MFA
Housing New Mexico

NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
344 4th St. SW, Albuquerque, NM
Wednesday, January 20, 2021 at 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 12/16/20 Board Meeting Minutes – Board Action
- Executive Director Updates

Board Action Items		**Action Required?**
Consent Agenda		
1	Emergency Solutions Grant (ESG) Coronavirus Aid Relief and Economic Security Rental Assistance Program (RAP) Award Recommendation (Shannon Tilseth) – Contracted Services	YES
2	2021 Open Meetings Resolution (Eleanor Werenko) – Finance Committee	YES
Finance Committee		
3	9/30/20 Report of Independent Auditors, Financial Statements and Supplemental Schedules (Clifton, Larson, Allen-Mandy Merchant & Gina Hickman)	YES
4	Policies and Procedures Manual Revisions (Gina Hickman)	YES
5	Delegations of Authority Revisions (Gina Hickman)	YES
6	Employee Handbook (Dolores Wood)	YES
Contracted Services/Credit Committee		
7	HOME & New Mexico Housing Trust Fund (HTF) loan requests – 550 Paseo Apartments (Tim Martinez)	YES
Other		
8	Appointment of Low-Income Housing Tax Credit (LIHTC) Allocation Review Committee (ARC) Members (Kathryn Turner)	YES
9	Emergency Rental Assistance Program Framework Update (Rebecca Velarde)	NO

Other Board Items — **Information Only**

10 (Staff is available for questions)

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

Monthly Reports — **No Action Required**

11 (Staff is available for questions)

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

Announcements and Adjournment — **Discussion Only**

Confirmation of Upcoming Board Meetings

- February 9, 2021 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m. (Virtual Meetings)
- February 17, 2021 – Wednesday - 9:30 a.m. (MFA Board of Directors Meeting)
- March 9, 2021- Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m. (Virtual Meetings)
- March 17, 2021 – Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
- April 13, 2021 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m. (Virtual Meetings)
- April 21, 2021 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)

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Board Action Items	**Action Required?**

Consent Agenda

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

2 **2021 Open Meetings Resolution** (Eleanor Werenko) – Finance Committee. The New Mexico Mortgage Finance Authority Open Meetings Resolution is submitted for MFA Board of Directors approval pursuant to Section 10-15-1 (B) and (D) of the New Mexico Open Meetings Act (Sections 10-15-1 to 10-15-4 NMSA 1978), and the MFA Bylaws, Section 7.4, which require that the MFA determine annually, in a public meeting, what constitutes reasonable notice of its public meetings. YES

Finance Committee

3 **9/30/20 Report of Independent Auditors, Financial Statements and Supplemental Schedules** (Clifton, Larson, Allen-Mandy Merchant & Gina Hickman) - CliftonLarsonAllen along with Gina Hickman, will present the 9/30/2020 external audit. Included are the Report of Independent Auditors and Financial Statements with Supplemental Schedules for the year ended 9/30/2020 and comparative information for 9/30/2019, along with Single Audit Information. YES

4 **Policies and Procedures Manual Revisions** (Gina Hickman) - At least annually and as needed, MFA staff reviews and updates the Policies and Procedures Manual. The Policies and Procedures Manual is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices or policies. Staff recommends approval of proposed revisions to the Policies and Procedures Manual. YES

5 **Delegations of Authority Revisions** (Gina Hickman) - At least annually or as needed, MFA staff reviews and updates the Delegations of Authority which is Exhibit E in the Policies and Procedures Manual. This document is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices or policies. Staff recommends approval of the Delegations of Authority as revised. YES

6 **Employee Handbook** (Dolores Wood) - Annually, the MFA Employee Manual is reviewed and updated. The Employee Manual is revised as needed for changes as it relates to compliance, audit findings, clarifications, and changes in general practices. YES

Contracted Services/Credit Committee

7 **HOME & New Mexico Housing Trust Fund (HTF) loan requests – 550 Paseo Apartments (Tim Martinez)** - A HOME loan request in the amount of $750,000 and a NMHTF loan request in the amount of $2,000,000 for 550 Paseo Apartments, located in Rio Rancho, NM. 550 Paseo is a proposed new construction of a 240-unit multifamily project with all 240 units income restricted to households earning 60% or less of Area Median Income. At least 25% of all units are reserved for households with children. YES

Other

8 **Appointment of Low-Income Housing Tax Credit (LIHTC) Allocation Review Committee (ARC) Members (Kathryn Turner) -** In order to ease the ability for the Allocation Review Committee to meet the timeline of the LIHTC process and maintain a quorum of members, it is staff's recommendation to expand the committee by two, to make the overall size of the committee seven. Nicole Martinez and Adelmo "Del" Archuleta have both expressed interest and availability, and staff believes they would provide valuable experience, knowledge and backgrounds to the Allocation Review Committee. YES

9 **Emergency Rental Assistance Program Framework Update** (Rebecca Velarde). Staff will present framework for administration of the Emergency Rental Assistance Program. The program can fund emergency rental assistance, rental arrears and utility costs for households at risk of homelessness or housing instability due directly or indirectly to the pandemic. Households must have incomes of no more than 80 percent of the area median income to be eligible for assistance, and grantees must prioritize funding to households earning up to 50 percent of AMI and those with a member(s) who is unemployed and has been unemployed for at least 90 days. Households may receive assistance for a maximum of 15 months and must reapply every three months for ongoing assistance. NO

Other Board Items **Information Only**

10 **(Staff is available for questions)**
- Staff Action Requiring Notice to Board
- COVID Staff Actions
- Disclosure of Conflict of Interest for COVID-19 Housing Cost Assistance Program as Required by 24 CFR 570.611

Monthly Reports **No Action Required**

11 **(Staff is available for questions)**
- 11/30/20 Financial Statements
- Northern Regional Housing Monthly Update Reports
- ESG Cares Act Shelter Expenditure Report

Announcements and Adjournment **Discussion Only**

Confirmation of Upcoming Board Meetings
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- April 21, 2021 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)

Minutes

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Board Meeting Minutes
344 4th St. SW, Albuquerque, NM
Wednesday, December 16, 2020 at 9:30 a.m.

Chair Reyes convened the meeting on December 16, 2020 at 9:31 a.m. Secretary Hernandez called the roll. Members present: Chair Angel Reyes, Vice Chair Derek Valdo, Sally Malavé (designee for Attorney General Hector Balderas), Martina C'de Baca, (designee for Lieutenant Governor Howie Morales), Diana Rosales-Ortiz (designee for state Treasurer Tim Eichenberg), Rebecca Wurzburger and Rosalyn Nguyen Chafey. Absent: None. Hernandez informed the Board that everyone had been informed about today's meeting in accordance with the New Mexico Open Meetings Act.

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

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

Approval of November 18, 2020 Board Meeting Minutes – Board Action. Motion to approve the November 18, 2020 Board Meeting Minutes as presented: Wurzburger. Second: C de'Baca. Roll call vote: Chair Reyes-yes, Valdo-yes, C'de Baca–yes, Rosales-Ortiz-yes, Malavé-yes, Wurzburger–yes, Nguyen Chafey-yes. Vote: 7-0.

Hernandez provided the Board with an update on the following topics; **Significant meetings/presentations**: 11/20: Moody's Management Call; 11/23 meeting w/Finance Committee and Auditors; audited financials will be sent to State Auditor's office; 11/24/2020: 2nd Special Legislative Session - $15M in Cares Act funds; Rebecca will provide an update/presentation later on the agenda, 12/15/2020: SBOF meeting which allocated: $142,725,000 (Single Family) and $326,646,250 (Multifamily – new and carryforward allocations). **Activities and Actions**: 12/1/2020: Section 811 Award - $3.5M – Rental vouchers for individuals with disabilities, 12/2/2020: Delegates Meeting – $15M Coronavirus Relief Funds Framework Approval, 12/10/20: Opened up application round II CDBG – Housing Assistance Program: HTF – Rental Assistance Round 1–7: Total: $196k – 89 Households served. Hernandez went over the Homeless Served: March: 318/November: 164. Delinquencies: (10,505 total portfolio as of 11/30)**,** Total Delinquencies November: 1946/18.52% (Oct: 1809/17.35%). Forbearance 15.90% (1670 loans) as a % of total portfolio (12/7/20). Mortgage Operations – ahead of last year's production 2020 - $10.5m and 2021 - $11.4m (as of 12/11/2020). CDBG - $12.3M, round 1: (2-13 November) (as of 12/14), Applications Received: 4530, Applications Reviewed: 4475, Denied: 1059, Insufficient Docs: 2176, 7/165 Funded/Ready for Funding. Round 2: (10 Dec – TBD) (as of 12/14) 485 Applications Received (376 Rental, 79 Mtg, 24 MH, 6 Tribal), Strategic Plan - Board working session in January – Strategic Plan Draft. Other information - Federal government considering additional stimulus which could include $25B for housing assistance, if passed NM would receive additional funding. **Upcoming Actions/Activities**; 12/17: Mtg w/CYFD – Youth Homelessness, 11/23 intent to submit for LIHTC program. Hernandez then reviewed a draft January 20 Board Meeting Agenda reminding the Board that it will be followed by a Board training to go over the Strategic Plan draft.

New Employee introductions: The following new employees were introduced by the following individuals: Teresa Lloyd director of servicing introduced Rico Roper, loan collections/workout specialist. Amanda Mottershead-Aragon assistant director of asset management introduced Brittany Coats, program analyst. Doris Clark assistant controller introduced Annette Andazola, administrative assistant. Chair Reyes welcomed the new employees to MFA stating that they are joining a great organization and have great people to support you. All the best on your careers and the impact you will make on New Mexico residents.

Consent Agenda

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

1 **Request for Proposals-Financial Advisory Services for Single Family and Multifamily Housing Programs (Cooper Hall).** Hernandez informed the Board that this item was reviewed by the Finance Committee. Staff recommends the approval of the Request for Proposals (RFP) for Financial Advisory Services for Single Family and Multifamily Housing Programs for the proposed issuance of single family and multifamily mortgage revenues bonds and other program financial advisory services. Responses will be due to MFA by January 21, 2021 and recommendations for award will be presented at the March Board meeting.

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

<u>**Finance Committee**</u>

2 **General Fund Investment Policy Review (Gina Hickman).** Hickman began her presentation by introducing Luke Schneider, director at PFM asset management and serves as MFA's investment advisor and is available to answer questions. Hickman provided background information stating that in September, MFA staff requested that PFM Asset Management, LLC (PFM), MFA's investment advisor, engage with staff and the Finance Committee in a review of the existing asset allocation strategy in the General Fund investment policy. This work was done in response to the changing interest rate environment and to provide a mechanism to confirm current risk and return expectations of the portfolio are in alignment with the existing policy. She then reviewed the table which reflects the current investment strategy: located in the memo behind tab two and will become a part of the official board packet. She further advised the Board that MFA's Finance Committee members and staff responded to a portfolio planning survey provided by PFM. A special Finance Committee meeting was held on November 5, 2020. She reviewed PFM's results of the portfolio planning survey, as well as market performance, capital market assumptions and recommendations which are also provided in the memo. After discussion, the Finance Committee concluded and is recommending to the full Board that the policy not be revised at this time, and that MFA stay the course.

Member Nguyen Chafey left the meeting 10:00 a.m.

Schneider stated that Hickman had covered this very well and invited the Board members to attend a webinar to be held tomorrow and will forward the registration information for PFM Presents - The Economic Outlook for 2021 and Beyond. Discussion ensued regarding risks, exposure to equity markets, exposure to foreign markets, and benefits to MFA. Motion to approve General Fund Investment Policy Review as recommended. Valdo. Second: Wurzburger. Roll call vote: Chair Reyes-yes, Valdo–yes, C'de Baca–yes, Rosales-Ortiz-yes, Malavé-yes, Wurzburger–yes. Vote: 6-0.

<u>**Other**</u>

3 **Award for Trustee & Paying Agent Services (Cooper Hall).** Hall began his presentation by providing background information reminding the Board that MFA Board approved a Request for Proposal for Trustee Services for stand-alone indentures at its September Board meeting. MFA received four responses to the RFP all of which met minimum threshold. Proposals were scored by an internal committee of four staff members in accordance with the evaluation criteria as outlined in the RFP. US Bank received the highest number of points in the scoring process and staff recommends that US Bank be selected to provide Trustee and Paying Agent Services for stand-alone indentures. Per the RFP, the contract begins on the date the MFA Board approves the award and ends on December 31, 2023. At the option of the Policy Committee, the contract may be extended for two, one (1) year periods under the same terms and conditions. Motion to approve the Award for Trustee & Paying Agent Services as presented: Malavé. Second: Rosales-Ortiz. Roll call vote: Chair Reyes-yes, Valdo–yes, C'de Baca–yes, Rosales-Ortiz, Malavé-yes, Wurzburger–yes. Vote: 6-0.

4 **Coronavirus (COVID-19) Relief Fund update presentation (Rebecca Velarde).** Velarde began her presentation with background information stating that on March 27, 2020, President Donald Trump signed into law the CARES Act, which was a $2 trillion economic relief package to protect the American people from the public health and economic impacts of COVID-19. This statute included $150 billion in CRF Funds to be administered by state, local and tribal governments to help alleviate the financial impacts of COVID-19. These funds may be used for: 1) necessary expenditures incurred due to COVID-19; 2) activities that were not already

approved by the governmental entities' most recent budgets; and 3) costs incurred between March 1, 2020 and December 30, 2020. On November 25, 2020, Governor Michelle Lujan-Grisham signed into law House Bill 1, which was passed by the state legislature during a special session held on November 24, 2020. This statute provides $330 million in CARES Act CRF funds for COVID-19 relief, including $15 million for emergency housing and homelessness assistance. The statute contemplates providing the funding to the state's Department of Finance and Administration (DFA), and DFA intends to contract with MFA to expend the entirety of the allocation. On December 2nd MFA staff met with the Delegates where we received approval of: (1) acceptance of $15,000,000; (2) adoption of the framework for implementation of this housing and homelessness assistance program; and (3) approval of an emergency procurement framework for selection of CRF grantees and beneficiary households as all funds must be expended by 12/30/20. She then reviewed the programmatic framework. MFA proposes to utilize the funding to assist New Mexico households across the housing spectrum. Due to the tight time constraints to expend this funding, all of MFA's proposed options would lead to fund expenditure in a few short weeks. The funding categories include: 1) mortgage assistance through loan servicers; 2) rental assistance through affordable housing property managers and owners; 3) housing assistance through the already-implemented COVID-19 Housing Cost Assistance Program; and 4) homeless services assistance. Velarde reviewed the eligibility requirements for mortgage and rental assistance as well as Homeless services. She then spoke to Leftover Funding and Administrative Costs. Non-Action Item.

5 <u>Other Board Items - Information Only</u>
There were no questions asked of staff.

- Staff Action Requiring Notice to Board
- COVID Staff Actions
- 2020 Series B Pricing Summary
- JLG North and South Apartment Projects Refunding Pricing Summary

<u>Monthly Reports - No Action Required</u>
6 There were no questions asked of staff.

- 10/31/20 Financial Statements
- Northern Regional Housing Monthly Update Reports
- ESG Cares Act Shelter Expenditure Report

<u>Announcements and Adjournment - Confirmation of Upcoming Board Meetings</u>. Hernandez informed the Board that next month's MFA Board of Directors Meeting is scheduled for January 20, 2021 and will be followed by a Board training to be held virtually until further notice. The rest of the schedule can be viewed at the end of the agenda.

There being no further business the meeting was adjourned at 10:36 a.m.

