their integrity and discharging ethically their responsibilities in the course of their association with MFA.

B. Purpose

The purpose of this Code of Conduct is to provide general guidelines and a minimum standard of conduct for Members, Management and Employees of MFA and to implement the conflict of interest provisions of the MFA Act (Section 58-18-25, NMSA 1978) for Members, Management, and Employees, as well as for members of MFA's Funding Committees.

C. Definitions

For purpose of this Code of Conduct, the following words and phrases shall have the following meanings:

"Business" means a corporation, partnership, limited partnership, limited liability company, proprietorship, trust, firm, organization, or any other entity or association of individuals or entities.

"Chief Officers" means the Executive Director/CEO, Chief Financial Officer, Chief Lending Officer, Chief Housing Officer. Chief Officers are considered insured executives per MFA's

¹ Member, Management and Employee are defined in sub-section C of MFA's Code of Conduct, which is Section 1.2 of this Manual. These terms are used throughout this Manual.

Executive Liability Policy coverage.

"Confidential Information" means information a Member, Management or Employee has obtained or may obtain by virtue of his/her status as a Member, Management or Employee, including but not limited to, confidential work product of MFA as well as personally identifiable information (PII) as defined in Section 1.3.J of this manual; any personnel records about any former or current MFA employee; any personal information about any Member, contractor, or sub-grantee, including financial information.

"Contracted Services/Credit Committee" means the standing Board Committee responsible for maintaining the effective management and oversight of MFA's contractual, lending, federal/state program sub-recipient selection, and program oversight functions ensuring compliance with applicable laws, risk assessment systems and policies and procedures.

"Disclosure Statement" means the disclosure statement required by subsection D of this Code of Conduct.

"Employee" means any person employed by MFA and does not include independent contractors of MFA.

"Employment" means rendering services for compensation as an employee.

"Family Member" means with respect to each Member, Management, Employee, and Funding Committee member, the Member's, Management's, Employee's, or Funding Committee member's spouse, domestic partner, children, grandchildren, parents, siblings, grandparents, mother-in-law, father-in-law, sister-in-law, brother-in-law, uncle, aunt, first cousin, or anyone residing in a Member's, Management's, Employee's, or Funding Committee member's household.

"Finance Committee" means the standing Board committee charged with maintaining the prudent and effective management and oversight of MFA's overall financial position and operations; and financial reporting processes and audits; ensuring compliance with applicable laws, risk assessment systems and policies and procedures.

"Financial Interest(s)" means an interest in a Business as an owner, partner, shareholder, investor, trustee, beneficiary, lender, officer, director, member, employee, or consultant.

"Funding Committee" means a committee comprised of community members active in the fields of housing, banking, business, or social programs, and created to advise MFA staff on and in certain cases to select for MFA Board approval, recipients of funding awards from the Housing Trust Fund, the Land Title Trust Fund, the Low Income Housing Tax Credit Program, or other funding sources administered by MFA.

"Member" means a member, and with respect to an ex-officio Member, his or her proxy, of the Board of Directors of MFA. A Member is considered an insured executive per MFA's Executive Liability Policy coverage.

"Management" means the Executive Director/CEO, Chief Financial Officer, Chief Lending Officer, Chief Housing Officer, and Human Resources Director employed by MFA. Management is considered an insured executive per MFA's Executive Liability Policy coverage.

"Official Act" means any action taken by a Member, Management, Employee, or Funding

Committee member that is within her/his capacity to take by virtue of his/her position and which constitutes a decision, resolution, determination, recommendation, approval, disapproval, or other action that involves the exercise of discretionary authority.

"Policy Committee" means the Executive Director/CEO, Chief Financial Officer, Chief Lending Officer, and Chief Housing Officer employed by MFA.

"Secondary Market Facility" means a corporation, trust or other form of legal entity established by the authority for the purpose of the purchase, with private or public funds legally available therefor, of mortgage loans, mortgage-backed obligations, pass-through securities or interests therein.

"Transaction" means any transaction including, but not limited to, any sale, purchase, or exchange of tangible or intangible property or services, any loan, loan commitment or loan guarantee, any sale, purchase, or exchange of mortgage loans, notes or bonds, or any other business arrangement or contract involving any MFA program or business.

D. Principles and Disclosure Obligations

1. **Principles.** All MFA Members, Management, Employees and Funding Committee members shall adhere to the following principles:
 - a) Any Financial Interest held by any Member, Management, Employee or Funding Committee member of MFA that they believe or have reason to believe may be affected by their Official Act or actions shall disclose the nature and extent of that Financial Interest ~~should be disclosed~~, no matter the degree of the Financial Interest.
 - b) No Member, Management, Employee or Funding Committee member should participate in any Official Act that would in any way benefit him or her or any Family Member of him or her.
 - c) If any Member, Management, Employee or Funding Committee member of MFA is aware of having any form of Financial Interest in any MFA business, and is aware that an action-Official Act or action he/she may take in their official capacity might impact that Financial Interest, that person must disclose the Financial Interest to MFA and must not become involved in ~~MFA actions~~ any Official Act or action affecting that Financial Interest.
2. **Initial and Annual Disclosures.** Within thirty (30) days of assuming duties as a Member or commencing Employment with MFA, each new Member, Management and Employee will be required to complete a Disclosure Statement, in the form of attached Exhibit A, which shall disclose to the best of his/her knowledge, his/her and/or his/her Family Members' Financial Interest(s) in any Business engaged in, or proposing to engage in, any Transaction with MFA, or that the Member, Management or Employee believes or has reason to believe may be affected by their Official Act or actions. On or before January 31 of each year, each MFA Member, Management and Employee shall complete and deliver to MFA a disclosure statement disclosing to the best of his/her knowledge, his/her and his/her Family Members' Financial Interest(s) in any Business engaged or proposing to engage in any Transaction with MFA, or that the Member, Management or Employee believes or has reason to believe may be affected by their Official Act or actions. The disclosure statement for each Member, Management and Employees shall be in the form of Exhibit A ("Disclosure Statement"). The

Disclosure Statement shall contain at least the following information:

- a) The Business in which the Member, Management, Employee or Family Member has a Financial Interest.
- b) The name of the Business engaging in, or proposing to engage in, a Transaction with MFA.
- ~~a)c)~~ The Financial Interest that the Member, Management or Employee believes or has reason to believe may be affected by their Official Act or actions.;
- ~~b)d)~~ If the Transaction is with a Business in which an Employee or Employee's Family Member has a Financial Interest, the approximate value of the Transaction.
- ~~e)e)~~ A list of all MFA programs or proposed programs that a Member, Management, Employee or Family Member is likely to participate in and/or benefit from.

In addition to the Disclosure Statement, Members (which term for the purposes of this sentence excludes the proxy of an ex-officio Member) shall complete the form, required by the New Mexico Secretary of State pursuant to the New Mexico Financial Disclosure Act, NMSA 1978 §10-16A-1 to 10-16A-8 ("Financial Disclosure Act Disclosure"). The Financial Disclosure Act Disclosure shall be completed at the times required under the Financial Disclosure Act, including but not limited to within thirty (30) days of appointment and during the month of January every year thereafter.

3. **Updated Disclosures.** Each Member, Management and Employee shall update his/her Disclosure Statement within forty-five (45) days of the date that, to the best of his/her knowledge:

- a) He/she ~~or any Family Member~~ acquires a Financial Interest in any Business engaging in, or proposing to engage in, a Transaction with MFA;
- b) He/she learns that a Family Member has, or has acquired, a Financial Interest in a Business which is engaging in, or proposing to engage in, a Transaction with MFA; or
- c) He/she learns that a Business, in which he/she or any Family Member has a Financial Interest, is engaging in, or proposing to engage in, a Transaction with MFA.

4. **Disclosure in the Minutes.** In addition to written disclosure as provided herein, and pursuant to Section 58-18-25 NMSA 1978, whenever any Member, Management or Employee of MFA has a Financial Interest, either direct or indirect, in any Business engaging in, or proposing to engage in a Transaction with MFA, or in any contract to which MFA or any secondary market facility is, or is to be, a party or in any mortgage lender requesting a loan from or offering to sell mortgage loans to MFA, any secondary market facility, or in any sponsor requesting a project mortgage loan, and any action with respect to that contract, mortgage lender or sponsor is brought before the Board, the interest Financial Interest shall be disclosed and set forth in the Board minutes. The Member, Management or Employee shall not participate in any action by MFA or any secondary market facility with respect to the contract, mortgage lender, sponsor, or Transaction.

5. **Special Disclosures.**

- a) **Funding Committees.** Upon the commencement of a funding round, each member of

MFA's Allocation Review Committee of the Low Income Housing Tax Credit (LIHTC) Program, Housing Trust Fund and Land Title Trust Fund Advisory Committees, and all other MFA Funding Committees, shall disclose, upon receipt of the list of applicants to the funding round, his/her and any Family Member's Financial Interest in any entity named on the list of applicants to that funding round. The disclosure statement shall be in the form of Exhibit B ("Funding Committee Disclosure Statement").

- b) **Project-Specific Multifamily Bonds.** Prior to the issuance of a project-specific multifamily housing bond, each MFA Member, Management, and Employee shall disclose any Financial Interest he/she or any Family Member has in any entity proposing to engage in the bond transaction with MFA. The disclosure statement shall be in the form of Exhibit C ("Multifamily Bond Disclosure Statement").

Special Disclosures will be distributed and collected by MFA's Housing Development Department.

- 6. Disclosure Process.** Completed Management and Employee Annual and Updated Disclosure Statements are to be provided to MFA's Human Resources Director who shall review them in conjunction with General Counsel to determine the existence or potential existence of a conflict of interest on the part of any MFA Management or Employee with regard to any MFA Transaction or anticipated Transaction. It shall be the responsibility of the Human Resources Director to inform the Policy Committee of any existing or anticipated conflicts of interest indicated in any Disclosure Statement form. Completed Member Annual and Updated Disclosure Statements shall be provided to the Executive Director/CEO who shall review them in conjunction with General Counsel to determine the existence or potential existence of a conflict of interest on the part of any Member. It shall be the responsibility of General Counsel to inform the Policy Committee Board of any existing or anticipated conflicts of interest indicated in any Member Disclosure Statement form. If approval of the Board is required for any Transaction under sub-section F of this policy, and MFA's General Counsel is aware of Board Member's Financial Interest in a Business engaging in or proposing to engage in a Transaction with MFA, it shall be the responsibility of MFA's General Counsel to disclose the Transaction to the Board and to request the required approval. In addition, as required by applicable federal regulation, MFA's General Counsel shall notify the federal awarding agency in writing of any potential conflicts of interest related to federal programs in accordance with federal awarding agency policy. It shall be the responsibility of the federal program manager, in consultation with MFA's General Counsel, to provide notice to the Board of these federal program conflicts of interest through the staff actions reporting process.

- 6-7. Disclosures to be Posted on Website.** The Initial, Annual and Updated Disclosures of Members and Management shall be posted on MFA's website.

E. Gifts

No Member, Management or Employee may, directly or indirectly, solicit or accept any money or other thing of value that is conditioned upon or given in exchange for performing or promising to perform an Official Act, which may influence the manner in which he/she performs an Official Act, or which may create the appearance that it influenced him/her in the performance of an Official Act.

F. Conflict of Interest Transactions

1. Prohibited Transactions - Members, Management and Employees

- a) **Official Act.** No Member, Management or Employee shall take any Official Act which may directly or indirectly benefit his/her or a Family Member's position or Financial Interests.
 - b) **Confidential Information.** No Member, Management or Employee shall utilize Confidential Information to benefit himself/herself or a Family Member. Members, Management and Employees shall safeguard all information that is of a confidential or proprietary nature, and shall not disclose such information, except as otherwise authorized. A Confidentiality Agreement in the form of Exhibit D shall be signed by all Management and Employees annually and kept on file.
 - c) **Member, Management and Employee Transactions.** No Business in which a Member, Management or Employee (or a Family Member) has a Financial Interest shall engage in a Transaction with MFA unless the Member, Management or Employee has disclosed his/her or his/her Family Member's Financial Interest in the Business to MFA in the manner provided in sub-section D of this policy prior to engaging in the Transaction and, with respect to all Transactions of Members and Management, and Employee Transactions in excess of \$10,000, the Transaction is approved by a disinterested majority of MFA Members. Transactions of Employees of \$10,000 or less may be approved by the Executive Director provided a disclosure of such Transactions is made to MFA Board and is recorded in the minutes of the meeting in which it is made.
2. **Transactions Involving Former Members or Management.** MFA shall not enter into any Transaction with a former Member or former Management for a period of one (1) year after the Member or Management ceases to be a Member or Management of MFA, except with prior approval of a disinterested majority of all MFA Members.
3. **Other Employment.** Members, Management and Employees shall not engage in or accept employment or render services for other persons when that employment or service is incompatible with or may affect the discharge of their official duties or when that employment may tend to impair their independence of judgment or action in the performance of their official duties. The Executive Director/CEO must approve all outside employment by an Employee prior to his/her accepting outside employment. Employees who are engaged in outside employment at the time they are first hired by MFA and who wish to continue that outside employment must have the outside employment approved by the Executive Director/CEO prior to starting work at MFA. MFA Board must approve all outside employment by the Executive Director/CEO prior to his/her accepting outside employment.
4. **Exceptions.** Nothing in this Code of Conduct shall be deemed or construed to limit the right of any Member, Management or Employee of MFA to:
- a) Acquire or purchase any interest in bonds or notes of MFA;
 - b) Have a Financial Interest in, or do business with, any banking institution in which MFA funds are or are to be deposited or which is or is to be acting as trustee or paying agent under any trust indenture to which MFA is a party; or
 - c) Accept employment with MFA.

G. Political Activities

1. A Member, Management or Employee shall not, through his or her position at MFA:
 - a) Directly or indirectly coerce, command, advise, solicit, or attempt to coerce, command, advise or solicit anyone to pay, lend or contribute money or other thing(s) of value to a party, committee, organization, agency, or person for political purposes; or
 - b) Use MFA funds, resources, or time to support or oppose any political candidate for any public office, provided, however, that Members, Management, and Employees may use MFA funds, resources, and time to pursue legislative purposes as approved by the Board and MFA Legislative Oversight Committee from time to time.
2. Management and Employees shall not, through their position at MFA, while on duty, or using MFA funds or resources:
 - a) Campaign or engage in political activity in concert with a political party, a candidate for partisan political office, or a partisan political group, provided that this policy is not intended to limit Management or Employees from actively participating in political activities or partisan political campaigns, while off duty, and provided that no MFA funds or resources are utilized.

H. Sanctions and Penalties

Violation of any part of this Code of Conduct by any Management or Employee may subject the violator to disciplinary action up to and including termination of employment and to such other penalties as may be provided by law.

I. Effective Date

This Code of Conduct is effective as amended herein as of ~~March 17, 2021~~September 20, 2023.

1.3 Conduct of Business

A. Meetings

MFA shall call and provide notice of meetings in accordance with the Open Meetings Act and MFA's Open Meetings Resolution. MFA's Open Meetings Resolution will be approved by the Board at least annually.

B. Management and Preservation of Official Records of the Board of Directors

1. **Purpose and Scope.** This policy represents the policy of MFA with respect to the management and preservation of the official records of the Board of Directors. The purpose of the policy is to favor the preservation of digital records over analog records, to provide a framework for digitization projects, to reduce paper records for cost- and space-effective storage, to provide better access to information, to ensure the longevity of the Board's records, to ensure that digitized records are authentic, complete, and accessible prior to the destruction of physical copies, and to allow for electronic signatures on Board Minutes, Resolutions and any other documents requiring Board signature consistent with MFA's

EXHIBIT A

DISCLOSURE STATEMENT

To: **NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA)**
CHAIR AND EXECUTIVE DIRECTOR/CEO

From: _____
 (Member, Proxy, Management, Employee)

Date: _____

The undersigned Member, Management or Employee states that he/she has read and understands the New Mexico Mortgage Finance Authority Code of Conduct and that the information provided below is, to the best of his/her knowledge and belief, accurate and complete in all respects, as of the date hereof.