Approved: January 20, 2021

______________________________ Chair, Angel Reyes

______________________________ Secretary, Isidoro Hernandez

Tab 1

MFA

NEW MEXICO MORTGAGE FINANCE AUTHORITY
Contracted Services/Credit Committee Meeting
Wednesday, January 11, 2021 @ 12:00 pm
MFA – Albuquerque

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

AGENDA ITEM	Time Allotted	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
Recommended for consent agenda **1** ESG-CV CARES Act RAP Award Recommendation (Shannon Tilseth)	12:00 – 12:15	3-Ø	YES
Agenda **2** HOME & NMHTF loan requests – 550 Paseo Apartments (Tim Martinez)	12:15 – 12:30	3-Ø	YES
3 Questions/Comments from Committee	12:30 – 1:00	✓	YES

Committee Members present:

Rebecca Wurzburger, Chair	☐ present	☐ absent	☑ conference call
Attorney General Hector Balderas or Sally Malavé	☐ present	☐ absent	☑ conference call
Rosalyn Nguyen Chafey	☐ present	☐ absent	☑ conference call

Hernandez

MEMO

TO: MFA Board of Directors

Through: Contracted Services, January 11, 2021

Through: Policy Committee – January 5, 2021

FROM: Shannon Tilseth

DATE: January 20, 2021

SUBJECT: Additional ESG-CV CARES Act Award Recommendations – Rapid Re-housing and Homeless Prevention

Recommendation:
MFA Staff recommends awarding $2,200,000 million in Emergency Solutions Grant CARES Act "ESG-CV" funding to four new service providers based on the responses from the Notice of Funds Availability "NOFA" that was released on November 11, 2020. The funding is specifically for those that are homeless or most at-risk of becoming homeless.

Background:
MFA received a total of $12,936,302 in ESG-CV funding. The first round of funding, $4,140,483, was distributed to existing service providers for Shelter Operations, Essential Services, Homeless Prevention, Rapid Re-housing and the Homeless Management Information System "HMIS". The second round of funding, $8,795,819, was also awarded to existing service providers for the same purpose with $2,200,000 set aside for areas of the state that do not currently offer ESG Homeless Prevention and Rapid Re-Housing services in their area. The plan was approved by the MFA Delegates on October 1, 2020.

MFA released a Notice of Funds Availability on November 11, 2020 in an effort to increase the service territory for Homeless Prevention and Rapid Re-housing activities.

Discussion:
MFA received five NOFA applications for this funding. Of the five applications submitted, four met the minimum threshold. The following is a list of the Offerors.

- Alianza of New Mexico
- DreamTree
- Heading Home
- HELPNM
- Southeast New Mexico Community Development Corporation "SNMCAC"

Per the NOFA, Offerors must meet the minimum threshold requirements to be considered for funding. SNMCAC did not meet the minimum threshold requirements therefore they are not eligible to receive this funding.

The chart below shows the Offeror, service area recommendation, and the award amount. Each county was awarded a specific dollar amount based on the percentage of the population. The total award includes a 10% administrative award for each Offeror.

Offeror	Recommended Counties	Award Amount
Alianza	Chaves, Eddy, Lea	$746,256
DreamTree Project	Colfax, Harding, Mora, San Miguel, Taos, Union	$331,556
Heading Home	Cibola, McKinley, Socorro	$449,505
HELPNM	Curry, De Baca, Grant, Guadalupe, Hidalgo, Lincoln, Luna, Quay, Roosevelt, Torrance	$672,683
SNMCAC	n/a	$0
Total		**$2,200,000**

No Offeror indicated that they were able to serve Catron County. As stated in the NOFA, it is left to staff discretion to award county allocations as they see appropriate. Staff requests that the funding allocated to that county in the amount of $13,892 be allocated to DreamTree Project since they have a significant number of counties and the smallest award. This amount is included in the recommended award.

As a contractual requirement, all Offerors approved for funding will be required to attend trainings related to this program and demonstrate that they are selecting eligible participants. If there are any service providers who are unable to expend the funding, MFA will reallocate the funds to another service provider which may include those that administer the Shelter Operations component of the ESG program, if necessary.

The expansion to more areas of the state will allow for more equitable access to this program and help MFA staff build relationships with service providers that do not currently administer an ESG Rapid Re-housing and Homeless Prevention program. MFA staff believe that by expanding the service territory/providers at this time may translate into permanent, qualified providers that are able to cover more areas of the state when an RFP is released for the ESG formula grant funding that is normally received from The Department of Housing and Urban Development "HUD".

Summary:

Staff recommends awarding $2,200,000 in ESG CARES Act funding to the four Offerors who met the minimum criteria in the NOFA. The funds will be used to help those that are homeless or most at-risk of becoming homeless with rent, security deposits, application fees, rental arrears, housing stability case management and housing search and placement subsequently reducing the number of people in shelters and on the streets which will help reduce the spread of COVID-19. With the addition of the four service providers, MFA is able to expand this program to 32 counties in the state of New Mexico.

Tab 2

MFA
Housing New Mexico

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Finance/Operations Committee Meeting

Tuesday, January 12, 2021 at 1:30 p.m.

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

Committee Members present:

AGENDA ITEMS	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
<u>Recommended for Consent Agenda</u> **1** 2021 Open Meetings Resolution (Eleanor Werenko)	3-Ø	YES
<u>Agenda</u> **2** Policies and Procedures Manual Revisions (Gina Hickman)	3-Ø	YES
3 Delegations of Authority Revisions (Gina Hickman)	3-Ø	YES
4 Employee Handbook (Dolores Wood)	3-Ø	YES

Derek Valdo, Chair ☐ present ☐ absent ☑ conference call

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

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

S Hernandez

MEMO

TO: MFA Board of Directors

Through: Finance Committee – January 12, 2021

Through: Policy Committee – January 5, 2021

FROM: **Eleanor Werenko**

DATE: January 20, 2021

SUBJECT: MFA 2021 Open Meetings Resolution

Recommendation:
Staff recommends the MFA's Board of Directors approve the 2021 Open Meetings Resolution.

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

Discussion:
The MFA Open Meetings Resolution of 2021 is being presented for approval by the MFA Board of Directors. The proposed amendments to this year's resolution are intended to update dates and to make other minor updates. All suggested changes are marked in the attached draft. The substantive changes are as follows:

- ¶ 8 is amended to make clear that MFA may hold meetings that are not in person meetings when necessitated by a public health order or other similar emergency declaration and to provide that a roll call will be required for all votes at any such meeting as is recommended by the New Mexico Attorney General.

Summary:
The New Mexico Mortgage Finance Authority Open Meetings Resolution is submitted for MFA Board of Directors approval pursuant to Section 10-15-1 (B) and (D) of the New Mexico Open Meetings Act (Sections 10-15-1 to 10-15-4 NMSA 1978), and the MFA Bylaws, Section 7.4, which require that the MFA determine annually, in a public meeting, what constitutes reasonable notice of its public meetings.

NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA)
2021~~0~~ OPEN MEETINGS AND NOTICE RESOLUTION

WHEREAS, the New Mexico Mortgage Finance Authority ("MFA") met in a regular meeting at 344 4th St. SW, Albuquerque, New Mexico, on Wednesday, ~~December 18~~January 20, 2021~~19~~ at 9:30 a.m.; and,

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

NOW, THEREFORE, BE IT RESOLVED:

1. Regular meetings shall be held at the discretion of the MFA Board of Directors. Notice of regular meetings will be given ten (10) days in advance of the meeting date. The notice will include a copy of the agenda or information on how a copy of the agenda may be obtained. The agenda will be posted on the MFA website and available to the public at least seventy-two (72) hours prior to the regular meeting.

2. Special meetings may be called by the Chair or three (3) of the members of the MFA Board of Directors ("Members") upon seventy-two (72) hours' notice. The notice shall include a copy of the agenda for the meeting or information on how members of the public may obtain a copy of the agenda. The agenda shall be posted on the MFA website and available to the public at least seventy-two (72) hours before any special meeting.

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

4. For the purposes of regular meetings described in paragraph 1 of this resolution, notice requirements are met if notice of the date, time, place and an agenda or information on how an agenda may be obtained is provided to two (2) newspapers of general circulation in the state, posted in the lobby of the MFA offices located at 344 4th St. SW, Albuquerque, New Mexico, and posted to the MFA website. ~~The~~ MFA shall also e-mail copies of the written notice to those broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation which have made a written request for notice of MFA meetings.

5. For the purposes of special and emergency meetings described in paragraphs 2 and 3 of this

resolution, notice requirements shall be met by posting notice of the date, time, and location of the meeting in the lobby of the MFA offices located at 344 4th St. SW, Albuquerque, New Mexico, and on MFA's website, and by e-mailing copies of the written notice to those broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation that have made a written request for notice of MFA meetings.

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

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

7. ~~The~~ MFA may close a meeting to the public only if the subject matter of such discussion or action is exempted from the open meeting requirement under Section 10-15-1(H) of the Open Meetings Act.

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

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

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

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

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

After discussion, the foregoing Resolution was adopted.

Date Adopted: ~~December 1~~January 20~~8~~th, 2021~~0~~

Tab 3

MFA
Housing New Mexico

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Finance/Operations Committee Meeting

Tuesday, November 10, 2020 at 1:30 p.m.

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

AGENDA ITEMS	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
Recommended for Consent Agenda 1 FY2020 Internal Audit Hours Summary Budget v. Actual (Claire Hilleary Audit & Consulting Sr. Manager, REDW)	3-0	YES
2 2021 Series A & B Single Family Bond Resolution (Cooper Hall)	3-0	YES
Agenda 3 Internal Audit Year End Follow-Up on Open Internal Audit Observations Executive Summary (Claire Hilleary Audit & Consulting Sr. Manager, REDW)	3-0	YES
4 Internal Audit Plan FY2021 – 2022 (Claire Hilleary Audit & Consulting Sr. Manager, REDW)	3-0	YES
5 9/30/20 Quarterly Financial Statement Review (Gina Hickman)	3-0	YES
6 9/30/20 Quarterly Investment Review (Cooper Hall)	3-0	YES

Committee Members present:

Derek Valdo, Chair	☐ present	☐ absent	☒ conference call
State Treasurer Tim Eichenberg or **Proxy Diana Rosales - Ortiz**	☐ present	☐ absent	☒ conference call
Lt. Governor Howie Morales or **Proxy Martina C'de Baca**	☐ present	☐ absent	☒ conference call

Secretary: Isidoro Hernandez

New Mexico Mortgage Finance Authority
January 20, 2020

MFA
Housing New Mexico

Presented by:
Mandy L. Merchant, CPA, Principal
Gaby Miller, CPA, Director

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

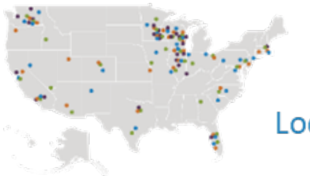
Who we are?

60+
years
in business

HISTORY

FISCALLY STRONG

$1.1 billion
in revenue



LOCATION
More than **120**
Locations nationwide

NATIONAL

Among the nations' leading professional services firm

RESOURCES

6,100+
employees

Including: **600+**
state and local government professionals

INDUSTRY DRIVEN We serve **2,700+** Governmental entities

FINANCIAL STATEMENTS

- Auditor's report
- Management discussion and analysis
- Financial statements and footnotes
- Supplementary information
- Single audit reports

STATEMENT OF NET POSITION

	2020	2019	$ Change	% Change
Assets				
Cash and Investments	$ 157,657	$ 181,064	$ (23,407)	-13%
Restricted Securitzed Mortgage Loans, Net	1,098,368	953,418	144,950	15%
Mortgage Loans, Net	219,932	231,937	(12,005)	-5%
Other Assets	24,999	19,561	5,438	28%
Total Assets	1,500,956	1,385,980	114,976	8%
Deferred Outflows of Resources				
Unamortized Loss on Refunding	284	376	(92)	-24%
Liabilities				
Current Liabilities	26,920	26,297	623	2%
Notes Payable	32,509	38,276	(5,767)	-15%
Bonds Payable	1,121,174	1,045,344	75,830	7%
Noncurrent Liabilities	156	166	(10)	-6%
Total Liabilities	1,180,759	1,110,083	70,676	6%
Net Position				
Investment in Capital Assets	1,295	1,184	111	9%
Restricted	90,778	61,715	29,063	47%
Restricted for Land Title Trust and Housing Trust	32,779	30,351	2,428	8%
Unrestricted	195,629	183,023	12,606	7%
Total Net Position	$ 320,481	$ 276,273	$ 44,208	16%

STATEMENT OF NET POSITION – Analysis of Changes

- Decrease in cash and cash equivalents:
  - Decrease in restricted cash due to the timing of Single Family Mortgage Program bond transaction closings.
  - Decrease due to support required for mortgage forbearance program and loan modification activity as a result of job loss caused by COVID-19.
- Change in MBS and Whole Mortgage Loans:
  - The Authority purchased $224.2M of MBS, offset with repayments of securitized mortgage loans of $115.4M
  - The Authority disbursed $505.5M in whole loans, offset with repayments of $517.4M of whole and down payment assistance loans during the year.
- The purchased mortgage servicing rights portfolio associated with the loan originations increased $5.3M for a total portfolio of $16.2 million at year-end, which was written down to FMV of $14.5M.
- Proceeds from the sale of bonds and notes payable were $474.8 million
- Bond and note repayments and refundings totaled $404.8 million