The following is a list of all Businesses in which either I, or a Family Member, have a Financial Interest (as defined in the Code of Conduct) which are engaged or proposing to engage in a Transaction with MFA or that I believe or have reason to believe may be affected by my Official Act or actions.

If the answer is "none", please write "none".

Name of Business:

If Employee Transaction, approximate value of the Transaction, if applicable:

The following is a list of all MFA programs or proposed programs that I, or a Family Member (i.e., spouse, domestic partner, children, parents, siblings, grandparents, parents-in-law, brother-in-law or sister-in-law, uncle, aunt, first cousin, or anyone residing in the household), am likely to participate in and/or benefit from, If the answer is "none", please write "none":

Signed: _____

NOTE: Use additional sheets as necessary.



NEW MEXICO MORTGAGE FINANCE AUTHORITY
Contracted Services/Credit Committee Meeting
Tuesday, September 12, 2023 @ 10:00 am
MFA – Albuquerque

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

AGENDA ITEM	TIME ALLOTTED	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
1 Housing Innovations Program Notice of Funding Availability (Sonja Unrau & Daniela Freamon)	10:00 – 10:10 <i>GE/PS</i>	<i>3-0</i>	YES
2 RFQ Mortgage Servicing Legal Services (Steve Hagins & Teresa Lloyd)	10:10 – 10:20 <i>GE/PS</i>	<i>3-0</i>	YES
3 Sandoval Flats – New Mexico Housing Trust Fund (NMHTF) Loan Request (Tim Maritnez and George Maestas)	10:20 – 10:30	<i>N/A</i> <i>Withdrawn</i>	YES
4 La Serena Apartments HOME, New Mexico Housing Trust Fund (NMHTF), National Housing Trust Fund (NHTF) Loan Requests (Jacobo Martinez and George Maestas)	10:30 – 10:40 <i>GE/PS</i>	<i>3-0</i>	YES
5 Questions/Comments	10:40 – 10:50	<i>✓</i>	

Committee Members present:

Rebecca Wurzbarger, Chair

☐ present

☐ absent

☒ conference call

Attorney General Raul Torrez/Designee

Gideon Elliot

☐ present

☐ absent

☒ conference call

Patricia Sullivan

☐ present

☐ absent

☒ conference call

B Hernandez



MEMO

TO: MFA Board of Directors

Through: Contracted Services on September 12, 2023

Through: New Mexico Housing Trust Fund Advisory Committee on September 11, 2023

Through: Policy Committee on September 5, 2023

FROM: Sonja Unrau, Sr. Research & Development Manager
Daniela Freamon, Program Manager
Robyn Powell, Director of Policy and Planning

DATE: September 20, 2023

SUBJECT: Recommendation to Approve the Housing Innovation Program Notice of
Funding Availability for Publication

ATTACHEMENTS: Housing Innovation Program Notice of Funding Availability

Recommendation

Staff recommend approval of the Housing Innovation Program Notice of Funding Availability (NOFA) for publication.

Background

Within the SFY 2024 Rental and Single Family Development Certified Use, \$5 million is allocated to the “Housing Innovation” activity, which is funding intended to support initiatives that MFA could not support through its other programs. MFA staff drafted a NOFA to solicit projects for funding considerations. The full NOFA document is attached to this memo.

Discussion

The following section highlights the NOFA’s primary parameters:

- **Eligible activities.** Only projects capital in nature will be considered for award and all activities must directly benefit a low- or moderate-income individual or household.
- **Funding terms and conditions.** MFA will award no more than \$500,000 to eligible applicants. Upon expenditure of 80% of its award, demonstration of successful project implementation, and provided that funds remain available to award under the NOFA, eligible applicants may request additional funding up to \$500,000.
- **Threshold requirements.** To be considered for funding, applicants must identify a health, safety, or housing opportunity concern that could not otherwise be addressed through MFA’s other programs and propose a project that will address that concern.
- **Ranking Criteria.**
 - Innovative, sustainable, and scalable housing solution (20 points)
 - Readiness to proceed (20 points)

- Financial feasibility (20 points)
- Project Design (20 points)
- Tribal or rural priority (15 points)
- Resident Business (5 points).
- **Application Submission.** MFA must receive applications no later than 60 days prior to a regularly scheduled meeting of the MFA Board of Directors to be considered at that meeting.

All proposed projects under this Notice of Funding Availability (NOFA) must comply with the Mortgage Finance Authority Act, the Affordable Housing Act, NMHTF Act and their associated Rules.

Summary

Staff recommend approval of the Housing Innovation Program Notice of Funding Availability (NOFA) for publication.

HOUSING INNOVATION PROGRAM

Notice of Funding Availability
NEW MEXICO MORTGAGE FINANCE AUTHORITY

September 2023

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PROGRAM BACKGROUND

The Housing Innovation Program is a resource to address housing needs that are currently not being served through other MFA programs and an opportunity for eligible applicants to fund a community tailored housing solution. Through the program, MFA looks to assist underserved populations, to cultivate new partnerships, and to fund projects that may be scalable.

MFA POINT OF CONTACT

Applicants should direct questions regarding the Housing Innovation Program Notice of Funding Availability (NOFA) and application to:

Daniela Freamon
 New Mexico Mortgage Finance Authority
 344 Fourth Street SW
 Albuquerque, NM 87102
 Phone: (505) 767-2277 or toll-free statewide (800) 444-6880
 E-mail: dfreamon@housingnm.org
 TTY/Voice: 711, or if no answer
 1-800-659-8331 (English) OR 1-800-327-1857 (Spanish)

Prior to application submission, MFA encourages inquiries and contacts with its contact person from prospective applicants regarding the NOFA and/or sound housing project policies and procedures.

USE OF ELECTRONIC VERSIONS OF THIS NOFA AND ADDENDA

This NOFA and any addenda are only 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 or addendum. In the event of a conflict between a version of the NOFA or addendum in the applicant's possession and the version MFA maintains, MFA's maintained version will govern.

FREQUENTLY ASKED QUESTIONS

In an effort to provide clarification or answers to questions about this NOFA and addenda, MFA will publish all responses to any inquiries in the "Frequently Asked Questions" section on MFA's website at:

<https://housingnm.org/rfps/rfps-rfqqs>.

APPLICATION SUBMISSION

MFA must receive applications no later than 60 days prior to a regularly scheduled meeting of the MFA Board of Directors to be considered at that meeting. MFA holds its Board of Directors meetings every third Wednesday of the month. MFA will treat all applications submitted by the deadline for a particular meeting of the MFA Board of Directors as one funding round and evaluate concurrently.

Applications submitted for a prior funding round, but which are still pending, will be given priority over new applications. If sufficient funds are not available to fund all projects in a funding round that meet the requirements outlined in this NOFA, MFA will recommend the project receiving the highest score to the Board of Directors for

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approval, followed by the next highest scoring project, etc. until the remaining funds are no longer sufficient to fulfill the next highest scoring project's requested amount. The required application forms will be provided electronically and may be downloaded from MFA's website at: <https://housingnm.org/rfps/rfps-rfq>.

Applications must be submitted via email to dfreamon@housingnm.org and include "Housing Innovation Program Application Submission" in the subject line.

ELIGIBLE APPLICANTS

Eligible applicants include, but are not limited to, non-profit organizations, for-profit organizations, governmental housing agencies or authorities, regional housing authorities, governmental entities, governmental instrumentalities, tribal governments, tribal housing agencies, developers, builders, corporations, limited liability companies, partnerships, joint ventures, syndicates, associations, or other entities that can assume contractual liability and legal responsibility by executing one or more written agreements entered into with MFA. **Individual applicants are not eligible for the Housing Innovation Program.**

As part of the application, eligible applicants must evidence the following:

- Organization under state, local, or tribal laws and provide proof of such organization and that the applicant is in good standing, as applicable
- 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
- No significant financial audit findings, and no significant outstanding or unresolved monitoring findings from any governmental entity, or from MFA, or otherwise; or if it has any such findings, it has a certified letter from the governmental entity, MFA, or otherwise, stating that the findings are in the process of being resolved
- 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
- Not having been defaulted on any obligation covered by a surety or performance bond.

Non-profit applicants must also provide proof of the following:

- 501(c)(3) tax status;
- 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; and
- Having no part of its net earnings inuring to the benefit of any member, founder, contributor or individual.

ELIGIBLE ACTIVITIES

Only projects capital in nature will be considered for award and all activities must directly benefit a low- or moderate-income household. Awards will only be made for activities eligible under the New Mexico Housing Trust Fund Rules, which include:

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- costs of infrastructure and infrastructure purposes
- financing in whole or in part through loans or grants, the costs necessary to support, operate or own affordable housing projects
- the acquisition, construction, rehabilitation, renovation, reconstruction, alteration or repair of residential housing, multi-family housing, congregate housing facilities, transitional housing facilities
- buildings for use as or that will provide affordable housing

Examples of past awards include funding for a roof repair and replacement program, homeless shelter expansion, accessibility improvements for senior homeowners, and scattered sight transitional housing for participants of a workforce integration program.

Planning activities, funding for operational expenses, and housing development projects that could be eligible for funding through MFA's housing development programs will not be considered for an award through the Housing Innovation Program.

ELIGIBLE EXPENSES

Housing Innovation Program funds may only cover reasonable and customary costs that are directly attributable and traceable to the awarded project.

ELIGIBLE BENEFICIARIES

Only low- or moderate-income households, as defined as a household with an annual income at or below 150% area median income, may be the beneficiaries of any Housing Innovation Program project.

FUNDING TERMS AND CONDITIONS

All awards will be subject to the availability of funds and the New Mexico Housing Trust Fund Act¹ and Rules².

MFA will award no more than \$500,000 to eligible applicants. Upon expenditure of 80% of its award, demonstration of successful project implementation, and provided that funds remain available to award under the NOFA, eligible applicants may request additional funding up to \$500,000. Applicants must provide evidence and supporting documentation to justify that the award request is reasonable. MFA will allocate only the minimum amount of funds that it determines to be necessary for the financial feasibility of a project and its viability.

MFA may make awards in the form of loans or grants. The terms and conditions for each award will be based on the financing needs of each project or activity. Loan terms and conditions may range from no interest, deferred payment loans to revolving line of credit loans to loans with near-market interest rates and terms.

¹ New Mexico Housing Trust Fund Act: <https://housingnm.org/uploads/documents/5.2.pdf>

² New Mexico Housing Trust Fund Rules: https://housingnm.org/uploads/documents/2020_NM_HTF_Rules.pdf

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All awards may be secured by mortgages and/or other appropriate liens/security interests. The recording of Land Use Restriction Agreements (LURAs) may be required for all awards.

CANCELLATION OF NOTICE OF FUNDING AVAILABILITY OR REJECTION OF APPLICATIONS

MFA may cancel this NOFA at any time for any reason and may reject all applications (or any application) which are/is not responsive.

EVALUATION OF APPLICATIONS AND DOCUMENTATION

MFA staff will evaluate applications using the Threshold Requirements and Ranking Criteria as described in the following sections. MFA will follow its own policies and procedures to obtain the necessary award approvals. MFA reserves the right to make final award decisions at its discretion.

Staff may contact applicants for clarification of information provided. In the event of a tie score, staff will recommend approval based on need as determined by staff. MFA will enter into loan or grant agreements and related agreements with the applicants whose applications are deemed to be most advantageous to achieving the goals of the Housing Innovation Program. All loans, grants and related agreements will include provisions for adequate security against the loss of Housing Innovation 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.

THRESHOLD REQUIREMENTS

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

- The applicant identifies a health, safety, or housing opportunity concern that could not otherwise be addressed through MFA's other programs and proposes a project that will address that concern.
- The application is complete and legible, including all required documents, and is submitted by the application deadline.
- The application complies with all applicable requirements established in this NOFA, and any applicable addendum.
- The applicant provides sufficient evidence of its ability to undertake and complete the proposal in the areas of financing, acquiring, rehabilitating, developing, and/or administering an affordable housing project.
- The application provides sufficient evidence that the proposed project is financially and technically feasible and includes a proposed budget and performance schedule for the proposed project.

Applications from Applicants that do not meet the Threshold Requirements will be rejected.

RANKING CRITERIA

Applicants will be scored on the following ranking criteria below. Applicants must score a minimum of 70% of the total points possible to be considered.

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Criteria	Points Possible
<p>1. Innovative, sustainable, and scalable housing solution</p> <p>MFA will evaluate the extent to which the applicant’s proposed project is an innovative, sustainable and scalable housing solution. MFA seeks to award funding to projects that address housing concerns in a novel way that also promote long term housing affordability. Further, MFA aims to award funding to projects that could be scaled up to either reach more beneficiaries or be implemented across a wide geographical area.</p>	20
<p>2. Readiness to proceed</p> <p>MFA will evaluate the extent to which the applicant’s proposed project is ready to proceed. MFA intends to prioritize funding for projects that demonstrate “shovel readiness”.</p>	20
<p>3. Financial feasibility</p> <p>MFA will evaluate the extent to which the applicant’s proposed project is financially feasible through a project budget and/or pro forma, the evidence of secure match funding, and/or other supporting documents. Further MFA will evaluate whether the award amount requested is sufficiently justified.</p>	20
<p>4. Project Design</p> <p>MFA will evaluate the extent to which the applicant’s project design includes the following elements: income limits, long-term affordability protection, service delivery structure, and completion schedule.</p>	20
<p>5. Tribal or rural priority</p> <p>MFA will evaluate the extent to which an applicant’s proposed project will serve residents in rural communities (defined as communities outside the cities of Albuquerque, Las Cruces, Santa Fe, and Farmington) and/or residents of Tribal areas.</p>	15
<p>6. Resident Business</p> <p>MFA will evaluate whether the applicant is a New Mexico Resident Business which for the purpose of this NOFA is defined as one in which the majority of the applicant’s employees who would perform services related to the project reside in New Mexico.</p>	5

MFA reserves the right to award funding to applicants with contingencies, including requirements to impose specific measures to ensure long term affordability.

APPLICATION FORMAT AND INSTRUCTIONS TO APPLICANTS

September 2023

All applicants must complete **Exhibit 1: Housing Innovation Application Form** and provide all required documents included on the **Exhibit 2: Application Required Documents Checklist**, which are located at this link on MFA's website: <https://housingnm.org/rfps/rfps-rfq>.

INCURRED EXPENSES

MFA will not be responsible for any expenses incurred by an applicant in applying for Housing Innovation 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.

AWARD NOTICE

MFA will provide written notice of the award to all applicants within 15 days of the date of the award. The award will be contingent upon signing final loan/grant documents.

APPLICATION CONFIDENTIALITY

MFA will not disclose any information regarding a proposed application provided during such inquiries and contacts to any third party, except as may be required under MFA's Request to Inspect Documents policy. After the application deadline and until awards are made and notice given to all applicants, MFA 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, except as may be required under MFA's Request to Inspect Documents policy.

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

IRREGULARITIES IN APPLICATIONS

MFA may waive technical irregularities in the form of proposal of any applicant selected for award which do not alter the price, quality or quantity of the services offered.

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 will 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 Housing Innovation Program application and who has furnished, when required, information and data to prove that the applicant's financial resources, production or service facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the services described in this NOFA.

PROTEST

September 2023

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

The protest must be delivered to MFA via e-mail to dfreamon@housingnm.org within five business days after the preliminary notice of award. Protests received after the deadline will not be considered. Upon the timely filing of a protest, MFA 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 business days of notice of protest. The protest and responses to the protest shall be reviewed by the MFA Policy Committee, the Policy Committee shall make a final determination. The protest is then heard by the applicable Board Committee. The Board Committee's recommendation is then taken to the full Board for approval. MFA will issue a notice of determination relating to the protest within a reasonable period of time after submission of the protest. The determination by MFA shall be final.

No appeal of the determination shall be allowed. Applicants or their representatives shall not communicate with members of MFA's Board of Directors, or any 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 MFA Board of Directors or MFA staff during any portion of the NOFA review process or does not follow the prescribed application and protest process.

THIRD-PARTY CODE OF CONDUCT

Applicant will conduct themselves in a manner consistent with MFA's Third-Party Code of Conduct which is located on MFA's website at: https://housingnm.org/uploads/documents/Third_Party_Code_of_Conduct.pdf.

Applicant will promptly disclose information MFA may reasonably request relating to conflicts or potential conflicts of interest.

2023 RENTAL AWARD SUMMARY

Project Name & Address	La Serena Apartments 457 Coors Boulevard NW, Albuquerque NM 87121			
Proposed Awards	\$800,000	HOME	Rate	0%
	\$1,500,000	National Housing Trust Fund	Rate	0%
	\$1,000,000	New Mexico Housing Trust Fund	Rate	1%
Borrowers	La Serena Apartments LLC , a New Mexico limited liability corporation formed in 2020, is 0.0051% owned by La Serena-SHCNM LLC as the Managing Member with the Supportive Housing Coalition of NM as its sole member, and 0.0049% owned by La Serena-TDC Associates LLC as a Non-Managing Member with Thomas Development Co. as its sole member. The remaining 99.99% is owned by PNC Real Estate, Tax Credit Group as the Investor Member.			
Management	Monarch Properties, Inc. 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. Its corporate office is located in Albuquerque, New Mexico and the total apartments under management have consistently averaged more than 7,500 with over 280 team members employed.			
Developer	<p>Thomas Development Co. (TDC) is a Boise, Idaho, based real estate development company founded in 1990. Under the direction of principals Tom Mannschreck and Barbara Mannschreck, the company has developed more than 4,000 apartment units valued in excess of \$700 million across Idaho, Utah, Montana, Arizona and New Mexico. TDC brings with it a deep knowledge of all aspects of affordable housing and financing and land-use planning as well as a commitment to incorporating energy efficient, environmentally conscious, and highly durable design.</p> <p>TDC has not received their 2022 CPA-reviewed financial statements. TDC's CPA-reviewed financial statements for the fiscal year ending in 12/31/21 show \$159K in Cash, \$10.3M in Total Assets (comprised primarily of Developer Fee Receivables), a Net Worth of \$8.6M, resulting in a debt-to-worth ratio of 0.12 : 1.00, a positive net income, and a positive traditional cash flow. CPA-reviewed financials for FYE 12/31/2020 show \$562K in Cash, \$9.4M in Total Assets, a Net Worth of \$7.3M, resulting in a debt-to-worth ratio of 0.28 : 1.00, a positive net income, and a positive traditional cash flow. TDC's company-prepared financials for the six months ending on 06/30/2023 show \$317K in Cash, \$8.9M in Total Assets, a Net Worth of \$7.9M resulting in a debt-to-worth ratio of 0.12 : 1.00, a positive net income, and a positive traditional cash flow. TDC is an experienced developer that has a proven history of obtaining LIHTC investors at favorable prices and large bank financing at favorable rates.</p> <p>Supportive Housing Coalition of New Mexico is a 501(c)(3) New Mexico nonprofit organization founded in 1996 and headquartered in Albuquerque. Led by Executive Director Laura Chavez, SHCNM specializes in the development, ownership, and management of affordable and supportive housing. Formal collaboration has enabled SHCNM and its partnering agencies to pool resources, reduce competition, better coordinate service delivery, increase efficiencies, and embrace a broader strategy for creating affordable supportive housing. The company owns and manages six affordable multi-family properties consisting of 349 units. SHCNM currently manages 228 rental housing units, of which 126 are affordable units; of the affordable units, 102 are supportive housing units.</p> <p>SHCNM has not received their 2022 CPA-reviewed financial statements SHCNM's Consolidated CPA-audited financials for fiscal year ending in 12/31/21 show \$849K in Cash, \$26.5M in Total Assets a Net Worth of \$23.6M, resulting in a debt-to-worth ratio of 0.12 : 1.00, a positive net income, and a positive traditional cash flow. CPA-reviewed financials for FYE 12/31/2020 show \$959K in Cash, \$27.2M in Total Assets, a Net Worth of \$24.2M, resulting in a debt-to-worth ratio of 0.12 : 1.00, a positive net income, and a positive traditional cash flow.</p>			



Project Type & Size	New Construction of a 100-unit multifamily senior (55+) supportive housing project, with 92 units income restricted to households earning 60% or less of Area Median Income (AMI), and 8 units restricted to 30% or less of AMI.
Project Description	<p>La Serena Apartments involves the new construction of a 100-unit multifamily senior housing community located in Albuquerque, NM. The project consists of one L-shaped three-story residential building and one community building for a total gross square-footage of 86,889. There will be 60 one-bedroom apartment units, and 40 two-bedroom apartment units. The project's one-bedroom units average 601 net square feet and the two-bedroom units average 926 net square feet. Amenities include washers and dryers in each unit, an elevator, fitness room, business center, and meeting room where support services or other counseling services can be conducted. The building also features a large third floor patio with a dog park, raised community gardens, fenced perimeter with security gate, private decks, patios, and locking outside storage. The project will be consistent with Enterprise Green Building Standards. Additionally, upon completion, La Serena will obtain a HERS rating of less than 55. The project will make considerations for water conservation, energy efficiency, healthy living environments with an emphasis on indoor air quality, and careful consideration for sustainable materials, durability, and universal design.</p> <p>The Novogradac market study, dated 06/30/2020 and updated on 7/13/2023, advises that the subject project is feasible as presented. The report concludes that, after construction, a market will exist for the 100-unit project, La Serena Apartments, in Albuquerque, NM. The subject site is located in the northwest portion of Albuquerque in the Los Volcanes neighborhood, which is a mixed-use neighborhood consisting of vacant land, commercial/retail, single-family homes, and multifamily developments. Public transportation, medical services, groceries, and shopping are available to the site. The market study finds that the construction of the project will positively impact the neighborhood.</p> <p>There is a significant level of demand for affordable housing in the subject site area. Additionally, a number of affordable housing developments maintain waiting lists for all unit types in the area. The site MSA and the PMA have demonstrated that they are areas of growth and are projected to continue to grow through 2024. Furthermore, both the PMA and the MSA have significant portions of their households earning below the area median income. As both areas of analysis continue to grow, the need for affordable housing is also expected to increase.</p>
Environmental & Site	A HUD Part 58 Environmental Review is required for HOME and NHTF loans and must be completed prior to the acquisition of the property.
Site and Neighborhood Standards (HOME New Construction only)	A Site and Neighborhood Standards form must be completed prior to close and reviewed by MFA as the project does include new construction of residential units that will utilize HOME and NHTF funding.
Project Financials, Projections and Assumptions, and Subsidy Layering Review (HOME only)	<p>Projections and Assumptions:</p> <p>A 5% vacancy (MFA standard for senior housing) was applied, and operating expenses were estimated at \$3,717 per unit per annum (PUPA) after reducing for Replacement Reserves (\$250 PUPA) and Social Services. Operating expenses are below the MFA guidelines of \$4,300 to \$5,800. Novogradac provided an analysis of the operating expenses in comparison with LIHTC properties in the region. Novogradac concluded that the developer's overall total per unit expense estimate appears reasonable based upon the comparables, as it is well within the range. Less taxes, utilities, and reserves, the developer's total per unit expense is slightly below the range of the comparables, but not significantly so, and seems reasonable for a new construction senior development.</p>

	<p>The Debt Service Coverage Ratio (DSCR) on all hard debt is projected to begin at 1.23 : 1.00 in year one (1) and improves to 1.37 : 1.00 by year 15. The DSCR is within MFA's underwriting standards of 1.20 to 1.40 : 1.00. The first mortgage loan is assumed to be at a 5.70% interest rate (5.20% rate per the letter of interest adjusted upwards by 50 basis points for underwriting).</p> <p>Currently, 72% (i.e., \$2,343,314 of the \$3,231,133) of the 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 project cash flow can repay the deferred fee by the end of the 15-year LIHTC compliance period. Lender projections indicate that the Subject would fully repay the deferred developer fee by the end of the 15th year.</p> <p>The developer is assuming that credits can be sold to an investor at .88 cents on the dollar. Every one-cent drop in that price would create the need for additional \$148,803 in capital to be filled by either deferring developer fee or a cash-flow-only loan from PNC Real Estate Tax Credit Group.</p> <p>Subsidy Layering Reviews:</p> <p><u>HOME</u>- MFA's Housing Development Department's underwriting guidelines, performed for the HOME loan request, show this project is not over-subsidized per HUD regulations.</p> <p><u>National HTF</u>- MFA's Housing Development Department's underwriting guidelines, performed for the National Housing Trust Fund loan request, show this project is not over-subsidized per HUD regulations.</p>
<p>Affordability Requirements</p>	<p>HOME Requirements: Total of 4 HOME units consisting of: Two 1-bedroom apartments, and two 2-bedroom apartments for households at or below 60% AMI and restricted to High HOME rents for which a Land Use Restriction Agreement (LURA) will be filed in Bernalillo County. The affordability period is 40 years: 20 years as required by HOME rules standards and 20 years for MFA's extended affordability period (i.e. in concurrence with the loan term). The affordability period starts on the date of acceptance by HUD of a final HOME project completion report and ends 40 years later.</p> <p>NMHTF: Total of 88 units for households earning 60% or less of AMI for which a Land Use Restriction Agreement (LURA) will be filed in Bernalillo County. The NMHTF affordability period is 30 years; 20 as required by Affordable Housing Act Rules and 10 for MFA's extended affordability period (i.e., in concurrence with the loan term) and starts on the date the Certificate of Occupancy is issued.</p> <p>NHTF: Total of 8 NHTF units consisting of: Four 1-bedroom units, and four 2-bedroom units restricted to households earning the greater of 30% AMI or the federal poverty level, for which a Land Use Restriction Agreement (LURA) will be filed in Bernalillo County. The affordability period is 35 years, starting on the date of acceptance by HUD of a final NHTF project completion report and ends 35 years later.</p>

Repayment and Disbursement	<p>HOME Loan: 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, and one final balloon payment of all outstanding principal. Outstanding principal due at the earlier of maturity, refinance, or sale of the project.</p> <p>Disbursement: Allow three draws, one at construction closing, one during the construction period, and final disbursement upon submission of a HUD project completion report.</p> <p>NMHTF Loan: Payments: Interest only monthly during the construction period not to exceed 24 months; 360 equal principal & interest payments during the permanent loan period. Outstanding principal and interest due at the earlier of maturity, refinance or sale of the project.</p> <p>Disbursement: Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.</p> <p>NHTF Loan: Payments: No payments due during the construction period and, thereafter, annual payments, as determined from available cash-flow, or fixed at \$500, maturing in 35 years with a final balloon payment of all outstanding principal due at its maturity. The interest rate will be 0.00% and the NHTF loan's affordability period will be 35 years. The affordability period starts on the placed in service date and ends 35 years later.</p> <p>Disbursement: Allow up to three draws: two during the construction period, and the third upon submission of a final NHTF project completion report to HUD.</p>
Special Conditions	<ol style="list-style-type: none"> 1. All loans are subject to MFA's final underwriting for project feasibility if needed. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e. interest rate & amortization) may be revised in line with projected cash flow at closing; 2. Any changes or additions to the following development team members listed in the loan application must be approved by MFA: developer, contractor, management company, consultant or architect; 3. Financing commitments acceptable to MFA prior to funding on all funding sources; 4. Acceptance of 2022 award of Low-Income Housing Tax Credits (LIHTC); 5. Approval of plans/construction monitoring/draws by a third party acceptable to MFA (i.e. hired by MFA, investor or primary construction lender) and shared with MFA. Cost to be paid by applicant; 6. Other conditions as may be determined by staff; and 7. Subject to availability of funds. <p>Additional Conditions: HOME Loan</p> <ol style="list-style-type: none"> 1. Loan to be in second lien position; 2. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met; 3. Thomas Development Company (TDC) and Thomas & Barbara Mannschreck must provide construction guarantees; 4. If HOME CHDO (Community Housing Development Organization) funds are to be used, Supportive Housing Coalition of New Mexico (SHCNM) must be approved by MFA as a CHDO, and any transfers of ownership must be in accordance with HUD's CHDO rules. <p>Additional Conditions: NHTF Loan</p> <ol style="list-style-type: none"> 5. Loan to be in third lien position;

	<ol style="list-style-type: none"> 6. HUD Environmental Provision (EP) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met; and 7. Project building plans must meet NHTF Rehabilitation Standards prior to acquisition and construction start; and 8. Thomas Development Company (TDC) and Thomas & Barbara Mannschreck must provide construction guarantees; <p>Additional Conditions: NMHTF Loan</p> <ol style="list-style-type: none"> 9. Loan to be in fourth lien position; 10. Thomas Development Company (TDC) and Thomas & Barbara Mannschreck must provide construction guarantees; <p>Borrower must provide evidence that (1) the project has been registered with the relevant certifying agency (i.e. to achieve Enterprise Green Building Certification) before loan closing, and (2) certification by that agency upon project completions.</p>
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MFA Commitments to Other Projects	<p>Thomas Development Company (TDC):</p> <p>2019 LIHTC (4%) - Marbella Apartments - \$420,282</p> <p>2019 HOME/Rental award - Marbella Apartments - \$720,000</p> <p>2019 NMHTF loan - Marbella Apartments - \$500,000</p> <p>2020 LIHTC (4%) San Roque- \$1,119,881</p> <p>2021 HOME – San Roque- \$800,000</p> <p>2021 NHTF - San Roque- \$1,325,000</p> <p>2021 NMHTF - San Roque- \$2,622,031</p> <p>Supportive Housing Coalition of New Mexico:</p> <p>2006 LIHTC (9%) - Chuska - \$663,243</p> <p>2006 HOME/Rental award - Chuska - \$240,000</p> <p>2007 STC/Rental award - Chuska - \$125,000</p> <p>2008 HOME/Rental award - Vista Gallinas - \$600,000</p> <p>2008 LIHTC (9%) - Downtown@700-2nd - \$959,090</p> <p>2008 LIHTC - Silver Gardens I - \$1,031,881</p> <p>2008 Risk Share loan - Silver Gardens I - \$990,340</p> <p>2009 TCAP loan - Downtown@700-2nd - \$392,132</p> <p>2011 LIHTC (9%) - Silver Gardens II - \$747,130</p> <p>2011 Risk Share loan - Silver Gardens II - \$199,608</p> <p>2020 LIHTC (4%) - San Roque- \$1,119,881</p> <p>2021 NHTF - San Roque- \$1,325,000</p> <p>2021 HOME - San Roque- \$800,000</p> <p>2021 NMHTF - San Roque- \$2,622,031</p> <p>(1) <u>Risk Share loans carry 10% MFA risk</u></p> <p>Notes: Risk Share loans carry 10% MFA risk - loan balances as of 04/08/2023</p>
MFA Exposure	Total MFA Exposure: \$12,455,618 (excludes LIHTC, grants and loans pending approval).
<u>Risk Factors</u>	<ol style="list-style-type: none"> 1. Market – Low (Strong demand for proposed property in PMA) 2. Construction – Medium (Construction material pricing remains volatile, however, the developer is experienced plus the investor and main construction lender will provide additional oversight and controls)

	3. Developer – Low (Strong balance sheet and completion of successful projects) 4. Guarantor – Low (Strong balance sheet) 5. General Partner/Managing Member – Low (i.e., the developer) 6. Community Opposition – Low (Permitted Zoning) 7. Financing – Medium (As long as market conditions for interest rates & LIHTC pricing do not fluctuate too much, the project is feasible. However, in the event of adverse market conditions the project would not move forward. MFA's final underwriting is required before loan closing to ensure viability before final commitment)		
Summary & Recommendation	The proposed project presents a favorable risk profile and is recommended for approval.		
Prepared by	Jacobo Martinez, Development Loan Manager, Team Lead		9/5/2023
Reviewed by	George Maestas, Director of Housing Development		9/5/2023