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

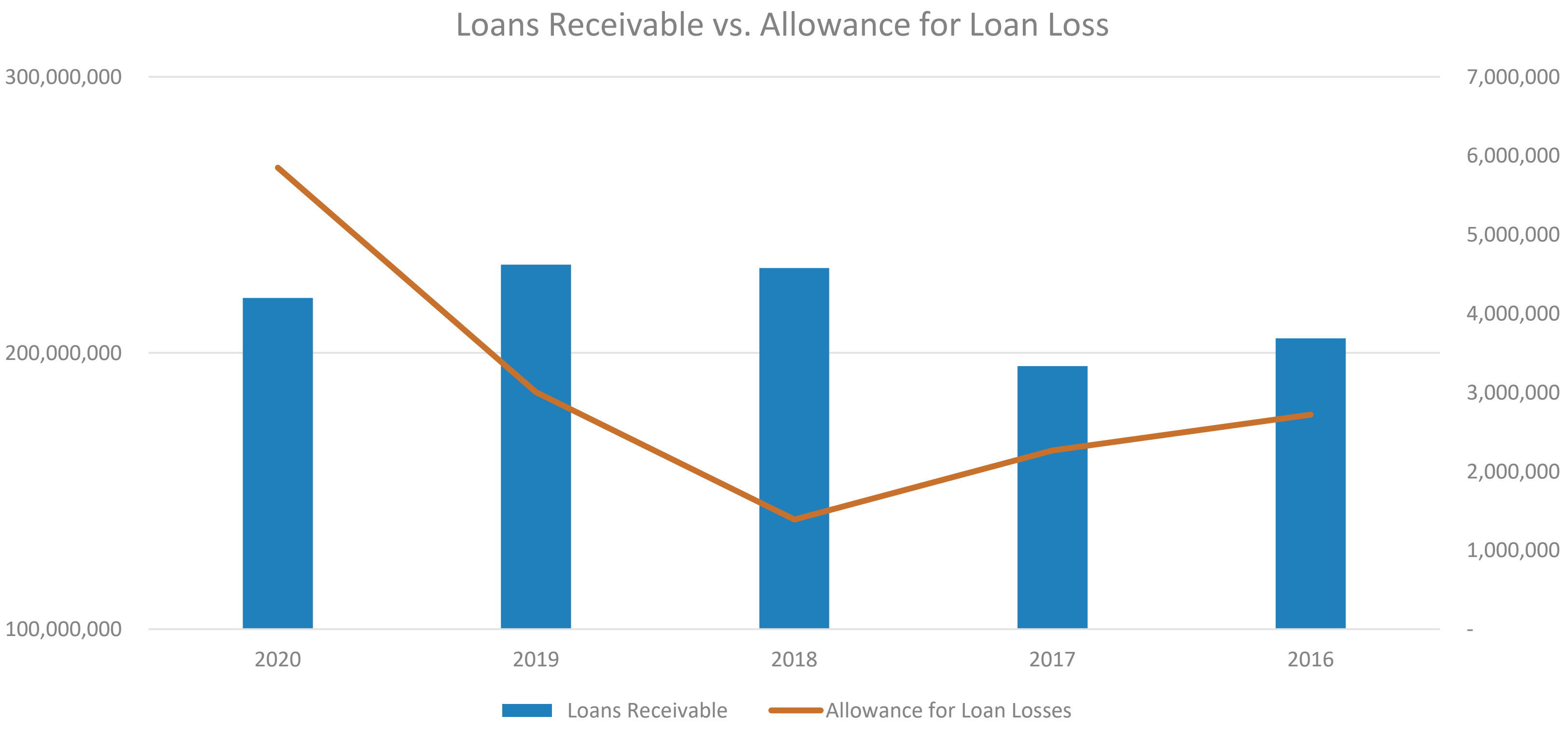
	2020	2019	$ Change	% Change
Operating Revenues				
Interest on Loans and MBS	$ 49,027	$ 42,488	$ 6,539	15%
Interest on Securities and Investments	3,217	3,940	(723)	-18%
Program Revenues	7,169	5,593	1,576	28%
Loan and Commitment Fees	2,299	3,281	(982)	-30%
Administrative Fees	10,838	5,175	5,663	109%
Other Revenues	1,375	1,486	(111)	-7%
Total Operating Revenues	73,925	61,963	11,962	19%
Operating Expenses				
Interest Expense	37,390	31,873	5,517	17%
Administrative Fees and Other Expenses	20,123	19,235	888	5%
Total Operating Expenses	57,513	51,108	6,405	13%
Operating Income	16,412	10,855	5,557	51%
Nonoperating Revenues (Expenses)				
Net Increase in Fair Value of Investments	26,712	30,228	(3,516)	-12%
State Appropriations	1,116	-	1,116	100%
Grant Income	50,593	48,481	2,112	4%
Grant Expense	(50,650)	(48,481)	(2,169)	4%
Land Title Trust Contributions	79	107	(28)	-26%
Land Title Trust Distributions	(54)	(32)	(22)	69%
Total Nonoperating Revenues (Expenses)	27,796	30,303	(2,507)	-8%
Change in Net Position	44,208	41,158	3,050	7%
Total Net Position - Beginning of Year	276,273	235,115	41,158	18%
Total Net Position - End of Year	$ 320,481	$ 276,273	$ 44,208	16%

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION – Analysis of Changes

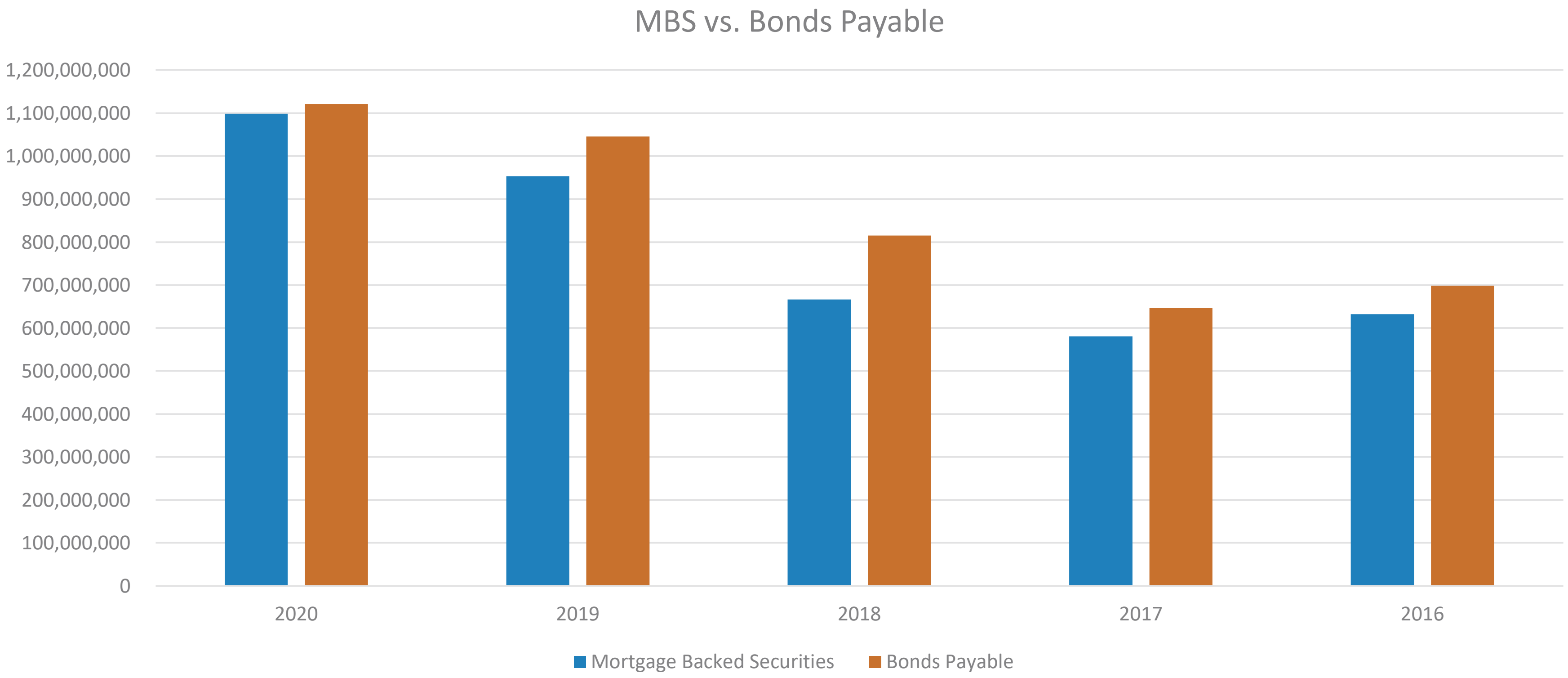
- Increase in bonds and MBS resulted in an overall increase in Net Position of $44.2M, which is related to the following:
  - $5.8 million increase in interest income
  - $982 thousand decrease in loan commitment fees
  - $1.6 million increase in program servicing fees
  - $5.7 million increase in administrative fees earned
  - $888k increase in administrative fees and other expenses
  - $5.5 million increase in interest expense
  - $640k decrease in provision for loan loss
- $26.7M increase in FV of investments mostly related to increase in value of MBS held as collateral for the bonds

COMPARATIVE ANALYTICS

PROGRAM LOANS RECEIVABLE



Mortgage Backed Securities vs. Bonds



SINGLE AUDIT REPORT

- Programs Tested
  - Section 8 Project Based Cluster CFDA #14.195
  - CDBG & NSP CFDA #14.228
  - Housing Trust Fund – National CFDA #14.275
  - Mortgage Insurance Program CFDA #14.117
  - Ginnie Mae MBS Program CFDA #14.000
  - Capital Magnet Fund CFDA #21.011
- Single Audit Report findings
  - SEFA Completeness
- No Financial Statement Findings

AUDITOR COMMUNICATION

- Auditor Communication Letter
  - Auditors' responsibility under generally accepted audit standards
  - Qualitative aspects of accounting policies, estimates and disclosures
  - Estimates
  - Management Representations
  - Other Matters
  - No CLA proposed adjusting journal entries or passed adjustments

CLAconnect.com

Special thanks to NMMFA's staff during the audit

Questions?

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

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

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
TABLE OF CONTENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
BOARD OF DIRECTORS
SEPTEMBER 30, 2020

Name	Title
Angel Reyes	Chair
Derek Valdo	Vice Chair
Rebecca Wurzburger	Treasurer
Tim Eichenberg, New Mexico State Treasurer	Member
Howie Morales, New Mexico Lieutenant Governor	Member
Hector Balderas, New Mexico Attorney General	Member
Rosalyn D. Nguyen, Esq.	Member

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Authority Members
New Mexico Mortgage Finance Authority
and Mr. Brian Colón
New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the New Mexico Mortgage Finance Authority (the Authority), a component unit of the state of New Mexico, as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Authority Members
New Mexico Mortgage Finance Authority
and Mr. Brian Colón
New Mexico State Auditor

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of September 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial position and changes in financial position of the Authority. They do not purport to, and do not, present fairly the financial position of the state of New Mexico as of September 30, 2020 and 2019, the changes in the financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The accompanying supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements.

The supplementary schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Authority Members
New Mexico Mortgage Finance Authority
and Mr. Brian Colón
New Mexico State Auditor

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 24, 2020

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

This management discussion and analysis provides an overview of the Authority's financial position and changes in financial position for the fiscal years ended September 30, 2020, 2019, and 2018. This information is being presented to provide additional information regarding the activities and operations of the Authority and to meet the disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34) and GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*. The Authority is a self-supporting entity and follows business type activity reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the Authority's financial activities. This analysis should be read in conjunction with the independent auditors' report, audited financial statements, and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report consists of four parts: management's discussion and analysis; the basic financial statements; the notes to the financial statements; and required and other supplementary information. The basic financial statements include the following:

> The statements of net position include all the Authority's assets and liabilities, presented in order of liquidity, along with deferred outflows and deferred inflows, which represent deferrals of resources related to future periods. The resulting net position presented in these statements is displayed as invested in capital assets, restricted or unrestricted. Net position is restricted when its use is subject to external limits such as bond indentures, legal agreements or statutes.
>
> All the Authority's current year revenues and expenses are recorded in the statements of revenues, expenses, and changes in net position. This statement measures the activities of the Authority's operations over the past year and presents the resulting change in net position.
>
> The final required financial statements are the statements of cash flows. The primary purpose of these statements is to provide information about the Authority's cash receipts and cash payments during the reporting period. These statements report cash receipts, cash payments and net changes in cash resulting from operating, noncapital financing, capital and related financing and investing activities. These statements also provide information regarding the sources and uses of cash and the change in the cash balance during the reporting period.

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

FINANCIAL HIGHLIGHTS

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

	2020	2019	2018
Cash and Cash Equivalents (Unrestricted and Restricted)	$ 84,999	$ 109,748	$ 132,023
Investments (Unrestricted and Restricted)	72,658	71,316	70,553
Mortgage-Backed Securities and Mortgage Loans Receivable	1,318,300	1,185,355	897,192
Total Assets	1,500,956	1,385,980	1,115,401
Bonds Payable	1,121,174	1,045,344	815,322
Total Liabilities	1,180,759	1,110,083	880,769
Total Net Position	320,481	276,273	235,115
Total Operating Revenues	73,925	61,963	50,745
Total Operating Expenses	57,513	51,108	40,569
Operating Income	16,412	10,855	10,176
Total Nonoperating Revenues (Expenses)	27,796	30,303	(22,630)
Change in Net Position	44,208	41,158	(12,454)

The COVID-19 health crisis impacted the United States halfway through the Authority's fiscal year. As much of the Authority's business model is driven by capital markets and the interest rate environment, there were repercussions as a result of the economic changes. The most impactful trends experienced by the Authority in this fiscal year's financial performance were the change in the Single Family Mortgage Program funding strategy, continued implementation of the new servicing business line and a decline in overall interest margins and yields. Due to the change in the economics of the mortgage program and dysfunction in the bond market created by the pandemic, mid-year the Authority began selling the majority of its mortgage-backed securities (MBS) originated through the Single Family Mortgage Program into the secondary market. Early in the fiscal year the Authority did issue two tax-exempt revenue bonds to fund the first-time homebuyer program. About 60 percent of the Authority's mortgage production this year was funded by loan sales and about 40 percent through revenue bond proceeds, which is a reversal of the trend we had experienced over the last few years. The result of these market effects was increased loan sale upfront, one-time administrative fee income, rather than the long-term annuity cash flows provided by the utilization of tax-exempt mortgage revenue bonds. In relation to servicing, that portfolio continued to grow due to record single family mortgage production. Since late 2016 the Authority has been purchasing the servicing rights associated with its loan originations as part of a new servicing business line. This asset earns long-term annuity revenue over the life of the MBS to support servicing functions. As this servicing asset portfolio grows, the income stream will continue to grow over time as well and did so during this fiscal year. In March the Federal Open Market Committee lowered the targeted range of the federal funds to .0-0.25% which created lower yields for the Authority's fixed income assets on the balance sheet. However, overall, the Authority experienced solid financial performance with balance sheet growth and strong revenues.

Financial highlights are summarized as follows:

- Total assets were $1.5 billion, an increase of 8.3% from September 30, 2019. The increase primarily reflects growth in the Single Family Mortgage Program investments for which new production exceeded loan paydowns and prepayments.

- Fiscal year 2020 MBS purchases and originations totaled $224.2 million as compared to $318.8 million in fiscal year 2019 due to the increased utilization of the secondary market loan sales to fund the Single Family Mortgage Program.

- Revenue bonds issued for the Single Family Mortgage program totaled $190.0 million in fiscal year 2020 and $348.8 million in fiscal year 2019. As previously noted, the pandemic created dysfunction in the bond market thus there was less utilization of mortgage revenue bonds to fund the Single Family Mortgage Program and there were no refunding opportunities available to the Authority.

- Total liabilities were $1.2 billion, an increase of 6.4% from September 30, 2019 due to revenue bond activity.

- In fiscal year 2020, net position increased $44.2 million or $17.5 million when excluding the net change in the fair value of investments. Valuation of interest rate sensitive assets tend to increase in a decreasing interest rate environment.

FINANCIAL POSITION

The net position of the Authority increased $44.2 million from September 30, 2019 to September 30, 2020 and increased $41.2 million from September 30, 2018 to September 30, 2019. The following table is a condensed summary of net position at September 30, 2020, 2019, and 2018 (in thousands):

	2020	2019	2018
Assets			
Current Assets	$ 91,826	$ 69,832	$ 73,839
Noncurrent Assets	1,409,130	1,316,148	1,041,562
Total Assets	1,500,956	1,385,980	1,115,401
Deferred Outflows of Resources			
Unamortized Loss on Refunding	284	376	483
Liabilities			
Current Liabilities	103,633	72,313	63,930
Noncurrent Liabilities	1,077,126	1,037,770	816,839
Total Liabilities	1,180,759	1,110,083	880,769
Net Position			
Investment in Capital Assets	1,295	1,184	1,223
Restricted	90,778	61,715	36,696
Restricted for Land Title Trust and Housing Trust	32,779	30,351	28,628
Unrestricted	195,629	183,023	168,568
Total Net Position	$ 320,481	$ 276,273	$ 235,115

COMPARISON OF YEARS ENDED SEPTEMBER 30, 2020 AND 2019

The decrease in cash and cash equivalents of $24.7 million reflects a decrease in restricted cash due to the timing of Single Family Mortgage Program bond transaction closings. Additionally, the Authority experienced a decrease in cash balances due to support required for mortgage forbearance programs and loan modification activity as a result of job loss caused by COVID-19.

During this fiscal year, the Authority purchased $224.2 million of MBS and $505.5 million in whole loans. MBS and whole loan purchases were offset by $115.4 million in repayments of securitized mortgage loans and $517.4 million of whole loan and down payment assistance loan repayments during the year. The financial statements reflect a $96.9 million net increase of MBS and mortgage loans receivable.

The purchased mortgage servicing rights portfolio associated with the loan originations increased $5.3 million for a total portfolio of $16.2 million at year-end, which was written down to fair market value of $14.5 million.