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PROJECT INFORMATION SUMMARY						
Project Name		City	NC, AR, or NC/AR	Total # Units	Sizes	Target AMIs
La Serena Apartments		Albuquerque				
Total Development Cost	\$ 31,043,417		NC	100	1-BED & 2-BED	30% AMI, 60% AMI
Borrowers	La Serena Apartments LLC					
Management	Monarch Properties, Inc.		YEAR BUILT (AR)		LIHTC ALLOC	4% or 9%
Developer	Thomas Development Company		NC		\$ 1,488,169	4%
			NC = New Construction AR = Acquisition/Rehab AMI = Area Median Income MR = Market Rate apartments			
HOME LOAN INFORMATION			NUMBER OF HOME UNITS:			4
Funds Available as of:	06/30/23	\$6,115,540				
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$800,000	\$800,000				
Rates	0.0% to 3.0%	0.00%				
Loan Fees	NA	NA				
Maximum Loan Term	2 yr construct, 40 yr perm	2 yr construct, 40 yr perm				
Loan Amortization	20 to 80 years	80 years				
Lien Position	Subordinate allowed	2nd lien position				
Affordability Requirements	Min 20 yrs, max 60% AMI	40 yrs, 4 units @ 60% AMI				
DSCR	1.2 to 1.4 : 1 on all must-pay debt	1.23 to 1 increasing to 1.37 by year 15	The debt service starts at 1.23 : 1 in year one (1) and drops below 1.20 : 1 in years three (3) , four (4), and five (5). The debt service improves to 1.2 : 1 in year six (6) and finished at 1.37 : 1 in year 15.			
Scoring Criteria	NA					
NATIONAL HOUSING TRUST FUND LOAN INFORMATION			NUMBER OF NHTF UNITS:			8
Funds Available as of:	06/30/23	\$3,066,413				
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$1,500,000	\$1,500,000				
Rates	0.00%	0.0%				
Loan Fees	NA	NA				
Maximum Loan Term	2 yr construct, no max on perm	2 yr construct, 35 yr perm				
Loan Amortization	cash-flow with balloon payment	cash-flow with balloon payment				
Lien Position	Subordinate allowed	3rd lien position				
Affordability Requirements	Min 30 yrs, max 30% AMI or federal poverty	35 yrs, max. AMI: 30% or federal poverty level				
DSCR	1.2 to 1.4 to 1 on all must-pay debt	1.23 to 1 increasing to 1.37 by year 15	The debt service starts at 1.23 : 1 in year one (1) and drops below 1.20 : 1 in years three (3) , four (4), and five (5). The debt service improves to 1.2 : 1 in year six (6) and finished at 1.37 : 1 in year 15			
Scoring Criteria	40-115 points	101				
NEW MEXICO HTF LOAN INFORMATION			NUMBER OF NAT'L HTF UNITS:			88
Funds Available as of:	06/30/23	\$8,530,000				
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$2,000,000	\$1,000,000				
Rates	1.0% to 5.0%	1.0%				
Loan Fees	NA	NA				
Maximum Loan Term	2 yr construct, 30 yr perm	2 yr construct, 30 yr perm				
Loan Amortization	Mthly during perm	Mthly during perm				
Lien Position	Subordinate allowed	4th lien position				

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Affordability Requirements	Min 20 years, Max 60% AMI	30 yrs, 60% AMI	
DSCR	1.2 to 1.4 to 1 on all must-pay debt	1.23 to 1 increasing to 1.37 by year 15	The debt service starts at 1.23 : 1 in year one (1) and drops below 1.20 : 1 in years three (3) , four (4), and five (5). The debt service improves to 1.2 : 1 in year six (6) and finished at 1.37 : 1 in year 15
Scoring Criteria	50-100 points	70	

TOTAL DEVELOPMENT COST INFORMATION SUMMARY				
Project:	La Serena Apartments	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)		\$ 579,500	2%	\$ 6.67
Construction Hard Costs		\$ 17,778,338	57%	\$ 204.61
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)		\$ 5,134,534	17%	\$ 59.09
Professional Services/Fees (architect, engineer, real estate legal, etc)		\$ 929,385	3%	\$ 10.70
Construction Financing Costs (interest, insurance, inspections, fees, etc)		\$ 2,123,865	7%	\$ 24.44
Permanent Financing Costs (fees, title/recording, etc)		\$ 163,000	1%	\$ 1.88
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)		\$ 217,482	1%	\$ 2.50
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)		\$ -	0.0%	\$ -
Reserves (rent-up, operating, replacement, escrows, etc)		\$ 886,180	3%	\$ 10.20
Developer Fees (inc consultant fees)		\$ 3,231,133	10%	\$ 37.19
Total Development Costs (TDC)		\$ 31,043,417	100%	\$ 357.28
TDC w/o Land, Reserves & Commercial		\$ 29,577,737	95%	\$ 340.41

*Gross square footage: 86,889

CONSTRUCTION SOURCES				
Project:	La Serena Apartments	Total	% of Total	Per Unit
Construct. Lender	PNC Real Estate, Tax Credit Group	\$ 19,661,209	63.3%	\$ 196,612
2nd Lien Holder	NM HOME	\$ 720,000	2.3%	\$ 7,200
3rd Lien Holder	National Housing Trust Fund	\$ 1,350,000	4.3%	\$ 13,500
4th Lien Holder	NMHTF	\$ 900,000	2.9%	\$ 9,000
Energy Credit	IRS Energy Credit	\$ 321,168	1.0%	\$ 3,212
Other	Thomas Development GP Loan	\$ 1,994,845	6.4%	\$ 19,948
Other	Deferred Costs During Construction	\$ 886,180	2.9%	\$ 8,862
Other	Operation Revenue	\$ 521,312	1.7%	\$ 5,213
Deferred Developer Fee	Deferred Developer Fee	\$ 3,002,121	9.7%	\$ 30,021
LIHTC Equity	PNC Real Estate, Tax Credit Group	\$ 1,686,582	5.4%	\$ 16,866
Total Construction Sources		\$ 31,043,417	100.0%	\$ 310,434

Check TDC in Development Cost Budget

PERMANENT SOURCES				
Project:	La Serena Apartments	Total	% of Total	Per Unit
Permanent Lender - 1st Lien	PNC Real Estate, Tax Credit Group	\$ 9,468,200	30.5%	\$ 94,682
2nd Lien holder	NM HOME	\$ 800,000	2.6%	\$ 8,000
3rd Lien Holder	National Housing Trust Fund	\$ 1,500,000	4.8%	\$ 15,000
4th Lien Holder	NMHTF	\$ 1,000,000	3.2%	\$ 10,000
Energy Credit	IRS Energy Credit	\$ 321,168	1.0%	\$ 3,212
Other	Thomas Development GP Loan	\$ 1,994,845	6.4%	\$ 19,948
Other	Deferred Costs During Construction		0.0%	\$ -
Other	Operation Revenue	\$ 521,312	1.7%	\$ 5,213
Deferred Developer Fee	Deferred Developer Fee	\$ 2,343,314	7.5%	\$ 23,433
LIHTC Equity	PNC Real Estate, Tax Credit Group	\$ 13,094,578	42.2%	\$ 130,946
Total Permanent Sources		\$ 31,043,417	100.0%	\$ 310,434

Appendix A: Development Cost Budget		
La Serena Apartments	Gross Sq. Footage:	86,889
Albuquerque	TOTAL COST	COST/GSF
ACQUISITION COSTS		
Land Acquisition	\$ 579,500	\$ 6.67
Building Acquisition		\$ -
Other: Closing/Title Costs		\$ -
SUBTOTAL	\$ 579,500	\$ 6.67
CONSTRUCTION HARD COSTS		
Demolition	\$ -	\$ -
Accessory Structures	\$ -	\$ -
Site Construction	\$ 1,625,558	\$ 18.71
Buildings and Structures	\$ 16,152,780	\$ 185.90
Off-Site Improvements	\$ -	\$ -
Other:	\$ -	\$ -
SUBTOTAL	\$ 17,778,338	\$ 204.61
OTHER CONSTRUCTION COSTS		
Contractor Overhead	\$ 528,642	\$ 6.08
Contractor Profit	\$ 528,642	\$ 6.08
General Requirements	\$ 1,144,764	\$ 13.18
Construction Contingency	\$ 900,000	\$ 10.36
Gross Receipts Tax (GRT)	\$ 1,520,918	\$ 17.50
Landscaping		\$ -
Furniture, Fixtures, & Equipment	\$ 150,000	\$ 1.73
Other: Builder's Risk Insurance, P&P Bond, Building Permits	\$ 361,568	\$ 4.16
SUBTOTAL	\$ 5,134,534	\$ 59.09
PROFESSIONAL SERVICES/FEES		
Architect (Design)	\$ 343,250	\$ 3.95
Architect (Supervision)	\$ 343,250	\$ 3.95
Attorney (Real Estate)	\$ 48,000	\$ 0.55
Engineer/Survey	\$ 194,886	\$ 2.24
Other : HERS Testing/ Phase 1/2, Geotechnical	\$ -	\$ -
SUBTOTAL	\$ 929,385	\$ 10.70
Hazard Insurance	\$ 83,204	\$ 0.96
Liability Insurance	\$ -	\$ -
Performance Bond	\$ 124,812	\$ 1.44
Interest	\$ 1,516,778	\$ 17.46
Origination\Discount Points	\$ 208,072	\$ 2.39
Credit Enhancement	\$ -	\$ -
Inspection Fees	\$ 21,000	\$ 0.24
Title and Recording	\$ 135,000	\$ 1.55
Legal	\$ 35,000	\$ 0.40
Taxes		\$ -
Other:	\$ -	\$ -
SUBTOTAL	\$ 2,123,865	\$ 24.44

Project: La Serena Apartments		
PERMANENT FINANCING COSTS		
Bond Premium		\$ -
Credit Report		\$ -
Origination\Discount Points		\$ -
Credit Enhancement		\$ -
Title and Recording		\$ -
Legal	\$ 50,000	\$ 0.58
Pre-Paid MIP	\$ 113,000	\$ 1.30
Reserves and Escrows		\$ -
Other:		\$ -
SUBTOTAL	\$ 163,000	\$ 1.88
SOFT COSTS		
Market Study	\$ 18,000	\$ 0.21
Environmental	\$ 65,000	\$ 0.75
Tax Credit Fees	\$ 106,483	\$ 1.23
Appraisal	\$ 13,000	\$ 0.15
Hard Relocation Costs	\$ -	\$ -
Accounting/Cost Certification	\$ 15,000	\$ 0.17
Other: Soft Cost Contingency, Constr. Mngmt	\$ -	\$ -
SUBTOTAL	\$ 217,482	\$ 2.50
SYNDICATION		
Organization	\$ -	\$ -
Bridge Loan		\$ -
Tax Opinion		\$ -
Other:		\$ -
SUBTOTAL	\$ -	\$ -
TDC before Dev. Fees & Reserves	\$ 26,926,104	\$ 310
RESERVES		
Rent Up	\$ -	\$ -
Operating	\$ 511,180	\$ 5.88
Replacement (inc. only if capitalized)	\$ 375,000	\$ 4.32
Escrows/Working Capital		\$ -
Other:		\$ -
SUBTOTAL	\$ 886,180	\$ 10.20
DEVELOPER FEES		
Developer Fee	\$ 3,231,133	\$ 37.19
Consultant Fee		\$ -
SUBTOTAL	\$ 3,231,133	\$ 37.19
Total Development Cost (TDC)	\$ 31,043,417	\$ 357.28
TDC w/o Land, Reserves & Commercial	\$ 29,577,737	\$ 340.41



MEMO

TO: MFA Board of Directors

Through: Strategic Management Committee – August 16, 2023
Policy Committee – August 29, 2023

FROM: Robyn Powell, Director of Policy and Planning

DATE: September 20, 2023

SUBJECT: Proposed Year 4 (FY 2024) Changes to MFA FY 2021-2025 Strategic Plan Benchmarks

Recommendation:

Staff recommends approval to update the Benchmarks for Year 4 (FY 2024) of the MFA Strategic Plan.

Background:

MFA's current Strategic Plan covers the FYs 2021-2025. MFA will complete the third year (FY 2023) of the plan on September 30, 2023, and will begin the fourth year (FY 2024) on October 1, 2023. The Strategic Management Committee is recommending changes to some benchmarks to reflect work planned for Year 4.

Discussion:

See Exhibit A

Summary:

Board approval is requested for the proposed changes to MFA's FY 2021-2025 Strategic Plan for Year 4 to update several benchmarks that reflect current initiatives.

Exhibit A

Proposed FY 2024 Strategic Plan Benchmarks

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

Proposed New Benchmarks
1. Provide mortgage financing for <u>1,626</u> 2,043 homebuyers.
2. Maintain average mortgage product utilization of 25% of all FHA loans recorded in New Mexico.
3. Finance the development and/or preservation of 900 rental and homeownership units.
4. Maintain a 32 <u>35</u> % exit rate of individuals experiencing homelessness served to permanent housing through <u>EHAPESG</u> .
5. Achieve annual combined average loan delinquencies of MFA serviced portfolio below 9.5%.
6. Maintain subserviced portfolio delinquency percentage below the Federal Housing Administration Loan Performance Trend delinquency rate (purchase loans only).
7. Evaluate at least three <u>six</u> new specialty products, <u>business model, financial tool</u> or significant program or product improvements.

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

Proposed New Benchmarks
8. Achieve an average of 2,118,400 social media engagements each quarter across all platforms .
9. Expand services of at least one <u>three</u> programs to an underserved area of the state.
10. Conduct outreach to and/or assist at least 50 <u>100</u> local governments, tribal governments, potential new program partners and/or elected officials.
11. Provide at least 50 <u>75</u> formal group training opportunities for property owners, developers, service providers and/or lenders.
12. Implement Plan and execute MFA housing summit, <u>open house</u> , or networking event.

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

Proposed New Benchmarks
13. Obtain unqualified opinion on MFA financial statements and no material weakness in internal control over financial reporting or major programs, excluding first-time audits.
14. Maintain or improve credit rating.
15. Achieve operating performance and profitability equal to net revenues over total revenues of at least <u>XX</u> %, based on five-year average.
16. Obtain balance sheet strength equal to net asset position over total bonds outstanding of at least <u>XX</u> %, based on five-year average.
17. Realize administrative fee of at least 18 basis points on all bond issues.
18. Realize profitability of <u>XX</u> % on TBA executions.
19. Maintain servicing fee yield at an average of .41 <u>.36</u> % of the purchased servicing portfolio.
20. Earn 100% base fees for PBCA contract.
21. Yield a collection rate of 98% or greater for compliance monitoring fees.
22. Meet commitment and expenditure requirement of 95% of recurring grant funding.
23. Provide at least \$8,200,000 <u>9,700,000</u> Commit 75% of STB recurring funding annually in resources for affordable housing through expenditure of New Mexico Housing Trust Funds <u>by June 30, 2024</u> , contributions through the state affordable tax credit program, and allocations of 4% LIHTCs.
24. Evaluate at least one new business model or financial tool.
25-24. <u>24.</u> Increase funding by at least one new source.
26-25. <u>25.</u> Improve at least 15 MFA processes or resources.

Goal 4: Provide robust technological solutions

Proposed New Benchmarks
27-26. <u>26.</u> Maintain a RS3 score greater than or equal to 780, averaged over four quarters.
28-27. <u>27.</u> Achieve a Recovery Point Objective (RPO) for infrastructure servers at or below ten minutes and a Recovery Time Objective (RTO) at or below six hours.
29-28. <u>28.</u> Implement new software solutions.

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

Proposed New Benchmarks

- 30-29.

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

31-30.

Plan and execute move to 7425 Jefferson St. NE.

32-31.

~~Conduct internal benefits survey and address opportunities for enhancements~~Complete compensation study.

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

Department and Program	Project	Action Taken	Comments / Date Approved
Community Development – Veteran’s Rehabilitation	Veteran’s Rehabilitation	Approval using \$134,655.19 of the NMHTF/STB Funding allocation for rehab activities to be used at Match for the 2018 Veterans Rehabilitation Program.	Approved by Policy Committee on August 15, 2023
Community Development – Veteran’s Rehabilitation	Veteran’s Rehabilitation	Approval of 2019 Veterans Rehabilitation Program funding be awarded as follows: El Camino Real Home Rehab - \$190,000 SW Regional Home Rehab - \$72,000 SW Regional NM EnergySmart - \$175,000 Central NM Housing NM EnergySmart \$75,000	Approved by Policy Committee on August 15, 2023
Servicing Department	August 2023 Loan Write Off	Loan # 131881 First Down 1 st Mortgage Foreclosure Write off \$7,969.86, no excess funds. Loan # 129414 First Down 1 st Mortgage Foreclosure \$7,918.59, no excess funds Loan #97115 Mortgage Booster First Mortgage Foreclosure \$7,632.06, No excess funds	Approved by Teresa Lloyd and Joseph McIntyre on August 28, 2023
Servicing Department	August 2023 NPL Write Off	4 DPA First Down Loans, exceeding 18 months delinquent per policy balance write off totaling \$21,138.46. Average loss per loan, \$5,284.62. 2 DPA Mortgage Booster Write off Total \$6,974.04, 2 DPA Take 5 Write off Total \$4,686.74.	Approved by Teresa Lloyd and Joseph McIntyre on July 31, 2023



MFA Strategic Plan Benchmarks

FY 2023

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



Benchmark: 1

Provide mortgage financing for 2,043 homebuyers.

Q1	Caution	MFA financed 394 homebuyers in Q1 of FY 2023 and 394 homebuyers YTD.
Q2	Caution	MFA financed 361 homebuyers in Q1 of FY 2023 and 755 homebuyers YTD.
Q3	Caution	MFA financed 417 homebuyers in Q3 of FY 2023 and 1,172 homebuyers YTD.



Benchmark: 2

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

Q1	On Target	The MFA quarterly product utilization reported for Q1 is 25.19% for a YTD average of 25.19%
Q2	On Target	The MFA quarterly product utilization reported for Q2 is 23.77% for a YTD average of 24.48%
Q3	On Target	The MFA quarterly product utilization reported for Q3 is 41.62% for a YTD average of 30.19%
Q4	On Target	The MFA quarterly product utilization reported for Q4 is xx% for a YTD average of xx%



Benchmark: 3

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

Q1	On Target	Financed the development of 268 Multifamily units in Q1, for a YTD total of 268 units developed and/or preserved.
Q2	Caution	Eighty additional units were financed in Q2 for a YTD total of 348 units developed and/or preserved.
Q3	Caution	Financed the development of 137 multifamily units and one single family unit in Q3, for a YTD total of 486 units developed and/or preserved.



Benchmark: 4

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

Q1	On Target	The Q1 unduplicated clients were 789, 269 exited to permanent housing. YTD rate is 34%.
Q2	On Target	The Q2 unduplicated clients were 826, 255 exited to permanent housing. YTD rate is 32%.
Q3	On Target	The Q3 unduplicated clients were 737. Of those, 271 exited to permanent housing (37%). YTD rate is 34%.



Benchmark: 5

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

Q1	On Target	MFA combined average delinquency rate is at 8.95% as of 12/31/2022 FY Q1
Q2	On Target	MFA combined average delinquency rate is at 8.50% as of 3/31/2023 FY Q2



MFA Strategic Plan Benchmarks FY 2023

Q3 On Target MFA combined average delinquency rate is at 8.32% as of 6/30/2023 FY Q3



Benchmark: 6

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

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

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

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



Benchmark: 7

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

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

Q2 Met Thornburg Foundation Grant opportunity/Linkages research project. Preservation Loan program approved. DPAdvantage was implemented. Servicing evaluated options for a new servicing system and obtained approval to move forward with a conversion to a web based platform for the currently used Mitas servicing system. YTD 5

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

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



Benchmark: 8

Achieve an average of 2,118 social media engagements each quarter across all platforms.

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

Q2 Caution In Q3, MFA had 1,370 in total engagements across all social media platforms. Total YTD 5,758

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



Benchmark: 9

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

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



MFA Strategic Plan Benchmarks FY 2023

Q2	Met	Awarded HOME-ARP grant for Cornerstone Apartments in Lordsburg. YTD 2
Q3	Met	HOME Rehab services will now be provided in 14 new counties as a result of the most recent NOFA: Cibola, Colfax, Mora, Taos, San Miguel, Santa Fe, Tesuque, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, Lea. MFA executed a new contract with Cochiti Housing to service 5 new home loans and future loans. YTD 4



Benchmark: 10

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

Q1	New	Provided Affordable Housing Act assistance to Cibola, Grant and San Miguel counties. Presented to Council of Governments on Restoring our Communities (ROC) program and AHA Act. Participated in Association of Counties Better Informed Public Officials Conference. Policy and Planning: Rep. Dixon and Matthews, City of Taos (Steve Archuleta, Rep. Chandler, Guadalupe County Commissioner (housing strategy), Mid- Region Counsel of Governments (housing strategy), City of Las Cruces Policy Review Committee (housing strategy), Roosevelt County (housing plan outreach); Homeownership presentation at Sandoval Client Advisory Board Meeting. Year to date: 14
Q2	On Target	Met with LFC staff to discuss NMHTF, AHA, Linkages, Section 8 Voucher Programs; met with LFC staff and HDS staff re. Linkages (1); Met with Elected Officials Anyanonu, Alcon, Armstrong, Baca, Block, Borrego, Castellano, Chandler, Chasey, Dixon, Duncan, Ezzell, Garcia, Harper, Herndon, Lane, Lente, Lord, Lujan, Matthews, Montoya, Romero, Small, Szczepanski, Terrazas, Diamond, Gallegos, Hickey, Ingle, Ortiz y Pino, Padilla, Rodriguez, Shendo (33); Met with UNM economic development staff regarding MFA housing programs (1); Met with federal delegation staff from Heinrich, Lujan, Stansbury, Leger-Fernandez offices regarding HAF (4); Met with federal delegation staff from Heinrich, Lujan, Stansbury, Leger-Fernandez, Vasquez regarding MFA and NCSHA federal priorities (5); Met with NM Legal Aid, The Housing Trust, Santa Fe Homebuilders as a potential new program partners (3). CDD staff met with City of Gallup to discuss the process of becoming a rehab service provider. Assisted Truth or Consequences and Valencia County with the Affordable Housing Act ordinances. Year to date: 61
Q3	On Target	CDD staff met with/presented to Casa Q, Serenity Mesa, Veterans Off Grid, Santo Domingo Housing Authority, TANF, Municipal League City Managers, Association of Counties, NM Gas, BlueLine Development, Inc., the City of Albuquerque, (9) and held biweekly Technical Committee calls for WAP service providers and the Energy Smart Academy (11 total). Affordable Housing Act assistance and review was provided to the following: • Santa Fe County (AH plan & ordinance approval) • Albuquerque (technical assistance & AH plan approval) • Truth or Consequences (AH ordinance approval) (3); P+P Miles Conway, Santa Fe Homebuilders Association; Rep. Tara Lujan; Gallup Housing Summit; Martin Suazo and Taos Development Team; Winter Torres, NM Eviction Prevention Program; Eric Griego, City of Albuquerque Housing Policy; ICAST, BIL/IRA Funding; Rep. Pamela Herndon, Cathryn L. McGill, NM Black Leadership Council; Garrett Price, Single Family Land Development; NM Association of Counties Annual Conference; Taos Board Meeting; Sen. Martin Heinrich staff, Housing Programs in NM; (12) MFA Newsletter distributed to 5,400 contacts. Met with Taos Pueblo Housing Authority on Primero application for a new construction project in Angel Fire that will provide single family homes. Attended Wells Fargo Invest Native Initiative for grant award announcements which Tribal Homeownership of the Southwest (FKA New Mexico Tribal Homeownership Coalition) was awarded. Sent all tribes and pueblos the New Mexico the Historic Preservation Programmatic Agreement for comments, concerns, and signature. This agreement will remove the historic preservation consultation process for certain HUD funded activities throughout New Mexico. YTD 99



MFA Strategic Plan Benchmarks FY 2023



Benchmark: 11

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

Q1	On Target	Homeownership programs: 20 trainings conducted. Community Development conducted a HOPWA Peer Exchange on 11/15 and a RAP Peer Exchange on 12/7. Housing Development provided a LIHTC Fundamentals Training (10/20) and the annual QAP Training (10/26). Met with Thornburg Foundation. CDD - HOPWA Peer Exchange 2/28/23 and 3/15/23; Homeless Prevention Peer Exchange 3/8/23; WAP Peer Exchange 3/30/23; EHAP Peer Exchange 2/28/23 (5 total for CDD in Q2) Year to date: 30
Q2	On Target	Section 811 Training, Mortgage Ops conducted 19 trainings. Five training for CDD. Year to date: 55
Q3	Met	CDD did 6 trainings/peer exchanges. HO did 15 lender trainings. YTD 76



Benchmark: 12

Implement MFA housing summit or networking event.

Q1	On Target	Weatherization Day in Barelás Neighborhood
Q3	On Target	Taos Networking Event - Taos Board meeting

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



Benchmark: 13

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

Q1	Met	Audit issued with an unmodified opinion and no material weaknesses. Audit was approved by State Auditors Office 12/2022 and by Board 1/2023.
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Benchmark: 14

Maintain or improve credit rating.

Q1	On Target	There was no ratings activity during the quarter. MFA maintains a Aa3 Stable rating on its issuer credit rating
Q2	On Target	There was no ratings activity during the quarter. MFA maintains a Aa3 Stable rating on its issuer credit rating.
Q3	On Target	There was no ratings activity during the quarter. MFA maintains a Aa3 Stable rating on its issuer credit rating.



Benchmark: 15

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

Q1	Caution	Operating performance and profitability as of 12/31/22 is 6.9%
Q2	On Target	Operating performance and profitability as of 3/31/23 is 10.4%
Q3	On Target	Operating performance and profitability as of 6/30/23 is 9.6%



MFA Strategic Plan Benchmarks FY 2023



Benchmark: 16

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

Q1	On Target	Balance sheet strength as of 12/31/22 is 25.3%.
Q2	On Target	Balance sheet strength as of 3/31/23 is 25.3%.
Q3	Caution	Balance sheet strength as of 6/30/23 is 24.7%.



Benchmark: 17

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

Q1	On Target	2022 Series E was closed in Q1 with an 0.18% administrative fee.
Q2	On Target	2023 Series A was closed in Q2 with an 0.18% administrative fee.
Q3	On Target	2023 Series B was closed in Q3 with an 0.18% administrative fee.



Benchmark: 18

Realize profitability of .5% on TBA executions.

Q1	On Target	While we did not settle any loans via TBA in Q1; the next home program is expected to return to Q2 at a profit level in excess of 0.5%
Q2	On Target	We did not settle any loans via TBA in Q2; however, the HomeForward program was rolled out in the end of Q2. Loans settling in Q3 are expected at a profit level above 0.5%
Q3	On Target	MFA settled the first TBA loans in June with TBA profitability of 0.91%



Benchmark: 19

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

Q1	On Target	The servicing fee yield at 12/31/2022 is .42%
Q2	On Target	The servicing fee yield at 03/31/2023 is .41%
Q3	Caution	The servicing fee yield at 06/30/2023 is .40%



Benchmark: 20

Earn 100% base fees for PBCA contract.

Q1	On Target	All PBCA tasks were completed as required by the contract, and 100% of the base fees were earned for this quarter.
Q2	On Target	As of 3/31/2023, all PBCA tasks were completed as required by the contract, and 100% of the base fees were earned.
Q3	On Target	As of 6/30/2023, all PBCA tasks were completed as required by the contract, and 100% of the base fees were earned.





MFA Strategic Plan Benchmarks

FY 2023

Benchmark: 21

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

Q1	On Target	Invoices for compliance fees were processed and sent out to owner/agents this quarter.
Q2	On Target	As of 3/31/2023, 97.7% of the fees have been collected.
Q3	Met	As of 6/30/2023, 100% of the fees have been collected.



Benchmark: 22

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

Q1	New	Commitment and expenditure rate as of 12/31/22 is 100%.
Q2	On Target	Commitment and expenditure rate as of 3/31/23 is 100%.
Q3	On Target	Commitment and expenditure rate as of 6/30/23 is 99.9%



Benchmark: 23

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

Q1	Caution	Resources provided in Q1 \$405,435 (HD) and \$247,892 and \$83,135 (CDD) Total \$736,552 YTD
Q2	On Target	Resources provided in Q2 \$2,186,341 (HD), \$183,641(CDD) and \$2,550,000 Total \$5,656,534 YTD
Q3	Met	Resources provided in Q3 \$2,704,531 (HD), \$38,302 (CDD) and \$3,875,000 (HO). \$12,274,367 YTD



Benchmark: 24

Evaluate at least one new business model or financial tool.

Q2	Met	CDD - Direct Services Model was evaluated and approved at April Board Meeting
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Benchmark: 25

Increase funding by at least one new source.

Q1	New	MFA was allocated \$3 million in federal congressionally directed spending in Q1, funding to be used for fire affected regions.
Q2	Met	MFA signed a Contract with El Paso Electric for use in the NM Energy\$mart Program. YTD 2



Benchmark: 26

Improve at least 15 MFA process or resource.

Q1	On Target	Servicing: Worked with Idaho Housing to recover and have IHFA remit going forward servicing fees for the whole loan portfolio (repurchased loans for modification that cannot be repooled). MFA recovered over \$57k and will be receiving servicing fees each month on this group of loans; Acceleration process: new process using Export Text file and less data
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MFA Strategic Plan Benchmarks

FY 2023

entry - this will save staff time to run acceleration letters; The Yearly production report has been automated to be provided through information gathered by Datawarehouse. Year to date: 3

Q2	On Target	<p>Accounting: implement Teams in VirPack to expedite the processing of funds transfers.</p> <p>Secondary: moved the 275 Fannie Mae files from BNY Mellon to Deutsche Bank thus no longer having to pay BNY Mellon their flat fee of \$1000 per month; automated and streamlined the settlement process</p> <p>Servicing has implemented 10 process improvement in Q2:</p> <ul style="list-style-type: none"> • Moved the process to manage returned payment coupon books and 1098 statements to Customer Service from the Front desk in an attempt to reach borrowers and obtain contact with the borrowers; Automated the Wells Fargo Stop file, elimination the manual process. The automation will capture daily Changes to servicing condition codes and notify Wells Fargo.; • Tracking Accounting Draws, instead of manually tracking disbursements on a spreadsheet all disbursements will be tracked using the Home Data Base Report; Early payment default process change was approved by PC allowing MFA to follow GSE and FHA... guidelines to issue repurchase when a loan goes into default within the first 6 to 12 months of the first payment due date, this will provide consistency; New loan approval when a borrower has caused a loss to MFA previously, a process has been put in place to address these requests consistently avoiding the risk of subjective review.; • Automated SF disbursement Escrow Refund letters, eliminating the manual process to issue . The update to the ML Export now generates these letters based on borrowers who have a refund due eliminating manual update to start and another manual update to complete the process.; • Combine single Family and Multifamily Autodraft files and reconciliations, this will make reconciliation, the tracking and submission to Wells Fargo more efficient.; • Automated the submission of the stop file to Wells Fargo CEO with IT's assistance ensuring Wells Fargo lock box has the most recent loan information.; • ACH One Time, Transaction Draft Date Change Before Report population. Provides a procedure how to fix and find transaction changed (draft date) before the report is pulled.; • First Mortgage Accruals review and process to validate service fee of .315 is included in the settlement of new loans. When this service fee is missing it causes expenses to exceed revenue. This fix and improvement included Accounting, Servicing, Homeownership, and Mitas fixing loans back to April 2018 to March 2023. <p>CDD is now asking for Core Documents from each service provider agency only once per year rather than for every program they apply for. Year to date: 15</p>
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Q3	On Target	<p>Secondary Market and Servicing improved the loan modification repurchase repooling process to include securitizing loan modifications that cannot be pooled due to the interest rate requirements to pool with GNMA. In Qtr. 3 94 loan modifications were securitized at and principal balance totaling \$13,227,052. This provides an investment rather than holding the debt and the payment will be guaranteed by GNMA.</p> <p>Implemented Benefit Self Service for Staff across all product lines</p> <p>Implemented electronic Goal processing through ADP.</p> <p>YTD 17</p>
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Goal 4 - Provide robust technology solutions



Benchmark: 27

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

Q1	On Target	<p>MFA's internal and external penetration testing was completed on 11/30/2022. MFA received a RiskSense Security Score (RS3) of 817 (low risk). RS3 represents MFA's cyber security posture, measuring risk posed by existing vulnerabilities</p>
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MFA Strategic Plan Benchmarks FY 2023

and current potential threats. The rating range is from 300 (high risk) to 850 (very low risk).