Over the past year due to tax-exempt bonding activity the Authority experienced a 6.4% increase in liabilities. Proceeds from the sale of bonds and notes payable were $474.8 million; bond and note repayments and refundings totaled $404.8 million, resulting in the net increase for the year of $70.0 million.

COMPARISON OF YEARS ENDED SEPTEMBER 30, 2019 AND 2018

The decrease in cash and cash equivalents of $22.2 million reflects a decrease in restricted cash due to the timing of Single Family Mortgage Program bond transaction closings. Additionally, the Authority experienced a decrease in cash balances for funds obtained through borrowings from the Federal Home Loan Bank of Dallas made to warehouse single family mortgage loans originated through the Authority's mortgage programs.

During this fiscal year, the Authority purchased $318.8 million of MBS and $462.1 million in whole loans. MBS and whole loan purchases were offset by $66.4 million in repayments of securitized mortgage loans and $460.1 million of whole loan and down payment assistance loan repayments during the year, thus the financials reflect a $288.2 million net increase of MBS and mortgage loans receivable.

The purchased mortgage servicing rights portfolio associated with the loan originations increased $3.8 million for a total portfolio of $10.9 million at year end.

Over the past year due to increased tax-exempt bonding activity the Authority experienced a 26% increase in liabilities. Proceeds from the sale of bonds and notes payable were $726.5 million; bond and note repayments and refundings totaled $497.5 million, resulting in the net increase for the year.

CHANGE IN FINANCIAL POSITION

The operating income for the year increased by approximately $5.6 million when compared to fiscal year 2019. The following table is a condensed summary of changes in net position for the years ended September 30, 2020, 2019, and 2018 (in thousands):

	2020	2019	2018
Operating Revenues			
Interest on Loans and MBS	$ 49,027	$ 42,488	$ 33,716
Interest on Securities and Investments	3,217	3,940	2,753
Program Revenues	7,169	5,593	4,225
Loan and Commitment Fees	2,299	3,281	1,843
Administrative Fees	10,838	5,175	7,776
Other Revenues	1,375	1,486	432
Total Operating Revenues	73,925	61,963	50,745
Operating Expenses			
Interest Expense	37,390	31,873	23,857
Bond Issuance Costs	1,625	3,033	2,398
Provision for (Recovery of) Loan Losses	199	839	(218)
Administrative and Other Expenses	18,299	15,363	14,532
Total Operating Expenses	57,513	51,108	40,569
Operating Income	16,412	10,855	10,176
Nonoperating Revenues (Expenses)			
Net Increase (Decrease) in Fair Value of Investments	26,712	30,228	(22,697)
State Appropriations	1,116	-	-
Grant Income	50,593	48,481	44,686
Grant Expense	(50,650)	(48,481)	(44,686)
Land Title Trust Contributions	79	107	75
Land Title Trust Distributions	(54)	(32)	(8)
Total Nonoperating Revenues (Expenses)	27,796	30,303	(22,630)
Change in Net Position	44,208	41,158	(12,454)
Total Net Position - Beginning of Year	276,273	235,115	247,569
Total Net Position - End of Year	$ 320,481	$ 276,273	$ 235,115

COMPARISON OF YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Operating revenues increased $12 million from 2019 to 2020, approximately 19.3%, because of increased interest income, administrative fees and program revenues. As a result of the level of tax-exempt bond issuance and reduction of MBS loan sales into the secondary market during the year, interest income increased $5.8 million and administrative fees increased by $5.7 million. These were offset by a decrease in loan commitment fees of $.98 million. Program revenues increased by $1.6 million due to the growth of the servicing portfolio.

Operating expenses increased by $6.4 million in 2020, approximately 12.5%, primarily due to increases in bond interest expense of $5.5 million and administrative and other expenses of $2.9 million.

The change in fair value of securities for 2020 was an increase of $26.7 million compared to an increase of $30.2 million in 2019. This represents an increase in the overall fair market value of investments, held at September 30, 2020 compared to September 30, 2019. These valuation changes are due to the interest rate sensitivity of these assets and they are adjusted as required by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB No. 31) to fair value. The majority of the assets impacted by the GASB valuation requirement are the MBS held on the Authority's statement of net position that serve as collateral for the single family bonds issued and provide the revenue source to repay those debt obligations; legally the Authority cannot sell or trade the related securities unless the bonds are optionally redeemable and redeemed. Rating agencies do not include GASB No. 31 valuation adjustments in their analysis of a Housing Finance Agency's (HFA) performance; these adjustments represent unrealized gains or losses and the Authority considers these valuation changes nonoperating revenues.

COMPARISON OF YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Operating revenues increased $11.2 million from 2018 to 2019, approximately 22%, because of increased interest income, loan commitment fees and program revenues. As a result of the level of tax-exempt bond issuance and reduction of MBS loan sales into the secondary market during the year, interest income increased $8.8 million, loan commitment fees increased $1.4 million which were offset by decreases in administrative fees of $2.6 million. Program revenues increased by $1.4 million due to the growth of the servicing portfolio.

Operating expenses increased by $10.5 million in 2019, approximately 26%, primarily due to increases in bond interest expense of $7.8 million, $1.1 million in provision for loan loss and bond issuance costs of $0.6 million.

The change in fair value of securities for 2019 was an increase of $30.2 million compared to a decrease of $22.7 million in 2018. This represents an increase in the overall fair market value of investments, held at September 30, 2019 compared to September 30, 2018. These valuation changes are due to the interest rate sensitivity of these assets and they are adjusted as required by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB No. 31) to fair value. The majority of the assets impacted by the GASB valuation requirement are the MBS held on the Authority's statement of net position that serve as collateral for the single family bonds issued and provide the revenue source to repay those debt obligations; legally the Authority cannot sell or trade the related securities unless the bonds are optionally redeemable and redeemed. Rating agencies do not include GASB No. 31 valuation adjustments in their analysis of a HFA's performance; these adjustments represent unrealized gains or losses and the Authority considers these valuation changes nonoperating revenues.

DEBT ADMINISTRATION

Most of the debt maintained by the Authority to fund affordable housing activities in New Mexico is tax-exempt bonds that are issued under the Internal Revenue Code and Treasury Regulations governing either mortgage revenue bonds or residential rental projects. The Federal Tax Reform Act of 1986 imposes an annual ceiling on the aggregate amount of federally tax-exempt private activity bonds or Private Activity Bond Cap (Bond Cap). Each year, the New Mexico State Board of Finance receives and allocates Bond Cap based on the federal formula to both single and multifamily housing for tax-exempt bonding purposes.

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

During fiscal year 2020, the Authority issued $190.0 million of Single Family Mortgage Program revenue bonds; no refunding bonds were issued. This is $158.8 million less than the $348.8 million issued in 2019. The issuance of debt decreased during fiscal year 2020 due to unfavorable market conditions created by the health crisis. The Authority also sold $235.0 million of single family mortgages into the secondary market during the year. Due to the change in federal fiscal policy related to the pandemic, interest rates overall declined, thus interest margins decreased approximately $.4 million this fiscal year in comparison to 2019 for the Single Family Mortgage Program. The Authority redeemed $98.9 million of Single Family Mortgage Program bonds due to repayments and maturities, compared to $109.6 million in 2019.

During fiscal year 2019, the Authority issued $348.8 million of Single Family Mortgage Program revenue bonds of which approximately $48.9 million was related to bond refunding transactions. This is $89.6 million more than the $259.2 million issued in 2018. The issuance of debt increased during fiscal year 2019 due to favorable market conditions. The Authority also sold $107.1 million of single family mortgages into the secondary market during the year. Due to the improved interest rate environment and the continuous lending origination model, interest margin increased approximately $1.4 million this fiscal year in comparison to 2018. The Authority redeemed $109.6 million of Single Family Mortgage Program bonds due to repayments and maturities, compared to $98.3 million in 2018.

During fiscal year 2020, the Authority did not issue any Rental Housing Bonds compared to $18.7 million issued during 2019. In 2020, $24.5 million of Rental Housing Bonds were redeemed due to repayments and maturities compared to $19.2 million in 2019.

During fiscal year 2019, the Authority issued $18.7 million of Rental Housing Bonds. During 2018 there were no Rental Housing Bonds issued. In 2019, $19.2 million of Rental Housing Bonds were redeemed due to repayments and maturities compared to $2.3 million in 2018.

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

In addition to issuing bonds to fund the Authority's Single Family Mortgage Program, the Authority also uses short-term borrowings from the Federal Home Loan Bank of Dallas to support the warehousing of single family mortgages originated through the mortgage program. As of September 30, 2020, those notes outstanding total $30 million, in comparison to $35.0 million at the end of 2019. The Authority relies on this liquidity to purchase program mortgages.

ECONOMIC OUTLOOK

The Single Family Mortgage Program, administration of federal affordable housing programs, interest income on Authority loans and investments and servicing income are the primary sources of revenues for the Authority. While during 2020, the Authority's programs achieved strong financial results despite the COVID-19 impacts, the general decline of the economy and lower interest rates overall, will continue per forecasts over the next few years. Most economic experts believe the recovery will be slow. There were significant declines in gross domestic product and large, unprecedented increases in unemployment for a period of time. While both indicators have stabilized over the last few months, concerns remain. However, the New Mexico housing market was strong and the Authority experienced record high demand for the Single Family Mortgage Program during 2020. That is expected to continue as we look forward. Many believe the housing market has been a bright spot in the recession.

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

The MBS, which provides collateral for the Single Family Mortgage Program bonds, had previously been rated AAA. However, on August 5, 2011, Standard and Poor's Rating Services (S&P) downgraded the United States of America (U.S.) long-term rating to AA+ due to political risks and rising debt burden. A "Negative Outlook" was also placed on the rating. During 2015, S&P revised the outlook from negative to stable. As a result of the initial U.S. downgrade, S&P lowered its rating on certain publicly financed debt issues that are credit enhanced by Fannie Mae and Ginnie Mae. During 2015, the Authority changed its primary rating agency relationship to Moody's Investors Service (Moody's). Moody's has not downgraded the U.S. and provides a AAA rating for all bonds backed by Fannie Mae and Ginnie Mae credit enhanced securities. Currently, approximately 14% of the Authority's bonds outstanding reflect the AA+ S&P rating and approximately 86% reflect the AAA Moody's rating. The Authority's single family housing bonds moving forward will carry the AAA rating.

Bond proceeds and monthly MBS revenues received between debt service dates are invested in a government money market fund. Although there have been changes in the current interest rate environment, the Authority has been able to limit the negative arbitrage experienced for these programs. Restricted cash related to bond issuance remain fully invested and cash flows are monitored closely. All the Authority's single family bonds continue to meet all required rating agency cash flow stress tests.

The Authority's investments outside of the Single Family Mortgage Programs are also conservative and include the AAAm rated New Mexico State Treasurer's Local Government Investment Pool and internal loan warehousing for short-term investments. Liquid and marketable U.S. agency obligations and Authority program MBS are maintained in the intermediate term investment portfolio. For long-term investment purposes the Authority invests in program MBS as well as the nonrated New Mexico State Investment Council Investment Funds Program (SIC). The Authority's SIC portfolio includes corporate investment grade bond funds (33%), a large cap equities fund (36%), a small/mid cap fund (12%), a non-U.S. developed markets fund (14%) and a non-U.S. emerging markets fund (4%). Several years ago, to improve investment returns, the Authority began investing in its own MBS as bond programs became callable and residual MBS from those bond programs became available.

Due to the strong investment returns associated with the MBS asset class, the Authority now carries MBS in the long-term portion of the investment portfolio. Both the intermediate and long-term MBS portfolios yielded approximately 4.6%. During this fiscal year, the agency obligations provided yields of 1.5%. Investments in the SIC experienced $1.3 million in fair market value gains in comparison to 2019 when fair market value gains were $0.4 million. There was extreme market volatility from month to month during the year due to the health crisis. However, the overall rate of return on the Authority's SIC long-term portfolio for 2020 recovered over the course of the last quarter and was 6.98%.

Moving into fiscal year 2020, the Authority expects to continue to utilize both the secondary market and tax-exempt bond issuance to fund the Single Family Mortgage Program depending on market conditions. Based on economic forecasts, the cost of funds in the traditional tax-exempt bond market is expected to be more prohibitive and less advantageous to the Authority and potential first-time homebuyers. This does potentially limit the ability to grow the Authority's earning asset base especially considering expected high mortgage payoff activity as a result of historically low mortgage rates. But, selling loans into the secondary market will assist in supporting the liquidity needed to assist borrowers unable to make their mortgage payments due to job loss as a result of the pandemic. There will be challenges in competing with the historically low mortgage interest rates currently offered in the traditional mortgage market, but overall economic benefits for the Authority are monitored closely regarding funding the Single Family Mortgage Program. If borrowers have good credit and are not in need of down payment assistance, they may be able to get better mortgage rates elsewhere. The Authority does, however, believe that the down payment assistance programs will help in maintaining program demand and viability. Additionally, the Authority will continue to purchase the mortgage servicing rights associated with the Single Family Mortgage Program growing that new revenue base for the organization.

Market interest rates effect both the Single Family Mortgage Programs and investment income revenues. During the last part of the fiscal year, federal fiscal policy in relation to interest rates began to shift downward. If interest rates increase, the Authority expects interest income on loans and investment income to increase as new loans are originated and new investments are purchased at a higher level. If interest rates continue to fall or stabilize, the Authority expects interest income on loans, and investment income to decrease as new loans are originated and new investments are purchased at lower levels. Market forecasts indicate that traditional mortgage and reinvestment rates will continue at current levels, which has already been noted, are very low. Regarding prepayments, with the decrease in mortgage rates, prepayments will continue at current levels or could even increase. Conversely, an increase in mortgage interest rates could cause a decrease in prepayments. As previously discussed, the Authority will continue to issue bonds and sell loans into the secondary market to fund the Single Family Mortgage Program depending on capital markets and which execution provides the best economic benefit to the Authority and homebuyers. This strategy will provide a balanced approach in that revenues related to the program will flow to the Authority as long-term annuity revenue over time when bonds are issued. The benefit of the upfront transaction fees associated with loan sales will provided increased immediate cash. The Authority anticipates that federal funding levels for affordable housing programs will increase slightly, providing administrative fee income related to those programs at higher levels. Additional federal funding did flow to the Authority in 2020 to support affordable housing needs as a result of the health crisis.

This financial report is presented to provide our constituents and investors with a general overview of the Authority's finances and to demonstrate the Authority's financial accountability over its resources. If you have questions about the report or need additional financial information, please contact the Deputy Director of Finance and Administration at New Mexico Mortgage Finance Authority, 344 Fourth Street SW, Albuquerque, New Mexico 87102, or visit our website at www.housingnm.org.