- | | | |
|----|-----------|---|
| Q2 | On Target | MFA received a RiskSense Security Score (RS3) of 818 (very low risk). RS3 represents MFA's cyber security posture, measuring risk posed by existing vulnerabilities and current potential threats. The rating range is from 300 (high risk) to 850 (very low risk). |
| Q3 | On Target | MFA received a RiskSense Security Score (RS3) of 819 (very low risk). RS3 represents MFA's cyber security posture, measuring risk posed by existing vulnerabilities and current potential threats. The rating range is from 300 (high risk) to 850 (very low risk). |



Benchmark: 28

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

- | | | |
|----|-----------|---|
| Q1 | On Target | The current RPO for all critical infrastructure equipment is currently meeting the Service Level Agreement of less than 5 minutes and the tested failover Recovery Time Objective was just over two hours, which is below the goal of six. |
| Q2 | On Target | The current RPO for all critical infrastructure equipment is currently meeting the Service Level Agreement of less than 5 minutes and the tested failover Recovery Time Objective remains at just over two hours, which is below the goal of six. |
| Q3 | On Target | The current RPO for all critical infrastructure equipment is currently meeting the Service Level Agreement of less than 5 minutes and the tested failover Recovery Time Objective remains at just over two hours, which is below the goal of six hours. |



Benchmark: 29

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

- | | | |
|----|-----------|--|
| Q1 | On Target | Completed the implementation of five new programs to New Mexico Energy Smart (BIL, CSLFRF, NMHTF 22.G2445, Multifamily PNM projects, and Multifamily measures). |
| Q2 | On Target | Email security from Mimecast implemented to DMARK authentication, this verifies who the senders are and stops phishing and spoofing attacks. Worked with MITAS to correct the missing MSR values in loans so they could be amortized correctly. |
| Q3 | On Target | Completed the implementation of new program funding sources for online invoicing and Engery \$mart. Added new server infrastructure to support MITAS migration to web. Completed build out of data warehouse to support year end and monthly production reports. |

Goal 5 - Foster a dynamic work environment



Benchmark: 30

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

- | | | |
|----|-----------|--|
| Q1 | On Target | Survey will be conducted in the May timeframe |
| Q2 | On Target | Survey will be conducted in the May timeframe. |



MFA Strategic Plan Benchmarks

FY 2023

Q3	On Target	Survey completed at 87% participation. In the process of analyzing data and outlining actionable steps
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Benchmark: 31

Conduct internal benefits survey and address opportunities for enhancements.

Q1	On Target	Will conduct survey in the second quarter
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Q2	On Target	In Progress
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Q3	Met	Survey completed in April. Steps are being taken to address some suggestions
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MEMO

TO: MFA Board of Directors
FROM: James Schneider and Alex Lundy
DATE: September 20th, 2023
SUBJECT: Single Family Mortgage Bonds 2023 Series C – Pricing Summary

2023 Series C

The 2023 Series C transaction is a new money bond issue which priced on July 13th, 2023, and closed on August 17th, 2023. The following is a summary of the bond sale:

Structure: The bond issue is a \$100.0 million tax-exempt traditional bond issue which provides for non-AMT serial bonds, term bonds and a premium planned amortization class ("PAC") bond.

Marketing: To enhance the marketing of bonds to retail investors, our selling group members participated in the underwriting syndicate, namely, Baird, D.A. Davidson & Co., Fidelity Capital Markets, Drexel Hamilton, Inc., and UBS Financial Services Inc. New Mexico retail investors had first priority followed by national retail investors. The underwriting syndicate submitted \$19.130 million in orders and was allotted \$13.980 million of bonds. In addition, a total of \$52.2 million in retail orders were received, of which \$3.8 million was from New Mexico retail investors. Compared to the 2023 Series B issuance, which priced in April 2023, retail orders increased 67.3% and New Mexico retail orders increased 171.4%.

Total orders for the bond issue were \$538.2 million for both retail and institutional investors, which is a significant increase of 301% in total orders compared to the 2023 Series B issuance. This is mainly due to a high demand for municipal bonds, which has offered a very favorable ratio for tax-exempt issuers. The municipal bond market continues to be favorable for bond issuers, as evidenced by continued low MMD to Treasury ratios.

Use of Bond Proceeds: The \$100.0 million is being used to originate new mortgage loans and to roll forward a subsidy generated from prior bond issues which helped maintain competitive mortgage rates. The weighted average mortgage rates are as follows:

<u>Program</u>	<u>Government</u>	<u>Conventional <80% AMI</u>	<u>Conventional >80% AMI</u>
FIRST HOME	5.771%	6.135%	6.135%

Spread: The spread on the transaction is 1.119%. Spread is the difference between the mortgage yield and the bond yield. The maximum spread permitted by federal tax law is 1.125%. The net present value benefit of the transaction is \$3.5 million or approximately 3.5% of the bonds issued.

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

The attached Exhibit 1 contains a table summarizing more detailed information about the 2023 Series C bond issue as well as bond issue characteristics from other recent single-family issuances for comparative purposes.

The attached Exhibit 2 is a comprehensive in-depth “Post-Sale Analysis” for 2023 Series C, prepared by MFA’s Financial Advisor, CSG Advisors.

EXHIBIT 1

New Mexico Mortgage Finance Authority
Summary of Recent Bond Issue Characteristics

	For Info Only	For Info Only	For Info Only	For Info Only	
	2022D	2022E	2023A	2023B	2023C
Type of Structure	New Money Tax-Exempt	New Money Tax-Exempt	New Money Tax-Exempt	New Money Tax-Exempt	New Money Tax-Exempt
	Traditional	Traditional	Traditional	Traditional	Traditional
	1 Tax Exempt Bonds	\$99,000,000	\$74,990,000	\$60,000,000	\$80,000,000
	Taxable Bonds	n/a	n/a	n/a	n/a
	Tax-Exempt Refunding Bonds	n/a	n/a	n/a	n/a
	Taxable Refunding Bonds	n/a	n/a	n/a	n/a
Total Amount of Bonds Issued	\$99,000,000	\$74,990,000	\$60,000,000	\$80,000,000	\$100,000,000
2 Bond Issue(s) Refunded	n/a	n/a	n/a	n/a	n/a
3 MFA Subsidy*/Benefit-(New Available)/ Present Value Economic Benefit	\$3.7 million/\$4.7 million	\$2.2 million/\$0.28 million	\$2.1 million/\$3.2 million	\$2.9 million/\$3.3 million	\$3.5 million/\$4.8 million
4 Original Bond Ratings: Standard & Poor's Moody's	None Aaa	None Aaa	None Aaa	None Aaa	None Aaa
5 Pricing Date(s)	7/12/2022	11/8/2022	1/25/2023	4/20/2023	7/13/2023
6 Bond Closing Date	8/18/2022	12/15/2022	2/23/2023	5/25/2023	8/17/2023
7 Serial Bond Maturities AMT Non-AMT Taxable	None 9/1/23-9/1/34 None	None 9/1/23-9/1/34 None	None 3/1/24-9/1/35 None	None 3/1/24-9/1/33 None	None 9/1/24-9/1/35 None
8 Term Bond Maturities	9/1/37,9/1/42 9/1/47,9/1/52	9/1/37,9/1/42 9/1/47,9/1/52	9/1/31,9/1/38 9/1/43,9/1/48 9/1/53	9/1/35,9/1/38 9/1/43,9/1/48 9/1/53	9/1/38,9/1/43 9/1/48,9/1/53
9 Premium PAC Maturity	3/1/53	9/1/53	3/1/54	3/1/54	3/1/54
10 Split Between FIRST HOME Government and Conventional Loans Government Conventional	80% 20%	80% 20%	80% 20%	80% 20%	80% 20%
11 Weighted Average Loan Rates+ FIRST HOME - Government FIRST HOME - Conventional <80% FIRST HOME - Conventional >80%	5.199% 5.496% 5.927%	5.761% 6.009% 6.487%	5.445% 5.770% 5.770%	5.610% 5.965% 5.965%	5.771% 6.135% 6.135%
12 10-Year Treasury Rate at Pricing	2.98%	4.14%	3.46%	3.54%	3.76%
13 GIC Rates** Acquisition Fund Rate Float Fund Rate	n/a n/a	n/a n/a	n/a n/a	n/a n/a	n/a n/a
14 MFA Contribution at Closing Cost of Issuance (COI) COI as a % of Bonds Issued Negative Arbitrage Deposit	\$870,000 0.88% \$1,000,000	\$715,000 0.95% \$750,000	\$600,000 1.00% \$600,000	\$750,000 0.94% \$850,000	\$880,000 0.88% \$1,300,000
15 Yield Spread	n/a	n/a	n/a	n/a	n/a
16 Administrative Fee (to MFA)	0.180%	0.180%	0.180%	0.180%	0.180%
17 Bond Allocation System Followed***	Yes	Yes	Yes	Yes	Yes

*Subsidy was generated by a prior bond issue.

+Weighted average rate of loans in the pipeline.

**The Guaranteed Investment Contract is competitively bid.

***The bond allocation system that is followed is common in the investment banking industry and is as follows:

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

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

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

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

next are net designated orders placed through the senior manager where the buyer designates the sales credit

to specific managers, and finally, member orders receive the lowest priority.

\$100,000,000
New Mexico Mortgage Finance Authority
Single Family Mortgage Program Class I Bonds
2023 Series C (Tax-Exempt) (Non-AMT)

POST-SALE ANALYSIS

KEY RESULTS FOR MFA

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

1. Finance new loan production at attractive interest rates for homebuyers,
2. Provide beneficial economics to MFA with as close to the maximum yield spread permitted by the IRS as possible,
3. Strategically use MFA's zero participation loans as needed, and
4. Keep negative arbitrage to a minimum.

Additionally, this transaction reallocates zero participation loans from prior series (2023 Series B) well within the required time of 18 months for which to reallocate loans.

Approach and Strategy. Over the past five years, MFA has used traditional bond structures to finance new production that did not need a refunding component in order to generate full spread economics. Since the beginning of 2018, MFA has issued multiple all new-money transactions that did not include a refunding component, providing MFA with a balance sheet solution for new production without a form of subsidy such as refundings. Zero participation loans will be used in this transaction to bring it to full spread.

From a strategic point of view, MFA has been:

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

Primary Objectives. MFA therefore has three primary objectives:

1. Finance existing production at the lowest yield possible,
2. While keeping mortgage loan rates low, strategically use MFA's approximately \$22.2 million of zero participations (prior to issuing 2023C) to achieve full spread and preserve more zero participations for future production, and
3. Raise bond premium in order to generate proceeds to help fund the purchase of the MBS from the servicer at 101%, to fund cash flow lag, and to fund all of the costs of issuance of the transaction.

Structure. The 2023C bonds:

- Included bond proceeds sufficient to finance \$100.3 million of new pipeline production and provide sufficient proceeds to use and store zero participations,
- Were structured with serials bonds, term bonds and Planned Amortization Class (PAC) bonds,
- Sold the PAC bonds with a total premium of \$3.23 million which provides additional funds to purchase

\$100.3 million of MBS and fund all of the costs of issuance.

- Were priced 5 weeks prior to closing, enabling MFA to lock in its borrowing cost sooner as well as finance more of its pipeline production prior to closing, thus reducing both interest rate risk and negative arbitrage,
- Allowed for either GNMA, Fannie Mae (FNMA), or Freddie Mac (FHLMC) MBS depending on MFA's loan pipeline,
- Provided MFA with an optional call in 9.0 years at par (or slight premium with regard to the PAC bond) if it proves profitable to redeem the bonds in the future,
- Deposited \$1.3 million of Authority funds in a negative arbitrage account to provide necessary funds to cover non-origination stress test in rating agency cash flow runs. We expect most or all of such funds to be transferred back to MFA within 12 to 18 months, as it isn't expected to be needed once the MBS are purchased several months after closing as anticipated.

Results. The bond structure consisted of three major components: non-AMT serial bonds, term bonds and a premium PAC bond.

1. **Yields.** The bond yield (true interest cost) was 4.374% assuming 100% FHA prepayments (compared to 4.35% for the 2023B bonds sold three months prior in April).
2. **Use of Zero Participations.** In order to achieve full spread, 2023C is forecasted to create \$3.6 million in zeros on a nominal basis resulting in \$25.8 million in zeros for future bond issues (assuming participation with a future issue in 3 months). On a rate-adjusted basis, 2023C is projected to be above full spread.
3. **Net Economic Benefits.** The transaction's projected net present value was \$3.5 million at 150% PSA prepayment speed, or approximately 3.5% of the bonds issued. Including the impact of zeros created, the net present value was \$4.8 million.

Bond Results. Following are key highlights:

1. **Timing.** The bonds were priced on the morning of Thursday, July 13th with a two-hour retail order period followed by an institutional order period in the afternoon.

Both single family and general municipal bond issuance was heavy during the week of 2023C's pricing. Including MFA's sale, four other single family tax-exempt bond issues priced during the week of July 10th, including Maine, Illinois, Pinellas Co (Florida), and Connecticut.

On the pricing date of July 13th, the 10-year Treasury was lower by 0.10% from the prior day to a 3.76% yield. The municipal market as measured by MMD rates was also lower by 0.04% to 0.05% across the yield curve compared to the prior day. See "Market Details" below for a full description of the market leading up to the pricing date.

Retail Interest. On the morning of Thursday, July 13th, a two-hour retail order period was established with first priority to orders from New Mexico retail investors and second priority to national retail investors. This resulted in a total of \$52.2 million of retail orders (\$3.8 million of New Mexico retail). \$35.2 million of the 2023C retail orders were for term bonds, with \$17 million for the serials. Due to unsold balances on 9 of the 23 serial bonds, the yield on such 9 serial bonds were increased by 0.05%. The serials in 2034 and 2035 were in higher demand, and due to oversubscription, were lowered in yield by 0.05%, with the September 2035 serial lowered by 0.075%.

2. **Institutional Interest.** In all, institutions put in orders totaling \$486 million (compared to \$103 million for the smaller, \$80MM 2023B). Investor interest for the \$40 million in PAC bonds was excellent, with subscription of 8.4x. The term bonds in 2038, 2043, 2048, and 2053 were also in high demand evidenced by subscription levels of 4.7x, 3.1x, 2.4x, and 4.1x. Due to the strong subscription levels, each of the term bonds were lowered by 0.05%.
3. **Selling Group.** To enhance the order flow particularly with retail investors, six selling group members were included in the underwriting syndicate for 2023C. Selling group members included Baird, D.A. Davidson, Drexel Hamilton, Fidelity Capital Markets, Hilltop Securities and UBS. See below for orders and allotments from the selling group, of which UBS brought the most orders to the pricing:

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

Selling Group Member	Orders	Allotments
Fidelity Capital Markets	\$ 7,170	\$ 6,915
Drexel Hamilton	5,750	3,750
UBS	4,720	2,825
D.A. Davidson	1,275	275
Baird	215	215
Hilltop	-	-
TOTAL	\$ 19,130	\$ 13,980

**Excludes unfilled stock orders.*

The selling group was useful to the issuance in terms of generating additional retail interest. Fidelity led the selling group in orders, followed by Drexel Hamilton and UBS.

4. **Comparable Transactions.** The 2023C bonds priced similarly to the \$40 million Maine (Aa1/AA+) issue that priced the same day and Illinois (Aaa/-) which priced two days prior. Compared to Maine, several of MFA's serial bonds priced lower in spread to MMD, while several priced higher in spread. As for term bonds, MFA's 2048 and 2053 priced at the same spreads to Maine, while the 2038 and 2043 terms were 0.05% higher in yield and spread. Maine did not sell a PAC bond. Compared to Illinois, two of MFA's term bonds were 0.05% lower in spread, and MFA's PAC bonds priced 0.02% tighter than Illinois. In summary, MFA received significant interest for its term bonds and PAC bonds which led to several reductions in yield and a successful day of pricing.

MARKET DETAILS

Key Dates: Retail and Institutional Order Period: Thursday, July 13, 2023
 Closing Date: Thursday, August 17, 2023

Economic Calendar. While economic news throughout 2022 was largely dominated by escalating inflation and concerns about the Federal Reserve’s efforts to reduce inflation, the data releases in 2023 leading up to this sale reflected slowing (but “sticky”) inflation. The June 2023 CPI report showed the index had risen 3.0% from a year earlier, slowing from a 4.1% increase in May and 4.9% increase in April. Though still elevated above the Federal Reserve’s target of 2% inflation, this nonetheless represent a significant decrease since the beginning of the year.

In 2022 alone, to combat inflation, the Federal Reserve had increased the federal funds rate seven times by a total of 425 basis points, including by 75 bps at one meeting, the largest single-meeting hike in decades. As important as these increases in the short-term federal funds rate were, the Fed’s reduction of its balance sheet holdings of US Treasuries and MBS caused additional upward pressure on long-term rates through much of 2022.

Following a further series of 25-bp rate hikes at the Fed’s February, March, and May 2023 meetings, the Federal Reserve, as expected, paused its rate hikes at its June meeting, given the gradual easing of inflationary pressures and giving the Fed the ability to assess the impact of its rate hikes to date.

Treasuries. As of market close on the day of pricing, the 10-year US Treasury yield was 3.76%, roughly equal to where it started the year, but down 49 bps since the 4.25% high in late October 2022. The yield curve remained inverted, with the 2-year Treasury 88 bps higher than the 10-year. In fact, the 2-year Treasury rate has exceeded the 10-year rate for the last 12 months. Such inversions have in the past been precursors to, and reflected investors’ expectations of, future recession.

Municipals. Municipal fund outflows through 2022 totaled over \$121 billion, shattering the previous year’s all-time outflow records and resulting in high ratios of MMD to Treasuries. So far in 2023, while some outflows have continued from muni bond funds, municipal ETFs have received inflows, and there has been a more favorable tone to investor demand in the muni market due to lower supplies of new bond issues as well as investors looking to reinvest recent bond redemptions. As such, the municipal bond market continues to be favorable for bond issuers as evidenced by continued low MMD to Treasury ratios.

When MFA priced its 2023B bonds in April, the ratio of the 10-year MMD to Treasuries was at 67%; a very favorable ratio for tax-exempt issuers. By the time the 2023C bonds priced, the 10-year MMD to Treasury ratio was at 69%. Such ratios provide very attractive and low borrowing rates for issuers compared to the taxable alternatives.

TABLE 2: COMPARISON OF RATES IN RECENT TRANSACTIONS

Issue	Date	10 Year MMD	10 Year Treasury	MMD to Treasury Ratio	30 Year MMD	30 Year Treasury	MMD to Treasury Ratio
2021 A	4/13/21	1.01%	1.64%	62%	1.62%	2.32%	70%
2021 C	7/8/21	0.81%	1.30%	62%	1.33%	1.93%	69%
2021 D	10/13/21	1.19%	1.54%	77%	1.69%	2.03%	83%
2022 A	1/13/22	1.18%	1.70%	69%	1.64%	2.04%	80%
2022 C	4/12/22	2.42%	2.72%	89%	2.77%	2.82%	98%
2022 D	7/12/22	2.44%	2.96%	82%	2.98%	3.13%	95%
2022 E	11/8/22	3.30%	4.14%	80%	4.06%	4.28%	95%
2023 A	1/25/23	2.19%	3.46%	63%	3.18%	3.62%	88%
2023 B	4/20/23	2.36%	3.54%	67%	3.40%	3.74%	91%
2023 C	7/13/23	2.59%	3.76%	69%	3.51%	3.89%	90%
<i>Change from 2023B to 2023C</i>		+ 23 bps	+ 12 bps	+ 2%	+ 11 bps	+ 15 bps	- 1%

UNDERWRITING

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

Underwriting Fees. The underwriter discount of \$6.533 per \$1,000 bonds is reasonable compared to other similarly sized issues in the market.

Performance. RBC Capital Markets as book-running senior manager and Raymond James as co-manager worked well together and achieved sufficient excellent order flow as described above. Strong order flow was evidenced by \$500 million in total orders (excluding stock member orders), including significant oversubscription resulting in lowering the rate on all of the term bonds by 5 bps and the PAC bonds by 8 bps, a very large adjustment lower.

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

New Mexico Mortgage Finance Authority

Combined Financial Statements
and Schedules

July 31, 2023

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the tenth-month period ended July 31, 2023

COMPARATIVE YEAR-TO-DATE FIGURES (Dollars in millions):		10 months <u>7/31/2023</u>	10 months <u>7/31/2022</u>	% Change <u>Year / Year</u>	Forecast <u>7/31/2023</u>	Actual to <u>Forecast</u>	Forecast/Target <u>9/30/23</u>
PRODUCTION							
1	Single family issues (new money):	\$215.0	\$289.9	-25.8%	\$250.0	-14.0%	\$300.0
2	Single family loans sold (TBA):	\$4.9	\$83.0	-94.1%	\$8.3	-40.68%	\$10.0
3	Total Single Family Production	\$219.9	\$372.9	-41.0%	\$258.3	-14.9%	\$310.0
4	Single Family Bond MBS Payoffs:	\$44.7	\$129.8	-65.6%	\$39.9	11.9%	\$47.9
STATEMENT OF NET POSITION							
5	Avg. earning assets:	\$1,736.6	\$1,543.3	12.5%	\$1,721.9	0.9%	\$1,721.9
6	General Fund Cash and Securities:	\$119.1	\$112.9	5.5%	\$87.8	35.7%	\$87.8
7	General Fund SIC FMV Adj.:	\$1.1	-\$4.5	124.7%	\$0.0	N/A	\$0.0
8	Total bonds outstanding:	\$1,457.4	\$1,302.8	11.9%	\$1,185.3	23.0%	\$1,422.4
STATEMENT OF REVENUES, EXPENSES AND NET POSITION							
9	General Fund expenses (excluding capitalized assets):	\$20.5	\$20.0	2.4%	\$20.7	-0.8%	\$27.3
10	General Fund revenues:	\$27.8	\$20.2	37.6%	\$22.0	26.5%	\$29.7
11	Combined net revenues (all funds):	\$16.1	-\$3.2	598.5%	\$8.3	94.5%	\$10.0
12	Combined net revenues excluding SIC FMV Adj. (all funds):	\$15.4	\$3.3	359.8%	\$8.3	85.3%	\$10.0
13	Combined net position:	\$301.7	\$282.7	6.7%	\$296.1	1.9%	\$296.1
14	Combined return on avg. earning assets:	1.11%	-0.25%	543.0%	0.58%	92.2%	0.58%
15	Combined return on avg. earning assets excluding SIC FMV Adj. (all funds):	1.06%	0.26%	308.6%	0.58%	83.1%	0.58%
16	Net TBA profitability:	0.74%	0.33%	124.6%	0.70%	5.8%	0.70%
17	Combined interest margin:	0.86%	0.52%	64.7%	0.79%	9.4%	0.79%
MOODY'S BENCHMARKS							
18	Net Asset to debt ratio (5-yr avg):	25.51%	27.14%	-6.0%	25.18%	1.3%	25.18%
19	Net rev as a % of total rev (5-yr avg):	10.61%	10.40%	2.1%	10.12%	4.9%	10.12%
SERVICING							
20	Subserviced portfolio	\$2,055.0	\$1,881.7	9.2%	\$1,996.3	2.9%	\$2,015.4
21	Servicing Yield (subserviced portfolio)	0.40%	0.41%	-0.01%	0.38%	5.9%	0.38%
22	Combined average delinquency rate (MFA serviced)	8.20%	8.15%	0.6%	9.50%	-13.7%	9.50%
23	DPA loan delinquency rate (all)	7.71%	8.12%	-5.0%	N/A	N/A	N/A
24	Default rate (MFA serviced-annualized)	0.62%	0.65%	-3.7%	1.30%	-52.0%	1.30%
25	Subserviced portfolio delinquency rate (first mortgages)	10.49%	11.62%	-9.7%	N/A	N/A	N/A
26	Purchased Servicing Rights Valuation Change (as of 6/30/23)	\$11.0	\$10.4	6.1%	N/A	N/A	N/A

Legend:

Positive Trend Caution Negative Trend Known Trend/Immaterial

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the tenth-month period ended July 31, 2023

SUMMARY OF BOND ISSUES:

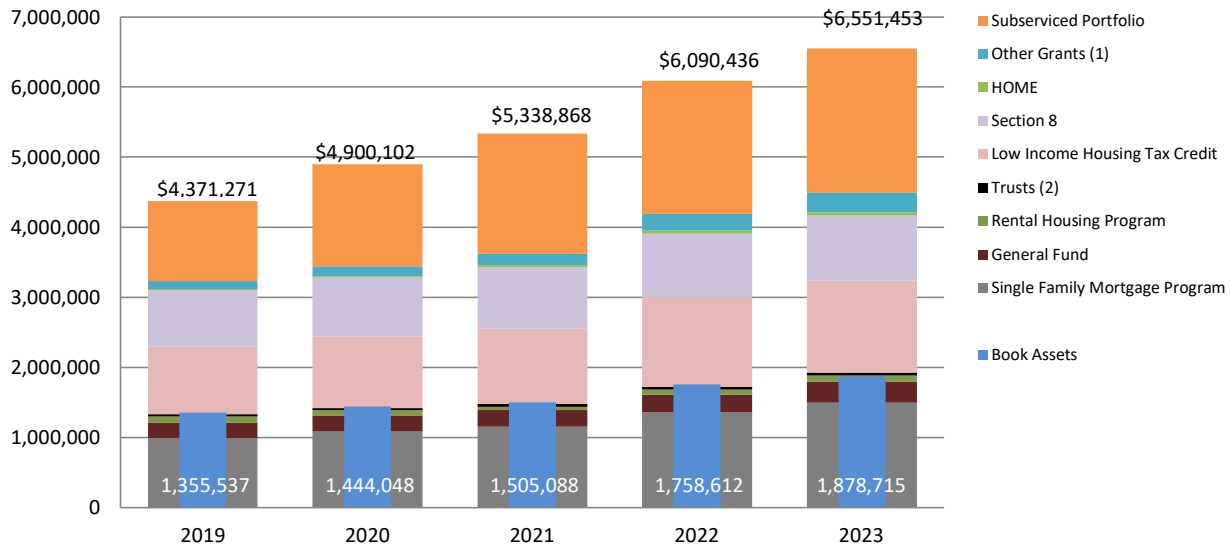
Single Family Issues:

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

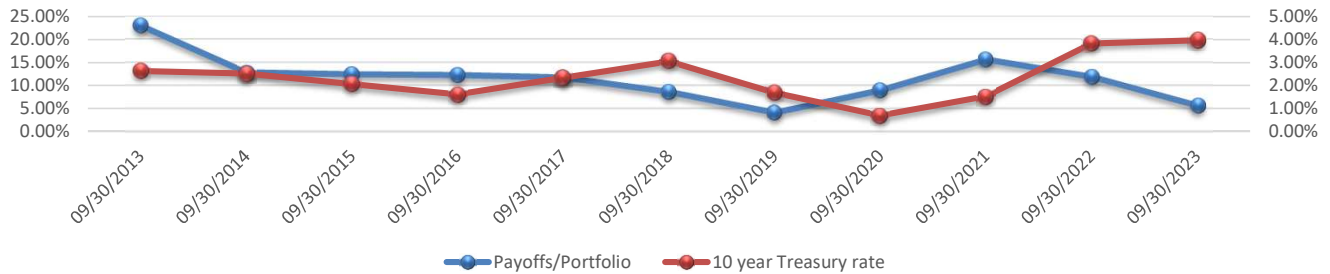
CURRENT YEAR FINANCIAL TRENDS & VARIANCES:

- The single-family production has decreased from last year due to headwinds from rising home prices, climbing mortgage rates, and high inflation. Due to changes in the economics of the mortgage program, we currently favor issuing tax-exempt bonds as the primary loan financing tool. In April we started to sell the Mortgage-Backed Securities (MBS) originated through our Home Forward mortgage program into the TBA market. The issuance of bonds is currently producing a lower mortgage rate for the First Home program than the sales of those loans to the TBA market. As a result, MFA is likely to lean more heavily toward bond financing and continue to use the TBA market where appropriate. Payoffs slowed by 66% due to rising mortgage rates discouraging homeowners from refinancing their loans.
- In nine months of activities, the Return on Average earnings assets was 1.11%, which is better than last year as we rely heavily on bond financing, which led to growth in earning assets as new mortgage loans with higher interest rates are added to the balance sheet and earn interest revenue. Cash through bond proceeds and mortgage payments are invested in short-term funds earning higher interest revenue.
- The General Fund expenses increased 2.4% compared to last year, while the General Fund revenue increased by 37.6% due to interest from loans and investments, and loan servicing income recognized higher than budgeted. The rise in short-term rates is having a direct and immediate positive effect on MFA earnings.
- The combined interest margin of 0.86% increased from the FY22 year-end mark of 0.55% due to higher income from interest on loans and investments. The rising interest rates are positively impacting loan portfolio performance, bolstering MFA's investment income and discouraging homeowners from refinancing their loans.
- Based on Moody's issuer credit rating scorecard, MFA's 25.51% net asset to debt ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA's creditworthiness under stressful circumstances (> 20 %). The net revenue as a percent of total revenue measures performance and profitability. MFA's 10.61% ratio (5-year average) is just within the optimal range (10-15%) because the percentage was low in fiscal 2022 due to decreased FMV of SIC investments, lower TBA profitability resulting from market changes, and increased repurchased loan expenses. Although net revenue has increased substantially in FY23, the ratio remains below target because total revenue includes federal grants that have increased 63% this fiscal year.
- Moody's Investor Services completed an updated credit opinion on MFA's Issuer Credit Rating in June 2020. They assigned the Aa3/stable rating. Comments included a high asset-to-debt ratio, good profitability, and a low-risk profile due to a mortgage-backed security structure, and no exposure to variable-rate debt. Additionally, Moody's reaffirmed the Aaa/stable rating on the single-family indenture in April 2021, noting a growing asset-to-debt ratio and stabilizing profitability.
- The Servicing Department monitors delinquencies and defaults to identify reduction strategies and refer borrowers to available loss mitigation programs. The Sub-serviced Portfolio delinquency rate is 10.49%. The sub-serviced portfolio is approximately 85% FHA-insured loans. The Mortgage Bankers Association quarterly survey as of June 30, 2023, indicates that the delinquency rate for FHA loans nationally is 8.95%, and for New Mexico is 6.59%. In addition, FHA Single Family Loan Performance Trends for June 2023 showed 12.61% delinquency (for purchase loans only), which decreased from 12.63% in May 2023.
- The fair market value for purchased servicing rights as of June 2023 is \$30.6 million, an increase of about \$11.0 million over cost. GASB requires MFA to record the value of servicing rights at the 'lower of cost or market'. The elevated FMV is related to decreased prepayment speed projections, and increased earnings rates impacted portfolio value positively. The current recorded cost of the asset is \$19.6 million. Valuations are obtained every quarter.