BASIC FINANCIAL STATEMENTS

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2020 AND 2019
(IN THOUSANDS)

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents:		
Unrestricted	$ 27,070	$ 29,812
Restricted	37,841	21,949
Restricted Cash Held in Escrow	10,599	10,679
Total Cash and Cash Equivalents	75,510	62,440
Securitized Mortgage Loans	7,750	-
Accrued Interest Receivable	4,485	4,183
Other Current Assets	4,081	3,209
Total Current Assets	91,826	69,832
NONCURRENT ASSETS		
Restricted Cash and Cash Equivalents	9,489	47,308
Investments:		
Restricted Investments	14,712	13,815
Unrestricted Investments	56,928	56,771
Unrealized Gain on Restricted and Unrestricted Investments	1,018	730
Total Investments, Net	72,658	71,316
Restricted Securitized Mortgage Loans, Net:		
Securitized Mortgage Loans, Net	1,034,383	923,608
Unrealized Gain on Securitized Mortgage Loans	56,235	29,810
Restricted Securitized Mortgage Loans, Net	1,090,618	953,418
Mortgage Loans, Net:		
Restricted Mortgage Loans, Net	69,956	88,001
Restricted Trust Funds Mortgage Loans, Net	14,875	15,078
Unrestricted Mortgage Loans, Net	135,101	128,858
Total Mortgage Loans, Net	219,932	231,937
Capital Assets, Net	1,295	1,184
Intangible Assets	14,476	10,960
Other Noncurrent Assets	662	25
Total Noncurrent Assets	1,409,130	1,316,148
Total Assets	1,500,956	1,385,980
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Loss on Refunding Bonds	284	376
Total Assets and Deferred Outflows of Resources	$ 1,501,240	$ 1,386,356

See accompanying Notes to Financial Statements.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
STATEMENTS OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2020 AND 2019
(IN THOUSANDS)

	2020	2019
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Escrow Deposits and Reserves	$ 10,496	$ 10,575
Accrued Interest Payable	7,089	5,880
Accounts Payable and Other Accrued Expenses	8,803	9,439
Compensated Absences	532	403
Current Portion of Bonds Payable	46,639	20,942
Current Portion of Notes Payable	30,074	25,074
Total Current Liabilities	103,633	72,313
NONCURRENT LIABILITIES		
Bonds Payable	1,074,535	1,024,402
Notes Payable	2,435	13,202
Other Noncurrent Liabilities	156	166
Total Noncurrent Liabilities	1,077,126	1,037,770
Total Liabilities	1,180,759	1,110,083
NET POSITION		
Investment in Capital Assets	1,295	1,184
Restricted for Debt Service	90,778	61,715
Restricted for Land Title Trust and Housing Trust	32,779	30,351
Unrestricted	195,629	183,023
Total Net Position	320,481	276,273
Total Liabilities and Net Position	$ 1,501,240	$ 1,386,356

See accompanying Notes to Financial Statements.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2020 AND 2019
(IN THOUSANDS)

	2020	2019
OPERATING REVENUES		
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 49,027	$ 42,488
Interest on Securities and Investments	3,217	3,940
Housing Program Income	1,318	1,196
Program Servicing Fees	5,851	4,397
Loan and Commitment Fees	2,299	3,281
Administrative Fees	10,838	5,175
Other Revenues	1,375	1,486
Total Operating Revenues	73,925	61,963
OPERATING EXPENSES		
Interest Expense	37,390	31,873
Bond Issuance Costs	1,625	3,033
Provision for Loan Losses	199	839
Administrative and Other Expenses	18,299	15,363
Total Operating Expenses	57,513	51,108
OPERATING INCOME	16,412	10,855
NONOPERATING REVENUES (EXPENSES)		
Net Increase in Fair Value of Investments	26,712	30,228
State Appropriations	1,116	-
Grant Income	50,593	48,481
Grant Expense	(50,650)	(48,481)
Land Title Trust Contributions	79	107
Land Title Trust Distributions	(54)	(32)
Total Nonoperating Revenues (Expenses)	27,796	30,303
CHANGE IN NET POSITION	44,208	41,158
Total Net Position - Beginning of Year	276,273	235,115
TOTAL NET POSITION - END OF YEAR	$ 320,481	$ 276,273

See accompanying Notes to Financial Statements.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2020 AND 2019
(IN THOUSANDS)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Purchase of Loans	$ (505,556)	$ (462,071)
Receipts of Loan Repayments	517,436	460,076
(Premium) on Loans	-	(9)
Loan and Commitment Fees	2,299	3,281
Mortgage Interest Received	48,725	41,740
Purchase of Securitized Mortgage Loans	(224,233)	(318,807)
(Premium) on MBS	(2,577)	(4,900)
Principal Repayment of Securitized Mortgage Loans	115,383	66,420
Restricted Escrow and Reserves, Net	(79)	(239)
Receipts for Services	14,906	8,515
Payments to Employees for Services	(8,105)	(7,308)
Payments to Suppliers of Goods or Services	(7,469)	(5,039)
Other Payments	(4,707)	(3,860)
Net Cash Used in Operating Activities	(53,977)	(222,201)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Sale of Bonds and Notes Payable	474,815	726,499
Repayment and Refunding of Bonds and Notes Payable	(404,752)	(497,545)
Payment of Interest on Bonds and Notes	(36,181)	(31,873)
Payment for Bond Issuance Costs	(1,625)	(3,033)
Receipt of Grant Income	50,593	48,541
Payment of Grants	(50,650)	(48,541)
Contributions to Land Title Trust	79	107
Land Title Trust Distribution	(54)	(32)
State Appropriations	1,116	-
Net Cash Provided by Noncapital Financing Activities	33,341	194,123
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of Capital Assets	(306)	(147)
Net Cash Used in Capital Financing Activities	(306)	(147)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Other Real Estate Owned	(1,261)	(52)
Purchase of Investments	(28,357)	(29,806)
Proceeds from Maturity and Sale of Investments	22,776	32,212
Investment Interest Income	3,217	3,382
(Premium) on Investments	(185)	(30)
Gain on Sale of Securities	3	244
Net Cash (Used in) Provided by Investing Activities	(3,807)	5,950
NET CHANGE IN CASH AND CASH EQUIVALENTS	(24,749)	(22,275)
Cash and Cash Equivalents - Beginning of Year	109,748	132,023
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 84,999	$ 109,748
Current Cash and Cash Equivalents	$ 75,510	$ 62,440
Noncurrent Cash and Cash Equivalents	9,489	47,308
Cash and Cash Equivalents - End of Year	$ 84,999	$ 109,748

See accompanying Notes to Financial Statements.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2020 AND 2019
(IN THOUSANDS)

	2020	2019
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income	$ 16,412	$ 10,855
Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities:		
Bond Issuance Costs	1,625	3,033
Loan and Commitment Fees	(2,299)	(3,281)
Amortization of Securitized Mortgage Loans and Mortgage Loan Discounts/Premiums	2,486	1,419
Loss on Sale of Assets	625	125
Depreciation Expense	195	186
Provision of Loan Losses	199	839
Investment Interest Income	(3,217)	(3,940)
Interest Expense on Bonds and Notes Payable	37,390	31,873
Changes in Assets and Liabilities:		
Accrued Interest Receivable on Securitized Mortgage Loans and Mortgage Loans	(302)	(748)
Other Current Assets	(872)	486
Other Noncurrent Assets	(4,153)	(3,705)
Accounts Payable and Other Accrued Expenses	(636)	(1,733)
Escrows and Deposits	(79)	(239)
Other Noncurrent Liabilities	(5,724)	(33)
Securitized Mortgage Loans, Net Cost	(107,632)	(256,113)
Mortgage Loans	12,005	(1,225)
Net Cash Used in Operating Activities	$ (53,977)	$ (222,201)

See accompanying Notes to Financial Statements.

NOTE 1 BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

For financial reporting purposes, the Authority is considered a discretely presented component unit of the state of New Mexico in accordance with Governmental Accounting Standards Board (GASB) No. 14 and No. 61.

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

Basis of Presentation

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

Basis of Accounting

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

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

Estimates

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

Programs

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

- Single Family Mortgage Programs – Accounts for the proceeds from bonds, the debt service requirements of the bonds, and the related mortgage loans for single-family, owner-occupied housing in New Mexico. Management expects to be able to securitize single family mortgage loans to maturity with no funding requirement necessary from the Authority. Each single family bond indenture is accounted for as a segment. (See supplementary schedules.)

- Rental Housing Programs – Accounts for the proceeds from bonds, the debt service requirements of the bonds, and the related loans to qualified lenders for the purpose of financing multifamily rental housing facilities in New Mexico. Each multifamily bond indenture is accounted for as a segment. (See supplementary schedules.)

- General Accounts – Accounts for assets, liabilities, revenues, and expenses not directly attributable to a bond program. Most of the bond resolutions of the programs permit the Authority to make cash transfers to the general accounts after establishing reserves required by the bond resolutions. The general accounts financially support the bond programs when necessary. The general accounts include proprietary loan programs developed by the Authority to meet the needs of low- and moderate-income borrowers not served by traditional lending programs. This group of accounts is referred to as the Housing Opportunity Fund and includes the ACCESS Loan program, HERO Loan program, Primero program, Partners program, and several down payment assistance programs.

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

Programs (Continued)

- Housing Programs – Accounts for activities and programs financed by federal and state grants over which the Authority exercises fiscal and administrative control. The following is a brief description of the significant programs:

  - *Low-Income Housing Tax Credit Program (LIHTC)* – The LIHTC program was established to promote the development of low-income rental housing through tax incentives rather than direct subsidies. The LIHTC is a 10-year federal tax credit against a taxpayer's ordinary income tax liability that is available to individuals (directly or through partnerships) and corporations who acquire or develop and own qualified low-income rental housing.

  - *HOME Investment Partnership Program (HOME)* – Congress created the HOME program as part of the National Affordable Housing Act of 1991. The Authority administers the federal funds to carry out program activities related to down payment assistance, homeowner and rental rehabilitation, and multifamily rental housing finance.

  - *Section 8 Program* – The Section 8 program provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing for very low-income families at rents they can afford.

  - *The Weatherization Assistance Program (WAP)* – WAP is a long term grant program funded by the U.S. Department of Energy, state and utility companies. The purpose of the program is to make low income households more energy efficient, thereby reducing the utility bills of these families. The funds may be used for leakage reduction, incidental repairs, health and safety measures, insulation, storm windows and doors, and energy efficiency training.

  - *The Low-Income Home Energy Assistance Program (LIHEAP)* – LIHEAP provides low-income households with a one-time cash benefit to help pay their utility bills. Up to 15% of the program grant, the only portion administered by the Authority, can be used for rehabilitation and can be combined with the WAP funds.

  - *The Emergency Solutions Grants Program (ESG)* – ESG provides assistance to units of local government or nonprofit organizations to improve the quality of existing emergency shelters, to help meet the costs of operating emergency shelters, and to provide certain essential social services to homeless individuals and families.

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

Programs (Continued)

- *Housing Opportunities for Persons with AIDS Program (HOPWA)* – The HOPWA program is designed to provide states and localities with resources and incentives to devise long-term strategies for meeting the housing needs of persons with acquired immune deficiency syndrome (AIDS) or related diseases.

- *Tax Credit Assistance Program (TCAP) (Recovery Act Funded)* – TCAP provided grant funds to state housing credit agencies for capital investments in rental projects that received an award of LIHTC during the period from October 1, 2006 to September 30, 2009, and required additional funding to be completed and placed into service in accordance with the LIHTC requirements of Section 42 of the Internal Revenue Code (IRC).

- *Federal Housing Trust Fund (HTF)* – The HTF, funded by an assessment on loans made by Fannie Mae and Freddie Mac and administered by HUD, was established under the Housing and Economic Recovery Act of 2008. The purpose of the HTF is to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low-income and very low-income households, including homeless families. The Authority's program provides funds for the production, preservation, and rehabilitation of affordable rental housing units for families earning no more than 30% of the area median income.

- *Capital Magnet Fund (CMF)* – The CMF, funded by United States Treasury grants, is to attract financing for and increase investment in affordable housing for low-income, very low-income, and extremely low-income people and certain related economic and community development activities. The Authority's program provides down payment assistance to first-time homebuyers who meet the program qualifications.

- *New Mexico Housing Trust Fund (NMHTF)* – The NMHTF's purpose is to provide flexible funding for housing initiatives in order to produce significant additional housing investment in the state. The fund consists of all distributions and appropriations made to the fund. Earnings of the fund shall be credited to the fund, and unexpended and unencumbered balances in the fund shall not revert to any other fund. The Authority is the trustee for the fund. The fund receives revenue from the following recurring sources: 1) appropriations and transfers from the state; 2) any other money appropriated or distributed to the fund; 3) any private contributions to the fund; or 4) earnings of the fund. Money in the fund is appropriated to the Authority for the purposes of carrying out the provisions of the New Mexico Housing Trust Fund Act, which are to provide affordable residential housing to persons of low or moderate income.

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

Programs (Continued)

Land Title Trust Fund (LTTF) – Pursuant to the Land Title Trust Fund Act, depository institutions that maintain trust or escrow accounts for customers may establish and make available pooled interest-bearing transaction accounts for title company escrows. The interest earned from this program is forwarded to the LTTF. The account agreement between the depositor and the financial institution shall expressly provide for the required remittance of interest. The Authority is trustee for the fund. The trustee shall deposit in the fund money received by it pursuant to the Low-Income Housing Trust Act and the Land Title Trust Fund Act, and use funds to finance in whole or part any loans or grant projects that will provide housing for low-income persons or for other uses specified in the Land Title Trust Fund Act.

Neighborhood Stabilization Program (NSP) – The primary objective of this program is the development of viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.

Cash and Cash Equivalents

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

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

Unrestricted and Restricted Investments

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

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

Securitized Mortgage Loans

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

Mortgage Loans

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

For qualifying borrowers in the Single Family Mortgage Programs, the Authority offers loans to provide DPA. DPA loans are secured by second liens. Additionally, included in mortgage loans as of September 30, 2020 and 2019 were $3.0 million of loans to borrowers of certain nonprofit organizations, which are subject to reimbursement provisions in lieu of insurance.

Allowance for Mortgage Loan Losses

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

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

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

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

Interest on Mortgage Loans

Interest on mortgage loans is accrued based upon the principal amounts outstanding net of service fee expenses of approximately $93,000 and $85,000 as of September 30, 2020 and 2019, respectively. Mortgage loans are placed on nonaccrual after 90 days' delinquency.

Loan Origination and Commitment Fees

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

Bond Issuance Costs

Bond issuance costs are expensed in the period incurred.

Capital Assets

Capital assets are stated at cost, less accumulated depreciation. Furniture, equipment, and software purchased with a unit cost of $5,000 or more and an estimated useful life greater than 1 year are capitalized and depreciated based on the straight-line or the sum-of-the-years' digits method over the estimated useful lives of the assets, which range from 1 to 25 years. Assets under construction are capitalized on the statement of financial position as capital assets, net. However, depreciation expense is not computed on assets under construction until the asset is put into service. Furniture and equipment purchases less than $5,000 or with lives of one year or less, and maintenance and repairs, which do not extend the useful lives of premises and equipment, are charged to expense as incurred.

Intangible Assets

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

Deferred Outflow of Resources

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

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

Accrued Arbitrage Rebate

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

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

Advances on Revenue

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

Compensated Absences

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

Vacation Leave

Full-time and part-time employees are eligible to accrue vacation leave based on their length of employment and hours regularly scheduled up to a maximum of 280 hours. At September 30 of each year, any accumulated hours in excess of 280 not taken are forfeited. At September 30, 2020 due to COVID-19 impacts, the deadline to take vacation was extended to January 15, 2021 and accumulated hours in excess of 280 were not forfeited. Accrued vacation leave will be paid to an employee upon termination only after six months of employment. Accrued vacation leave is computed by multiplying each employee's current hourly rate by the number of hours accrued.

Sick Leave

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

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

Net Position

Net position is classified as follows:

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

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

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

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

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

Revenues and Expenses

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

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

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

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

Revenues and Expenses (Continued)

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

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

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

Income Taxes

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

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

	2020	2019
Cash on Deposit at Financial Institutions	$ 22,790	$ 21,498
Cash on Deposit at New Mexico State Treasurer	3,906	6,096
Cash on Deposit Held in Escrow (Note 17)	10,599	10,679
Cash Equivalents Not Considered Deposits:		
Money Market Funds	46,039	65,222
Repurchase Agreements	376	3,645
Guaranteed Investment Contracts	1,289	2,608
Total	$ 84,999	$ 109,748

Investment Policy

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

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

Investment Policy (Continued)

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

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

Custodial Credit Risk

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be recovered. The investment policy requires consideration of the creditworthiness in selecting financial institutions. At September 30, 2020 and 2019, the Authority's bank balance was approximately $25,127,000 and $22,000,000, respectively. The Federal Deposit Insurance Corporation (FDIC) insures each depositor up to $250,000 per insured bank. The total amounts subject to custodial credit risk at September 30, 2020 and 2019 are approximately $8,870,000 and $8,600,000, respectively. Management does not believe the remaining approximately $15,864,000 and $12,900,000 are subject to custodial credit risk at September 30, 2020 and 2019, respectively.

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

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

Investment Interest and Credit Risk

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

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

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

	September 30, 2020					
		Investment Maturities (in Years)				
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10	Not Available
Money Market Funds	$ 46,039	$ 45,363	$ -	$ -	$ 676	$ -
Repurchase Agreements	376	376	-	-	-	-
Guaranteed Investment Contracts	1,289	386	-	-	903	-
Internal State Investment Pools:						
State Treasurer	3,906	3,906	-	-	-	-
State Investment Council	42,998	-	-	-	-	42,998
U.S. Agencies	16,213	10,153	6,060	-	-	-
Securitized Mortgage Loans:						
Unrestricted	13,447	-	350	1,057	12,040	-
Restricted	1,098,368	7,750	324	9,231	1,081,063	-
Total	$ 1,222,636	$ 67,934	$ 6,734	$ 10,288	$ 1,094,682	$ 42,998

	September 30, 2019					
		Investment Maturities (in Years)				
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10	Not Available
Money Market Funds	$ 65,222	$ 64,871	$ -	$ -	$ 351	$ -
Repurchase Agreements	3,645	3,645	-	-	-	-
Guaranteed Investment Contracts	2,608	678	-	-	1,930	-
Internal State Investment Pools:						
State Treasurer	6,096	6,096	-	-	-	-
State Investment Council	39,648	-	-	-	-	39,648
U.S. Agencies	19,147	10,009	9,138	-	-	-
Securitized Mortgage Loans:						
Unrestricted	12,198	-	51	1,732	10,415	-
Restricted	953,418	-	-	10,930	942,488	-
Total	$ 1,101,982	$ 85,299	$ 9,189	$ 12,662	$ 955,184	$ 39,648

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

Investment Interest and Credit Risk (Continued)

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

	September 30, 2020							
	Fair Value	AAA	AA	A	BBB	U.S. Government Guaranteed	Not Rated	Not Available
Money Market Funds	$ 46,039	$ 45,974	$ -	$ 65	$ -	$ -	$ -	$ -
Repurchase Agreements	376	-	376	-	-	-	-	-
Guaranteed Investment Contracts	1,289	-	-	708	581	-	-	-
Internal State Investment Pools:								
State Treasurer	3,906	3,906	-	-	-	-	-	-
State Investment Council	42,998	-	-	-	-	-	-	42,998
U.S. Agencies	16,213	-	16,213	-	-	-	-	-
Securitized Mortgage Loans:								
Unrestricted	13,447	-	3,042	-	-	10,405	-	-
Restricted	1,098,368	-	173,153	-	-	925,215	-	-
Total	$ 1,222,636	$ 49,880	$ 192,784	$ 773	$ 581	$ 935,620	$ -	$ 42,998

	September 30, 2019							
	Fair Value	AAA	AA	A	BBB	U.S. Government Guaranteed	Not Rated	Not Available
Money Market Funds	$ 65,222	$ 65,015	$ 142	$ 65	$ -	$ -	$ -	$ -
Repurchase Agreements	3,645	-	3,645	-	-	-	-	-
Guaranteed Investment Contracts	2,608	-	1,640	463	505	-	-	-
Internal State Investment Pools:								
State Treasurer	6,096	6,096	-	-	-	-	-	-
State Investment Council	39,648	-	-	-	-	-	-	39,648
U.S. Agencies	19,147	-	19,147	-	-	-	-	-
Securitized Mortgage Loans:								
Unrestricted	12,198	-	3,675	-	-	8,523	-	-
Restricted	953,418	-	165,460	-	-	787,958	-	-
Total	$ 1,101,982	$ 71,111	$ 193,709	$ 528	$ 505	$ 796,481	$ -	$ 39,648

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Authority's investment in a single issuer. The following issuers and their respective percentage of total investments represent greater than 5% of the Authority's total investments reported on the statements of net position as of September 30, 2020 and 2019, respectively: Ginnie Mae: 80% and 78%, and Fannie Mae: 15% and 17%.

Fair Value Reporting

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

All investments are valued using quoted market prices (Level 1 inputs), except for the State Investment Council internal state investment pool, which is valued using Level 2 inputs.

NOTE 3 MORTGAGE LOANS, NET

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

	2020	2019
Total Mortgage Loan Principal Outstanding	$ 225,779	$ 235,237
Less: Allowance for Mortgage Loan Losses	(5,847)	(3,300)
Mortgage Loans, Net	$ 219,932	$ 231,937

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

	2020	2019
Beginning Balance	$ 3,300	$ 1,391
Provision for Loan Losses	199	839
Specific Reserves	3,116	1,651
Loans Written Off Net of Recoveries	(768)	(581)
Ending Balance	$ 5,847	$ 3,300

The mortgage loans have repayment terms ranging from 10 to 40 years. The stated interest rates for these programs are as follows:

Rental Housing Programs	2.50% to 7.02%
Other Mortgage Loans	0.00% to 8.41%
Second Mortgage DPA Loans	0.00% to 6.59%

MBSs have stated interest rates ranging from 2.675% and 7.49%.

As of September 30, 2020 and 2019, mortgage loans with pending foreclosure actions have aggregate principal balances of approximately $199,000 and $220,000, respectively. As of September 30, 2020 and 2019, mortgage loans' total delinquent aggregate principal balances are approximately $8,005,000 and $7,191,000, respectively.

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

	2020	2019
Southwest Neighborhood Housing Services	$ 235	$ 237
TIWA Lending Services	7,213	7,110
Fannie Mae Loans	202,244	197,220
Ginnie Mae Loans	1,248,799	942,059
Nambe	256	261
Southwest Community Resources	8	11
City of Albuquerque	15,666	15,572
Ventana Fund	3,977	4,717
Ohkay Owingeh	258	263
Total	$ 1,478,656	$ 1,167,450

NOTE 4 CAPITAL ASSETS

Changes in capital assets during 2020 and 2019 were as follows (in thousands):

	October 1, 2019	Additions	Dispositions	Transfers	September 30, 2020
Land (Nondepreciable)	$ 512	$ -	$ -	$ -	$ 512
Building and Improvements	3,388	184	(27)	-	3,545
Furniture and Equipment	2,016	122	(57)	-	2,081
Total Capital Assets	5,916	306	(84)	-	6,138
Less Accumulated Depreciation:					
Building and Improvements	(2,922)	(69)	-	-	(2,991)
Furniture and Equipment	(1,810)	(126)	84	-	(1,852)
Total Accumulated Depreciation	(4,732)	(195)	84	-	(4,843)
Capital Assets, Net	$ 1,184	$ 111	$ -	$ -	$ 1,295

	October 1, 2018	Additions	Dispositions	Transfers	September 30, 2019
Land (Nondepreciable)	$ 512	$ -	$ -	$ -	$ 512
Building and Improvements	3,388	-	-	-	3,388
Furniture and Equipment	2,020	147	(151)	-	2,016
Total Capital Assets	5,920	147	(151)	-	5,916
Less Accumulated Depreciation:					
Building and Improvements	(2,847)	(75)	-	-	(2,922)
Furniture and Equipment	(1,850)	(111)	151	-	(1,810)
Total Accumulated Depreciation	(4,697)	(186)	151	-	(4,732)
Capital Assets, Net	$ 1,223	$ (39)	$ -	$ -	$ 1,184

NOTE 5 BONDS PAYABLE

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

Single Family Mortgage Programs	2020	2019
2010 Series A - 4.625% interest payable semiannually, principal due through 2025	$ 2,565	$ 5,280
2011 Series A - 5.00% to 5.35% interest payable semiannually, principal due through 2030	5,305	7,290
2011 Series B - 2.77% to 5.00% interest payable semiannually, principal due through 2041	11,795	14,330
2011 Series C - 2.32% to 4.625% interest payable semiannually, principal due through 2041	12,735	15,780
2012 Series A - 2.60% to 4.25% interest payable quarterly, principal due through 2043	13,750	17,770
2012 Series B - 2.60% to 3.90% interest payable quarterly, principal due through 2043	20,285	25,445
2013 Series A - 2.60% interest payable monthly, principal due through 2043	8,785	11,600
2013 Series B - 2.23% to 2.85% interest payable monthly, principal due through 2043	13,786	16,851
2013 Series C - 4.50% interest payable monthly, principal due through 2043	16,520	19,112
2014 Series A - 3.00% to 5.00% interest payable quarterly, principal due through 2044	6,680	8,010
2014 Series B - 2.75% interest payable monthly, principal due through 2035	4,768	5,439
2015 Series A - 2.05% to 4.00% interest payable quarterly, principal due through 2045	21,280	24,155
2015 Series B - 2.75% interest payable monthly, principal due through 2035	3,196	3,653
2015 Series C - 3.00% interest payable monthly, principal due through 2041	12,460	14,885
2015 Series D - 3.125% interest payable monthly, principal due through 2037	5,939	6,962
2015 Series E - 3.10% interest payable monthly, principal due through 2037	8,633	10,209
2016 Series A - 1.55% to 3.80% interest payable quarterly, principal due through 2046	36,355	43,725
2016 Series B - 2.60% interest payable monthly, principal due through 2040	15,985	18,865

NOTE 5 BONDS PAYABLE (CONTINUED)

Single Family Mortgage Programs	2020	2019
2016 Series C - 1.55% to 3.5% interest payable quarterly, principal due through 2045	$ 45,375	$ 51,780
2017 Series A - 2.98% interest payable monthly, principal due through 2038	14,900	18,558
2017 Series B - 1.50% to 3.80% interest payable quarterly, principal due through 2048	46,645	51,835
2018 Series A 2.20% to 4.00% interest payable quarterly, principal due through 2049	52,625	58,825
2018 Series B 2.05% to 4.00% interest payable quarterly, principal due through 2049	60,765	63,680
2018 Series C 1.90% to 4.00% interest payable quarterly, principal due through 2049	70,365	73,895
2018 Series D 2.30% to 4.25% interest payable quarterly, principal due through 2049	46,425	49,455
2019 Series A 1.85% to 4.25% interest payable quarterly, principal due through 2050	65,580	69,750
2019 Series B 3.45% interest payable monthly, principal due through 2040	19,564	23,916
2019 Series C 1.70% to 4.00% interest payable quarterly, principal due through 2050	77,250	80,000
2019 Series D 1.35% to 3.75% interest payable quarterly, principal due through 2050	98,040	100,000
2019 Series E 2.90% interest payable monthly, principal due through 2040	17,683	22,573
2019 Series F 1.30% to 3.50% interest payable monthly, principal due through 2050	118,720	-
2020 Series A 0.95% to 3.50% interest payable monthly, principal due through 2051	69,925	-
Subtotal	1,024,684	933,628
Unaccreted Premium, Net of Underwriters' Discount	25,013	21,189
Subtotal Single Family Mortgage Programs, Net Bonds Payable	$ 1,049,697	$ 954,817

NOTE 5 BONDS PAYABLE (CONTINUED)

Rental Housing Mortgage Programs	2020	2019
2003 Series A&B Multifamily Risk Sharing - Aztec - 5.10% to 5.15% interest payable semiannually, principal due through 2038	$ 7,135	$ 7,355
2004 Series A&B Multifamily Risk Sharing - NM5 - 5.05% to 5.20% interest payable semiannually, principal due through 2039	1,340	7,165
2004 Series C & D Multifamily Risk Sharing - Alta Vista - 5.25% to 6.00% interest payable semiannually, principal due through 2039	9,905	10,170
2005 Series C & D Multifamily Risk Sharing - Chateau - 4.70% interest payable semiannually, principal due through 2040	3,270	3,360
2005 Series E & F Multifamily Risk Sharing - Sun Pointe - 4.80% to 5.06% interest payable semiannually, principal due through 2040	10,415	10,700
2007 A & B Multifamily Risk Sharing - St. Anthony - 5.05% to 5.25% interest payable semiannually, principal due through 2042	4,945	5,055
2007 C & D Multifamily - NM Rainbow - 5.85% to 10.00% interest payable monthly for senior bonds and semiannually for subordinate bonds, principal due through 2043	12,289	12,492
2008 A & B Multifamily - Villas de San Ignacio - variable interest rate* (0.08% and 6.00% at September 30, 2020) payable monthly, principal due through 2043	8,000	8,000
2010 A & B Multifamily Risk Sharing - Villa Alegre Senior Housing - 5% interest payable semiannually, principal due through 2047	810	825

NOTE 5 BONDS PAYABLE (CONTINUED)

Rental Housing Mortgage Programs	2020	2019
2012 A Multifamily - Gallup Apartments - 5% interest payable monthly, principal due through 2049	$ 4,606	$ 4,676
2019 Multifamily - JLG South Apartments - 5.25% interest payable monthly, principal due through 2020	3,331	1,744
2019 Multifamily - JLG North Apartments - 5.25% interest payable monthly, principal due through 2020	5,391	1,433
Subtotal	71,437	72,975
Unaccreted Premium	40	92
Subtotal Rental Housing Mortgage Programs, Net Bonds Payable	$ 71,477	$ 73,067

*determined on a weekly basis until adjusted to Reset Rates or Fixed Rates

	2020	2019
Total Bonds Payable	$ 1,096,121	$ 1,024,063
Total Unaccreted Premium, Net of Unamortized Discount	25,053	21,281
Total Bonds Payable	$ 1,121,174	$ 1,045,344

In November 2005 the Authority began issuing single family mortgage program bonds under a General Indenture of Trust dated November 1, 2005 (the General Indenture). The bond issues under this indenture are 2005D through 2009E and 2012A through 2020A. The bonds are secured, as described in the General Indenture and the applicable amended and supplemented Series Indenture, by the revenues, moneys, investments, mortgage loans, MBSs and other assets in the accounts established under the General Indenture and each Series Indenture.

The single family mortgage loans purchased with the proceeds of all the bond issuances occurring during fiscal years 2020 and 2019 were pooled and packaged as mortgage loan pass-through certificates insured by Ginnie Mae or Fannie Mae.

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

NOTE 5 BONDS PAYABLE (CONTINUED)

During fiscal year 2020, the Authority continued to issue bonds under the General Indenture of Trust dated November 1, 2005 as follows:

- $120 million Single Family Mortgage Program Class I Bonds, 2019 Series F (Tax-Exempt) (Non-AMT). The $120 million 2019 Series F bonds were used to originate new loans.

- $70 million Single Family Mortgage Program Class I Bonds, 2020 Series A (Tax-Exempt) (Non-AMT). The $70 million 2020 Series A bonds were used to originate new loans.

During fiscal year 2019, the Authority continued to issue bonds under the General Indenture of Trust dated November 1, 2005 as follows:

- $49.9 million Single Family Mortgage Program Class I Bonds, 2018 Series D (Tax-Exempt) (Non-AMT). The $49.9 million 2018 Series D bonds were used to originate new loans.

- $96.1 million Single Family Mortgage Program Class I Bonds, 2019 Series A (Tax-Exempt) (Non-AMT) and 2019 Series B (MBS Pass-Through Program) (Federally Taxable). The $70 million 2019 Series A bonds were used to originate new loans. The $26.1 million 2019 Series B bonds combined with funds in the trust estates were used to fully refund the Single Family Mortgage Program Bonds 2009 Series A, 2009 Series B and 2009 Series C. The Authority will realize a $5.0 million positive cash flow from this refunding and an economic gain of approximately $3.8 million.