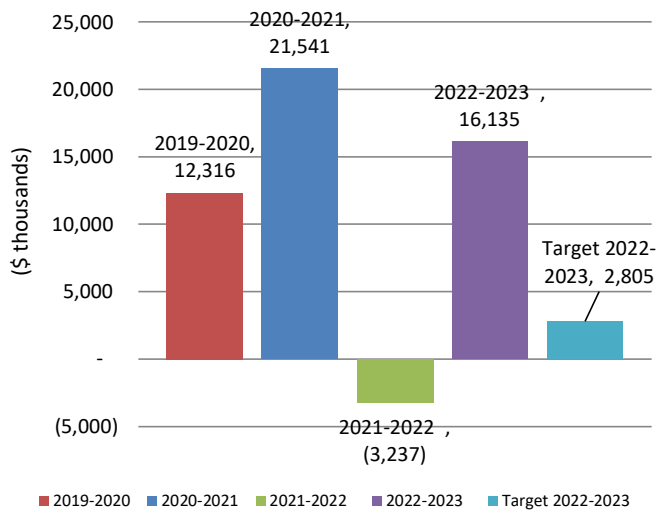
Assets Under Management as of 07/31/2023 (\$ in thousands)



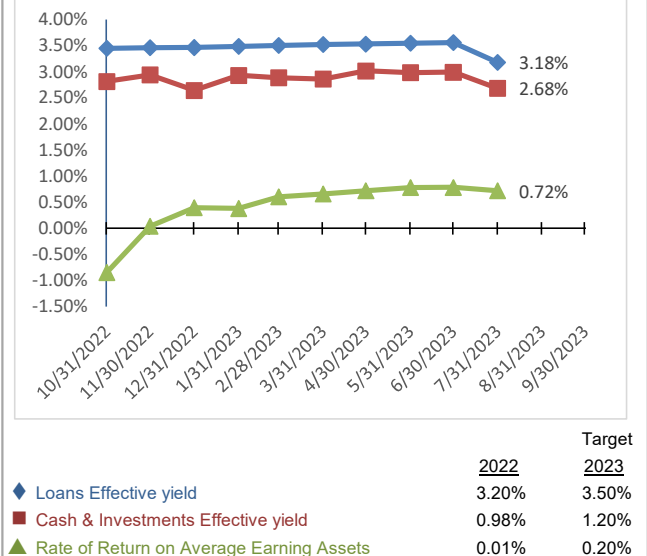
YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2023



YTD Excess Revenues over Expenses as of 7/31/2023



Yield Targets 9/30/2023



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

NEW MEXICO MORTGAGE FINANCE AUTHORITY
COMBINED STATEMENT OF NET POSITION
JULY 2023
(THOUSANDS OF DOLLARS)

	YTD 7/31/23	YTD 7/31/22
<u>ASSETS:</u>		
<u>CURRENT ASSETS:</u>		
CASH & CASH EQUIVALENTS	\$66,142	\$65,724
RESTRICTED CASH HELD IN ESCROW	9,796	9,546
SHORT-TERM INVESTMENTS	-	(100)
ACCRUED INTEREST RECEIVABLE	5,536	4,105
OTHER CURRENT ASSETS	8,910	5,785
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	3
INTER-FUND RECEIVABLE (PAYABLE)	0	(0)
TOTAL CURRENT ASSETS	90,383	85,062
CASH - RESTRICTED	93,271	68,582
LONG-TERM & RESTRICTED INVESTMENTS	67,189	61,777
INVESTMENTS IN RESERVE FUNDS	-	-
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,401,796	1,195,529
MORTGAGE LOANS RECEIVABLE	202,021	153,591
ALLOWANCE FOR LOAN LOSSES	(9,772)	(10,044)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	11,624	1,772
OTHER REAL ESTATE OWNED, NET	2,297	1,396
OTHER NON-CURRENT ASSETS	11	14
INTANGIBLE ASSETS	19,736	18,629
TOTAL ASSETS	1,878,556	1,576,306
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
REFUNDINGS OF DEBT	159	192
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	1,878,715	1,576,498
<u>LIABILITIES AND NET POSITION:</u>		
<u>LIABILITIES:</u>		
<u>CURRENT LIABILITIES:</u>		
ACCRUED INTEREST PAYABLE	\$11,288	\$5,497
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	23,638	21,267
ESCROW DEPOSITS & RESERVES	9,683	9,425
TOTAL CURRENT LIABILITIES	44,609	36,190
BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	1,457,363	1,234,475
MORTGAGE & NOTES PAYABLE	74,557	23,159
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	190	218
TOTAL LIABILITIES	1,576,719	1,294,042
DEFERRED INFLOWS	253	286
TOTAL LIAB/DEFERRED INFLOWS	1,576,972	1,294,328
<u>NET POSITION:</u>		
NET INVESTED IN CAPITAL ASSETS	11,624	1,772
UNAPPROPRIATED NET POSITION (NOTE 1)	70,520	60,633
APPROPRIATED NET POSITION (NOTE 1)	219,599	219,766
TOTAL NET POSITION	301,743	282,171
TOTAL LIABILITIES & NET POSITION	1,878,715	1,576,498

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

	<u>YTD 7/31/23</u>	<u>YTD 7/31/22</u>
<u>OPERATING REVENUES:</u>		
INTEREST ON LOANS	\$44,912	\$34,709
INTEREST ON INVESTMENTS & SECURITIES	5,842	1,458
LOAN & COMMITMENT FEES	2,656	3,062
ADMINISTRATIVE FEE INCOME (EXP)	4,336	5,536
RTC, RISK SHARING & GUARANTY INCOME	44	396
HOUSING PROGRAM INCOME	1,647	1,610
LOAN SERVICING INCOME	8,247	6,848
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	<u>67,683</u>	<u>53,619</u>
<u>NON-OPERATING REVENUES:</u>		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	764	(6,320)
OTHER NON-OPERATING INCOME	87	0
GRANT AWARD INCOME	85,709	51,098
SUBTOTAL NON-OPERATING REVENUES	<u>86,559</u>	<u>44,779</u>
TOTAL REVENUES	<u>154,243</u>	<u>98,397</u>
<u>OPERATING EXPENSES:</u>		
ADMINISTRATIVE EXPENSES	17,332	17,204
INTEREST EXPENSE	38,243	29,439
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(3,028)	(2,734)
PROVISION FOR LOAN LOSSES	397	171
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	133	122
AMORT. OF SERV. RIGHTS & DEPRECIATION	1,450	2,428
BOND COST OF ISSUANCE	1,991	2,815
SUBTOTAL OPERATING EXPENSES	<u>56,518</u>	<u>49,444</u>
<u>NON-OPERATING EXPENSES:</u>		
CAPACITY BUILDING COSTS	139	214
GRANT AWARD EXPENSE	81,450	52,002
OTHER NON-OPERATING EXPENSE	-	-
SUBTOTAL NON-OPERATING EXPENSES	<u>81,590</u>	<u>52,216</u>
TOTAL EXPENSES	<u>138,108</u>	<u>101,660</u>
NET REVENUES	16,135	(3,263)
OTHER FINANCING SOURCES (USES)	-	-
NET REVENUES AND OTHER FINANCING SOURCES(USES)	<u>16,135</u>	<u>(3,263)</u>
NET POSITION AT BEGINNING OF YEAR	<u>285,608</u>	<u>285,434</u>
NET POSITION AT 7/31/23	<u>301,743</u>	<u>282,171</u>

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

(Note 1) MFA Net Position as of July 31, 2023:

UNAPPROPRIATED NET POSITION:

\$ 29,983	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
\$ 39,644	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
\$ 893	is held for New Mexico Affordable Housing Charitable Trust.
\$ 70,520	Total Unappropriated Net Position

APPROPRIATED NET POSITION: GENERAL FUND

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

\$ 117,129	for use in the Housing Opportunity Fund (\$106,106 in loans and grants plus \$11,023 unfunded, of which \$5,703 is committed).
\$ 51,692	for future use in Single Family & Multi-Family housing programs.
\$ 1,098	for loss exposure on Risk Sharing loans.
\$ 11,624	invested in capital assets, net of related debt.
\$ 19,646	invested in mortgage servicing rights.
\$ 8,792	for the future General Fund Budget year ending 09/30/23 (\$41,918 total budget less \$33,126 expended budget through 7/31/23.)
\$ 209,981	Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

\$ 21,243	for use in the federal and state housing programs administered by MFA.
\$ 21,243	Subtotal - Housing Program
\$ 231,224	Total Appropriated Net Position
\$ 301,743	Total Combined Net Position at July 31, 2023

Total combined Net Position, or reserves, at July 31, 2023 was \$301.7million, of which \$71 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$231 million of available reserves, with \$119 million primarily liquid in the General Fund and in the federal and state Housing programs and \$112 million illiquid in the programs of the General Fund, have been:

- for use in existing and future programs
- for coverage of loss exposure in existing programs
- to meet servicing requirements, and
- for support of operations necessary to carry out the programs.

MFA's general plan for bond program reserves as they may become available to MFA over the next 30 years is to use the reserves for future programs, loss exposure coverage, servicing requirements and operations.

GENERAL FUND
Fiscal Year 2022-2023 Budget
For the ten months ended 7/31/2023

	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	741,035	6,762,017	7,004,493	8,405,392	242,476	1,643,374	80.45%
Interest on Investments & Securities	272,571	2,073,503	1,098,547	1,318,256	(974,956)	(755,247)	157.29%
Loan & Commitment Fees	26,687	141,882	146,120	175,344	4,238	33,462	80.92%
Administrative Fee Income (Exp)	891,712	7,698,930	7,007,387	8,408,864	(691,543)	709,934	91.56%
Risk Sharing/Guaranty/RTC fees	3,360	42,556	386,442	463,730	343,886	421,174	9.18%
Housing Program Income	5,420	1,646,403	1,446,072	1,530,014	(200,331)	(116,389)	107.61%
Loan Servicing Income	812,221	8,247,133	7,862,286	9,434,743	(384,847)	1,187,610	87.41%
Other Operating Income			-	-	-	-	
Operating Revenues	2,753,007	26,612,424	24,951,346	29,736,343	(1,661,078)	3,123,919	89.49%
Gain (Loss) Asset Sale/Debt Ex	854,994	1,103,966	-	-	(1,103,966)	(1,103,966)	
Other Non-operating Income	20,045	86,822	42,364	126,942	(44,458)	40,120	68.39%
Non-Operating Revenues	875,039	1,190,788	42,364	126,942	(1,148,424)	(1,063,846)	938.06%
Revenue	3,628,046	27,803,212	24,993,710	29,863,285	(2,809,501)	2,060,074	93.10%
Salaries	589,961	5,896,078	6,749,235	7,992,009	853,156	2,095,931	73.77%
Overtime	3,360	37,525	31,802	37,585	(5,723)	59	99.84%
Incentives	3,170	457,345	572,824	678,356	115,480	221,011	67.42%
Payroll taxes, Employee Benefits	268,383	2,786,864	3,327,237	3,965,221	540,373	1,178,357	70.28%
Compensation	864,874	9,177,812	10,681,099	12,673,171	1,503,287	3,495,358	72.42%
Business Meals Expense	1,669	4,082	6,017	7,220	1,934	3,138	56.54%
Public Information	16,208	124,292	282,907	339,488	158,614	215,196	36.61%
In-State Travel	5,187	57,358	133,059	159,671	75,701	102,313	35.92%
Out-of-State Travel	7,752	98,610	223,372	268,046	124,762	169,436	36.79%
Travel & Public Information	30,816	284,343	645,354	774,425	361,011	490,082	36.72%
Utilities/Property Taxes	11,026	75,269	81,470	124,860	6,201	49,591	60.28%
Insurance, Property & Liability	3,873	189,223	190,363	231,148	1,141	41,925	81.86%
Repairs, Maintenance & Leases	133,830	1,238,877	1,385,285	1,683,429	146,408	444,552	73.59%
Supplies	2,578	31,361	29,750	35,700	(1,611)	4,339	87.85%
Postage/Express mail	1,510	97,009	34,000	40,800	(63,009)	(56,209)	237.77%
Telephone	1,324	13,471	18,918	22,701	5,446	9,230	59.34%
Janitorial	3,241	33,525	34,083	40,900	558	7,375	81.97%
Office Expenses	155,650	1,637,707	1,773,248	2,178,792	135,541	541,086	75.17%
Dues & Periodicals	3,676	57,712	52,311	62,773	(5,401)	5,061	91.94%
Education & Training	2,904	93,076	142,242	170,690	49,166	77,615	54.53%
Contractual Services	58,090	884,279	1,168,337	1,402,004	284,058	517,725	63.07%
Professional Services-Program	12,026	239,811	202,293	242,751	(37,519)	2,940	98.79%
Direct Servicing Expenses	584,106	4,499,074	4,071,306	4,885,567	(427,769)	386,493	92.09%
Program Expense-Other	32	254,498	150,373	180,448	(104,124)	(74,050)	141.04%
Rebate Analysis Fees			-	-	-	-	
Miscellaneous	-	196			(196)	(196)	

GENERAL FUND
Fiscal Year 2022-2023 Budget
For the ten months ended 7/31/2023

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Other Operating Expense	660,834	6,028,645	5,786,861	6,944,233	(241,784)	915,588	86.82%
Interest Expense	281,748	1,360,784	1,413,083	1,771,420	52,300	410,636	76.82%
Non-Cash Expenses	114,822	1,845,366	2,367,582	2,841,098	522,215	995,732	64.95%
Expensed Assets	612	15,863	66,542	79,850	50,679	63,987	19.87%
Operating Expenses	2,109,357	20,350,520	22,733,769	27,262,989	2,383,248	6,912,469	74.65%
Program Training & Tech Asst	-	45,772	126,583	151,900	80,811	106,128	30.13%
Program Development	699	93,526	93,271	111,925	(256)	18,399	83.56%
Capacity Building Costs	699	139,299	219,854	263,825	80,555	124,526	52.80%
Non-Operating Expenses	699	139,299	219,854	263,825	80,555	124,526	52.80%
Expenses	2,110,055	20,489,819	22,953,623	27,526,814	2,463,804	7,036,995	74.44%
Excess Revenue over Expenses	1,517,991	7,313,392	2,040,088	2,336,471	(5,273,305)	(4,976,921)	313.01%

GENERAL FUND CAPITAL BUDGET
Fiscal Year 2022-2023 Budget
For the ten months ended 7/31/2023

	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	205,770	2,669,710	3,625,706	4,350,847	955,996	1,681,137	61.36%
2950 COMPUTER HARDWARE	-	-	33,603	40,324	33,603	40,324	0.00%
2960 SOFTWARE LICENSES	-	-	-	-	-	-	
2920 FURNITURE & EQUIPMENT-10 YR	-	-	-	-	-	-	
2930 FURNITURE & EQUIP, 5 YR.	-	-	-	-	-	-	
2860 BUILDING	-	9,966,018	10,000,000	10,000,000	33,982	33,982	
Capital Budget	205,770	12,635,728	13,659,309	14,391,171	1,023,581	1,755,443	87.80%