- $80 million Single Family Mortgage Program Class I Bonds, 2019 Series C Bonds (Tax-Exempt) (Non-AMT). The $80 million 2019 Series C bonds were used to originate new loans.

- $122.7 million Single Family Mortgage Program Class I Bonds, 2019 Series D (Tax-Exempt) (Non-AMT) and 2019 Series E (MBS Pass-Through Program) (Federally Taxable). The $100 million 2019 Series D bonds were used to originate new loans. The $22.7 million 2019 Series E bonds combined with funds in the trust estates were used to fully refund the Single Family Mortgage Program Bonds 2009 Series D and 2009 Series E. The Authority will realize a $2.1 million positive cash flow from this refunding and an economic gain of approximately $3.3 million.

During fiscal years 2020 and 2019, the Authority did not issue any bonds under the General Indenture of Trust dated December 1, 2009.

NOTE 6 NOTES PAYABLE

Notes payable with assets pledged as collateral consist of the following:

Assets Pledged as Collateral	2020	2019
PRLF Cash and Loans	$ 1,659	$ 1,726
Securities and Loans Held for Sale	30,000	35,000
Subtotal: Debt With Pledged Collateral	31,659	36,726
Other Direct Borrowings Without Assets Pledged	850	1,550
Total Direct Borrowings	$ 32,509	$ 38,276

The Authority also has an unused line of credit in the amount of $2,500,000 and $1,800,000 as of September 30, 2020 and 2019, respectively.

The Authority's outstanding debt pledged by PRLF cash and loans of $1,659,000 contains a provision that in the event of default, the Lender may declare all indebtedness immediately due and payable and may proceed to enforce its rights to any instrument securing the debt.

The Authority's outstanding debt pledged by securities and loans held for sale of $30,000,000 contains a provision that in the event the FHLB Bank withdraws its approval to participate in the Held For Sale program, the Bank will designate a Held for Sale Transition Date, after which the Authority will not be able to pledge loans until the Authority is re-approved.

The Authority's outstanding notes from other direct borrowings of $850,000 contains a provision that in the event of default, at Lender's option after giving 30 days' notice, all indebtedness will become immediately due and payable.

NOTE 7 DEBT SERVICE REQUIREMENTS

A summary of bond and note debt service requirements as of September 30, 2020 is as follows (in thousands):

	Bonds Payable		Notes from Direct Borrowings	
Year Ending September 30,	Interest	Principal	Interest	Principal
2021	$ 37,232	$ 46,639	$ 249	$ 30,074
2022	36,415	23,190	32	393
2023	35,741	23,918	24	499
2024	35,021	24,601	15	180
2025	34,257	25,547	14	74
2026 - 2030	158,361	137,182	57	371
2031 - 2035	132,891	168,960	38	371
2036 - 2040	97,817	263,767	20	371
2041 - 2045	49,739	239,168	3	176
2046 - 2050	11,667	143,144	-	-
2051 - 2055	-	5	-	-
Subtotal	629,141	1,096,121	452	32,509
Net Unaccreted Premium	-	25,053	-	-
Total	$ 629,141	$ 1,121,174	$ 452	$ 32,509

NOTE 8 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

At September 30, accounts payable and accrued expenses consist of the following:

	2020	2019
Vendor	$ 7,363	$ 6,907
Employee Benefits	625	571
Advances on Revenue	815	1,961
Total	$ 8,803	$ 9,439

NOTE 9 NONCURRENT LIABILITIES AND COMPENSATED ABSENCES

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

	October 1, 2019	Increases	Decreases	September 30, 2020	Current Portion
Bonds Payable	$ 1,045,344	$ 199,315	$ (123,485)	$ 1,121,174	$ 46,639
Notes from Direct Borrowings	38,276	275,500	(281,267)	32,509	30,074
Other Noncurrent Liabilities	166	-	(10)	156	-
Compensated Absences	403	569	(440)	532	532
Total	$ 1,084,189	$ 475,384	$ (405,202)	$ 1,154,371	$ 77,245

NOTE 9 NONCURRENT LIABILITIES AND COMPENSATED ABSENCES (CONTINUED)

	October 1, 2018	Increases	Decreases	September 30, 2019	Current Portion
Bonds Payable	$ 815,322	$ 358,799	$ (128,777)	$ 1,045,344	$ 20,942
Notes from Direct Borrowings	39,344	367,700	(368,768)	38,276	25,074
Other Noncurrent Liabilities	199	-	(33)	166	-
Compensated Absences	414	403	(414)	403	403
Total	$ 855,279	$ 726,902	$ (497,992)	$ 1,084,189	$ 46,419

NOTE 10 LITIGATION

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

NOTE 11 EMPLOYEE BENEFIT PLAN

The Authority sponsors the New Mexico Mortgage Finance Authority 401(k) Plan (Benefit Plan). The Benefit Plan is a defined-contribution 401(k) plan, which covers substantially all of the Authority's employees. Participating employees may make pre-tax salary deferrals of not less than 1% of the participating employee's annual salary. If the employee makes the minimum 1% employee salary deferral, the Authority will make a matching contribution. The Authority match is the same as the employee if they contribute 1% or 2%, if the employee contributes 3% the Authority match is equal to 5% of the participating employee's salary on a per payroll basis. In addition to the matching contribution, the Authority makes a fixed annual contribution equal to 11% of each participating employee's salary regardless of whether or not the participant makes a salary deferral. Plan participants become fully vested in the Authority's contributions after five years of service. The Authority also sponsors a 457(b) plan. The Authority's and employees' contributions to the Benefit Plan were approximately $886,000 and $371,000, respectively, for the year ended September 30, 2020. The Authority's and employees' contributions to the Benefit Plan were approximately $583,000 and $314,000, respectively, for the year ended September 30, 2019. The Executive Director, Human Resources Director, and Deputy Director of Finance and Administration have the authority to amend the plans.

NOTE 12 BOARD-DESIGNATED NET POSITION

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

	2020	2019
Single Family and Multifamily Programs as Designated by the Board	$ 21,950	$ 18,097
Future General Operating Budget	24,495	24,100
Housing Opportunity Fund	116,629	112,961
Risk-Sharing Loss Exposure	1,624	2,241
Federal and State Housing Programs Administered by the Authority	16,010	14,237
Investment in Mortgage Servicing Rights	14,452	10,933
New Mexico Housing Charitable Trust	469	454
Total Board-Designated Net Position	$ 195,629	$ 183,023

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

NOTE 13 COMMITMENTS AND CONTINGENCIES

The Authority entered into a risk-sharing agreement with the U.S. Department of Housing and Urban Development (HUD) under Section 542(c) of the Housing and Community Development Act of 1992, whereby HUD and the Authority provide credit enhancements for third party multifamily housing project loans. HUD has assumed 90% of the risk and the Authority guarantees the remaining 10% risk of loss in the event of default on specific loans. As of September 30, 2020 and 2019, the Authority is committed to assume a risk of approximately $6,497,000 and $8,965,000 for the 38 and 42 loans closed, respectively. These loans are considered in the Authority's assessment for the allowance for mortgage loan losses. As of September 30, 2020, of the 38 loans closed, 4 of the loans are not included in the Authority's financial statements because they are 100% participations with Fannie Mae. Of the $6,497,000 risk assumed as of September 30, 2020, the Authority's assumed risk approximated $214,000 for these off balance sheet loans. The end dates for the guarantees range from 2027-2058. In situations where the Authority is called upon to honor its guarantee, the Authority will take possession of and sell the loan collateral. HUD and the Authority will make up any shortfall resulting from the sale of the collateral on a 90%/10% prorata basis.

The Authority also entered into a risk-sharing agreement with the U.S. Department of Agriculture under Section 538 Rural Rental Housing Guaranteed Loan Program. The Rural Housing Service (RHS), Department of Agriculture (USDA) provides credit enhancements to encourage private and public lenders to make new loans for affordable rental properties that meet program standards. The USDA has assumed 90% of the risk in the one loan closed and funded by the Authority as of September 30, 2020. As of September 30, 2020 and 2019, the Authority is committed to assume a risk of approximately $108,000 and $110,000 for the one loan closed, respectively.

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Authority participates in a number of federal financial assistance programs. These programs are subject to independent financial and compliance audits by grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies has not been determined at this time, although the Authority expects such amount, if any, to be immaterial.

NOTE 14 RISK MANAGEMENT

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

NOTE 15 JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING

The Authority has entered into three joint powers agreements (JPAs) or memorandums of understanding (MOU) with various departments of the State. At September 30, 2020, these JPAs and MOUs were as follows:

(a) The Authority entered into a JPA with the State Investment Council (SIC) in January 2006. The purpose of the agreement is to establish a relationship under which SIC will act as the investment manager of the Authority's funds. The JPA was effective January 1, 2006 and will continue in force until terminated by the parties.

(b) The Authority entered into a JPA with the New Mexico Department of Finance and Administration (DFA) in October 2019. The purpose of the agreement is for the implementation and administration of a subgrant of the HUD Neighborhood Stabilization Program 1 grant. The Authority has the responsibility for program operations. The JPA was effective October 22, 2019 and will terminate October 22, 2021. The maximum amount to be reimbursed under the JPA is $1,527,000, all of which is applicable to the Authority. The Authority does not contribute funds to this project. The Authority is responsible for the audit of the funds received under this JPA.

(c) The Authority entered into a JPA with DFA in October 2019. The purpose of the agreement is for the implementation and administration of a subgrant of the HUD Neighborhood Stabilization Program 3 grant and the Neighborhood Stabilization Program 3 Substantial Amendment. The Authority has the responsibility for program operations. The JPA was effective October 22, 2019 and will terminate October 22, 2021. The maximum amount to be reimbursed under the JPA is $2,000,000, all of which is applicable to the Authority. The Authority does not contribute funds to this project. The Authority is responsible for the audit of the funds received under this JPA.

NOTE 16 APPROPRIATIONS

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

The following chart describes the appropriations from the state severance tax or general obligation bonds (in thousands) as of September 30, 2020:

Description	Original Appropriation	Appropriation Period	Expenditures to Date	Outstanding Encumbrances	Unencumbered Balance
Housing Trust Fund	$ 2,000	7/29/2019-6/30/2023	$ 1,333	$ 2,000	$ -
Weatherization and Energy Efficiency	1,000	7/29/19-6/30/2023	515	1,000	-
Veterans Rehab	110	7/29/19-6/30/2020	-	110	-
Housing Trust Fund	1,200	9/9/20-6/30/2024	-	-	1,200
Weatherization and Energy Efficiency	1,000	9/9/20-6/30/2024	-	-	1,000
Total	$ 5,310		$ 1,848	$ 3,110	$ 2,200

NOTE 17 RELATED-PARTY TRANSACTIONS

In September 2007, the Authority's Board of Directors approved the creation of the New Mexico Affordable Housing Charitable Trust, a 501(c)3 entity. The purpose of the Trust is to support the purposes and programs of the Authority, to seek gifts and grants of property, to borrow money, and to lend, lease, sell, exchange or otherwise transfer or distribute property for affordable housing. The Trust is governed by the Authority's Board of Directors. The Authority supports the ongoing operations of the Trust with an annual contribution in the amount of the cost of operations. During fiscal years 2020 and 2019, the Authority incurred $3,000 and $2,000, respectively, on behalf of the Trust. The Authority also made an in-kind contribution to the Trust in the same amount in order to forgive the amount incurred. As of September 30, 2020 and 2019, there were no balances due to/from the Trust.

NOTE 18 ESCROW DEPOSITS AND DEVELOPMENT RESERVES

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

NOTE 19 SUBSEQUENT EVENTS

On October 22, 2020, the Authority issued $55,000,000 (2020 Series B) of Single Family Mortgage Program Class I Bonds under the 2005 General Indenture. The 2020 Series B Bonds will be used to fund certain qualifying mortgage loans under the Single Family Mortgage Program. A portion of the 2020 Series B Bonds was sold at a premium generating $2,318,000, which will be used to purchase 2020 Series B Certificates, to fund 2020 Series B Participation Loans and to fund a portion of bond expenses.

On October 30, 2020, the Authority refunded the Series 2019 JLG South Apartments Projects multifamily housing revenue tax-exempt bonds with the Series 2020 JLG South Apartments Projects multifamily housing revenue tax-exempt bonds. In addition to refunding the Series 2019 outstanding bond, the proceeds will be used to fund a loan to assist in the acquisition, rehabilitation, and equipping of the three multifamily rental housing facilities located in Anthony, Deming, and Columbus, New Mexico and to fund a portion of bond expenses.

On October 30, 2020, the Authority refunded the Series 2019 JLG North Apartments Projects multifamily housing revenue tax-exempt bonds with the Series 2020 JLG North Apartments Projects multifamily housing revenue tax-exempt bonds. In addition to refunding the Series 2019 outstanding bond, the proceeds will be used to fund a loan to assist in the acquisition, rehabilitation, and equipping of the three multifamily rental housing facilities located in Gallup, Bloomfield, and Bernalillo, New Mexico and to fund a portion of bond expenses.

The global outbreak of COVID-19 is affecting national capital markets and negatively impacting the overall economy. The Authority has a continuity of operations plan which has allowed it to provide continued execution of its programs with minimal disruption. In response to COVID-19, the Authority has received additional funding noted in the below paragraphs. The Authority may be asked to administer additional programs in the future in response to the pandemic. Furthermore, the Authority cannot predict the duration of the pandemic and how it may impact the Authority's housing programs and financial position.

On June 9, 2020 HUD announced an award to the State of New Mexico in Emergency Solutions Grants COVID-2 CARES Act funding totaling $8,796,000, all of which will be administered by the Authority. The contract is pending execution.

On August 20, 2020 the Community Development Council of the New Mexico Department of Finance and Administration approved the allocation of $12,331,000 in CARES Act Community Development Block Grant funds, all of which will be administered by the Authority for the implementation of a housing assistance program for households experiencing financial hardship due to the COVID-19 pandemic. The contract is pending execution.

SUPPLEMENTARY SCHEDULES

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
SINGLE FAMILY MORTGAGE PROGRAMS
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2020
(IN THOUSANDS)

	Single Family Mortgage Programs		Total
	2005 General Indenture	2009 General Indenture	Single Family Mortgage Programs
ASSETS			
CURRENT ASSETS			
Restricted Cash and Cash Equivalents	$ 33,227	$ 3,460	$ 36,687
Accrued Interest Receivable	3,146	210	3,356
Restricted Securitized Mortgage Loans	7,750	-	7,750
Intra-Entity Payable	(571)	(23)	(594)
Total Current Assets	43,552	3,647	47,199
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents	7,884	494	8,378
Restricted Securitized Mortgage Loans, Net:			
Securitized Mortgage Loans, Net Cost	974,028	60,354	1,034,382
Unrealized Gain on Securitized Mortgage Loans	51,750	4,485	56,235
Total Restricted Securitized Mortgage Loans, Net	1,025,778	64,839	1,090,617
Total Noncurrent Assets	1,033,662	65,333	1,098,995
Total Assets	1,077,214	68,980	1,146,194
DEFERRED OUTFLOWS			
Refundings of Debt	284	-	284
Total Assets and Deferred Outflows	$ 1,077,498	$ 68,980	$ 1,146,478
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accrued Interest Payable	$ 6,519	$ 163	$ 6,682
Accounts Payable and Other Accrued Expenses	23	2	25
Current Portion of Bonds Payable	33,083	3,460	36,543
Total Current Liabilities	39,625	3,625	43,250
NONCURRENT LIABILITIES			
Bonds Payable	955,473	57,681	1,013,154
Total Noncurrent Liabilities	955,473	57,681	1,013,154
Total Liabilities	995,098	61,306	1,056,404
NET POSITION RESTRICTED FOR DEBT SERVICE	82,400	7,674	90,074
Total Liabilities and Net Position	$ 1,077,498	$ 68,980	$ 1,146,478

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
SINGLE FAMILY MORTGAGE PROGRAMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)

	Single Family Mortgage Program		Total
	2005 General Indenture	2009 General Indenture	Single Family Mortgage Programs
OPERATING REVENUES			
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 35,231	$ 2,694	$ 37,925
Interest on Securities and Temporary Investments	923	40	963
Loan and Commitment Fees	2,242	-	2,242
Other Revenues	312	-	312
Administrative Fees and Other	(3,740)	(260)	(4,000)
Total Operating Revenues	34,968	2,474	37,442
OPERATING EXPENSES			
Interest	30,762	2,109	32,871
Bond Issuance Costs	1,625	-	1,625
Administrative Fees and Other	153	10	163
Total Operating Expenses	32,540	2,119	34,659
OPERATING INCOME	2,428	355	2,783
NONOPERATING REVENUES (EXPENSES)			
Net Increase in Fair Value of Investments	26,191	234	26,425
Other Financing Sources (Uses) - Operating Transfers	610	(232)	378
Total Nonoperating Revenue (Expenses)	26,801	2	26,803
CHANGE IN NET POSITION	29,229	357	29,586
Total Net Position - Beginning of Year	53,171	7,317	60,488
TOTAL NET POSITION - END OF YEAR	$ 82,400	$ 7,674	$ 90,074

CONDENSED STATEMENTS OF CASH FLOWS

	2005 General Indenture	2009 General Indenture	Total Single Family Mortgage Programs
NET CASH PROVIDED (USED) BY:			
Operating Activities	$ (94,280)	$ 19,649	$ (74,631)
Noncapital Financing Activities	79,812	(17,961)	61,851
Investing Activities	(6,527)	40	(6,487)
NET INCREASE (DECREASE)	(20,995)	1,728	(19,267)
Cash and Cash Equivalents - Beginning of Year	62,106	2,226	64,332
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 41,111	$ 3,954	$ 45,065

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2020
(IN THOUSANDS)

	Rental Housing Mortgage Programs			
	2002 Series A, B	2003 Series A, B	2004 Series A, B	2004 Series C, D
ASSETS				
CURRENT ASSETS				
Restricted Cash and Cash Equivalents	$ -	$ 230	$ 50	$ 285
Accrued Interest Receivable	-	41	6	45
Intra-Entity Payable	-	-	-	-
Total Current Assets	-	271	56	330
NONCURRENT ASSETS				
Restricted Cash and Cash Equivalents	-	165	196	296
Notes Receivable	-	-	-	-
Restricted Investments and Reserve Funds	-	-	-	-
Restricted Mortgage Loans, Net	-	6,867	1,328	9,430
Total Noncurrent Assets	-	7,032	1,524	9,726
Total Assets	-	7,303	1,580	10,056
DEFERRED OUTFLOWS				
Refundings of Debt	-	-	-	-
Total Assets and Deferred Outflows	$ -	$ 7,303	$ 1,580	$ 10,056
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accrued Interest Payable	$ -	$ 31	$ 6	$ 44
Accounts Payable and Other Accrued Expenses	-	-	-	-
Current Portion of Bonds Payable, Net	-	230	50	285
Total Current Liabilities	-	261	56	329
NONCURRENT LIABILITIES				
Bonds Payable, Net	-	6,905	1,290	9,620
Total Noncurrent Liabilities	-	6,905	1,290	9,620
Total Liabilities	-	7,166	1,346	9,949
NET POSITION RESTRICTED FOR DEBT SERVICE	-	137	234	107
Total Liabilities and Net Position	$ -	$ 7,303	$ 1,580	$ 10,056

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2020
(IN THOUSANDS)

	Rental Housing Mortgage Programs				
ASSETS	2005 Series A, B	2005 Series C, D	2005 Series E, F	2007 Series A, B	2007 Series C, D
CURRENT ASSETS					
Restricted Cash and Cash Equivalents	$ -	$ 95	$ 295	$ 115	$ 18
Accrued Interest Receivable	-	12	43	20	150
Intra-Entity Payable	-	-	-	-	(6)
Total Current Assets	-	107	338	135	162
NONCURRENT ASSETS					
Restricted Cash and Cash Equivalents	-	55	233	123	-
Notes Receivable	-	-	-	-	-
Restricted Investments and Reserve Funds	-	-	-	-	-
Restricted Mortgage Loans, Net	-	3,139	10,007	4,767	12,289
Total Noncurrent Assets	-	3,194	10,240	4,890	12,289
Total Assets	-	3,301	10,578	5,025	12,451
DEFERRED OUTFLOWS					
Refundings of Debt	-	-	-	-	-
Total Assets and Deferred Outflows	$ -	$ 3,301	$ 10,578	$ 5,025	$ 12,451
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
Accrued Interest Payable	$ -	$ 13	$ 42	$ 21	$ 150
Accounts Payable and Other Accrued Expenses	-	-	-	-	-
Current Portion of Bonds Payable, Net	-	95	295	115	214
Total Current Liabilities	-	108	337	136	364
NONCURRENT LIABILITIES					
Bonds Payable, Net	-	3,185	10,147	4,846	12,075
Total Noncurrent Liabilities	-	3,185	10,147	4,846	12,075
Total Liabilities	-	3,293	10,484	4,982	12,439
NET POSITION RESTRICTED FOR DEBT SERVICE	-	8	94	43	12
Total Liabilities and Net Position	$ -	$ 3,301	$ 10,578	$ 5,025	$ 12,451

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2020
(IN THOUSANDS)

	Rental Housing Mortgage Programs		
	2008 Series A, B	2010 Series A, B	2012 Series A
ASSETS			
CURRENT ASSETS			
Restricted Cash and Cash Equivalents	$ -	$ 15	$ 12
Accrued Interest Receivable	1	4	10
Intra-Entity Payable	-	-	-
Total Current Assets	1	19	22
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents	-	43	-
Notes Receivable	-	-	-
Restricted Investments and Reserve Funds	-	-	-
Restricted Mortgage Loans, Net	8,000	800	4,606
Total Noncurrent Assets	8,000	843	4,606
Total Assets	8,001	862	4,628
DEFERRED OUTFLOWS			
Refundings of Debt	-	-	-
Total Assets and Deferred Outflows	$ 8,001	$ 862	$ 4,628
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accrued Interest Payable	$ 1	$ 4	$ 10
Accounts Payable and Other Accrued Expenses	-	-	5
Current Portion of Bonds Payable, Net	-	15	74
Total Current Liabilities	1	19	89
NONCURRENT LIABILITIES			
Bonds Payable, Net	8,000	781	4,532
Total Noncurrent Liabilities	8,000	781	4,532
Total Liabilities	8,001	800	4,621
NET POSITION RESTRICTED FOR DEBT SERVICE	-	62	7
Total Liabilities and Net Position	$ 8,001	$ 862	$ 4,628

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2020
(IN THOUSANDS)

	Rental Housing Mortgage Programs		Total Rental Housing Mortgage Programs
	2019 JLG South Apt	2019 JLG North Apt	
ASSETS			
CURRENT ASSETS			
Restricted Cash and Cash Equivalents	$ 15	$ 24	$ 1,154
Accrued Interest Receivable	15	24	371
Intra-Entity Payable	-	-	(6)
Total Current Assets	30	48	1,519
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents	-	-	1,111
Notes Receivable	-	-	-
Restricted Investments and Reserve Funds	-	-	-
Restricted Mortgage Loans, Net	3,332	5,391	69,956
Total Noncurrent Assets	3,332	5,391	71,067
Total Assets	3,362	5,439	72,586
DEFERRED OUTFLOWS			
Refundings of Debt	-	-	-
Total Assets and Deferred Outflows	$ 3,362	$ 5,439	$ 72,586
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accrued Interest Payable	$ 15	$ 24	$ 361
Accounts Payable and Other Accrued Expenses	15	24	44
Current Portion of Bonds Payable, Net	3,332	5,391	10,096
Total Current Liabilities	3,362	5,439	10,501
NONCURRENT LIABILITIES			
Bonds Payable, Net	-	-	61,381
Total Noncurrent Liabilities	-	-	61,381
Total Liabilities	3,362	5,439	71,882
NET POSITION RESTRICTED FOR DEBT SERVICE	-	-	704
Total Liabilities and Net Position	$ 3,362	$ 5,439	$ 72,586

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)

	Rental Housing Mortgage Programs			
	2002 Series A, B	2003 Series A, B	2004 Series A, B	2004 Series C, D
OPERATING REVENUES				
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 110	$ 369	$ 318	$ 519
Interest on Securities and Temporary Investments	6	7	19	28
Gain Asset Sale/Debt Ext	-	(3)	-	-
Loan and Commitment Fees	-	-	-	-
Administrative Fees and Other	-		(37)	-
Total Operating Revenues	116	373	300	547
OPERATING EXPENSES				
Interest Expense	87	374	284	537
Bond Issuance Costs	-	-	-	-
Provision for Loan Losses	-	-	-	-
Administrative Fees and Other	173	2	2	3
Total Operating Expenses	260	376	286	540
OPERATING INCOME (LOSS)	(144)	(3)	14	7
CHANGE IN NET POSITION	(144)	(3)	14	7
Total Net Position – Beginning of Year	144	140	220	100
TOTAL NET POSITION - END OF YEAR	$ -	$ 137	$ 234	$ 107

CONDENSED STATEMENTS OF CASH FLOWS

	2002 Series A, B	2003 Series A, B	2004 Series A, B	2004 Series C, D
NET CASH PROVIDED (USED) BY:				
Operating Activities	$ 7,405	$ 585	$ 5,882	$ 787
Noncapital Financing Activities	(7,991)	(595)	(6,134)	(804)
Investing Activities	10	325	20	28
NET INCREASE (DECREASE)	(576)	315	(232)	11
Cash and Cash Equivalents - Beginning of Year	576	80	478	570
CASH AND CASH EQUIVALENTS - END OF YEAR	$ -	$ 395	$ 246	$ 581

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)

	Rental Housing Mortgage Programs				
	2005 Series A, B	2005 Series C, D	2005 Series E, F	2007 Series A, B	2007 Series C, D
OPERATING REVENUES					
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 320	$ 154	$ 503	$ 259	$ 807
Interest on Securities and Temporary Investments	20	2	18	3	2
Gain Asset Sale/Debt Ext	-	-	-	-	-
Loan and Commitment Fees	-	-	-	-	-
Administrative Fees and Other	-	3	-	-	1
Total Operating Revenues	340	159	521	262	810
OPERATING EXPENSES					
Interest Expense	317	156	510	260	807
Bond Issuance Costs	-	-	-	-	-
Provision for Loan Losses	-	-	-	-	-
Administrative Fees and Other	439	1	3	2	1
Total Operating Expenses	756	157	513	262	808
OPERATING INCOME (LOSS)	(416)	2	8	-	2
CHANGE IN NET POSITION	(416)	2	8	-	2
Total Net Position – Beginning of Year	416	6	86	43	10
TOTAL NET POSITION - END OF YEAR	$ -	$ 8	$ 94	$ 43	$ 12

CONDENSED STATEMENTS OF CASH FLOWS

	2005 Series A, B	2005 Series C, D	2005 Series E, F	2007 Series A, B	2007 Series C, D
NET CASH PROVIDED (USED) BY:					
Operating Activities	$ 9,257	$ 245	$ 780	$ 364	$ 1,011
Noncapital Financing Activities	(10,072)	(247)	(799)	(372)	(1,011)
Investing Activities	23	2	18	3	1
NET INCREASE (DECREASE)	(792)	-	(1)	(5)	1
Cash and Cash Equivalents - Beginning of Year	792	150	529	243	17
CASH AND CASH EQUIVALENTS - END OF YEAR	$ -	$ 150	$ 528	$ 238	$ 18

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)

	Rental Housing Mortgage Programs		
	2008 Series A, B	2010 Series A, B	2012 Series A
OPERATING REVENUES			
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 70	$ 43	$ 236
Interest on Securities and Temporary Investments	-	-	-
Gain Asset Sale/Debt Ext	-	-	-
Loan and Commitment Fees	-	-	-
Administrative Fees and Other	-	-	6
Total Operating Revenues	70	43	242
OPERATING EXPENSES			
Interest Expense	70	42	236
Bond Issuance Costs	-	-	-
Provision for Loan Losses	-	-	-
Administrative Fees and Other	-	-	-
Total Operating Expenses	70	42	236
OPERATING INCOME (LOSS)	-	1	6
CHANGE IN NET POSITION	-	1	6
Total Net Position – Beginning of Year	-	61	1
TOTAL NET POSITION - END OF YEAR	$ -	$ 62	$ 7

CONDENSED STATEMENTS OF CASH FLOWS

	2008 Series A, B	2010 Series A, B	2012 Series A
NET CASH PROVIDED (USED) BY:			
Operating Activities	$ 78	$ 55	$ 313
Noncapital Financing Activities	(78)	(56)	(306)
Investing Activities	-	1	-
NET INCREASE (DECREASE)	-	-	7
Cash and Cash Equivalents - Beginning of Year	-	58	5
CASH AND CASH EQUIVALENTS - END OF YEAR	$ -	$ 58	$ 12

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)

	2019 JLG South	2019 JLG North	Total Rental Housing Mortgage Programs
OPERATING REVENUES			
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 105	$ 131	$ 3,944
Interest on Securities and Temporary Investments	-	-	105
Gain Asset Sale/Debt Ext	-	-	(3)
Loan and Commitment Fees	-	-	-
Administrative Fees and Other	-	-	(27)
Total Operating Revenues	105	131	4,019
OPERATING EXPENSES			
Interest Expense	105	131	3,916
Bond Issuance Costs	-	-	-
Provision for Loan Losses	-	-	-
Administrative Fees and Other	-	-	626
Total Operating Expenses	105	131	4,542
OPERATING INCOME (LOSS)	-	-	(523)
CHANGE IN NET POSITION	-	-	(523)
Total Net Position – Beginning of Year	-	-	1,227
TOTAL NET POSITION - END OF YEAR	$ -	$ -	$ 704

CONDENSED STATEMENTS OF CASH FLOWS

	2019 JLG South	2019 JLG North	Total Rental Housing Mortgage Programs
NET CASH PROVIDED (USED) BY:			
Operating Activities	$ (1,475)	$ (3,821)	$ 21,466
Noncapital Financing Activities	1,490	3,845	(23,130)
Investing Activities	-	-	431
NET INCREASE (DECREASE)	15	24	(1,233)
Cash and Cash Equivalents - Beginning of Year	-	-	3,498
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 15	$ 24	$ 2,265

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
SINGLE FAMILY MORTGAGE PROGRAMS
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2019
(IN THOUSANDS)

	Single Family Mortgage Programs		
	2005 General Indenture	2009 General Indenture	Total Single Family Mortgage Programs
ASSETS			
CURRENT ASSETS			
Restricted Cash and Cash Equivalents	$ 16,720	$ 2,226	$ 18,946
Accrued Interest Receivable	2,816	271	3,087
Intra-Entity Payable	(553)	(27)	(580)
Total Current Assets	18,983	2,470	21,453
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents	45,386	-	45,386
Restricted Securitized Mortgage Loans, Net:			
Securitized Mortgage Loans, Net Cost	845,853	77,755	923,608
Unrealized Gain on Securitized Mortgage Loans	25,559	4,251	29,810
Total Restricted Securitized Mortgage Loans, Net	871,412	82,006	953,418
Total Noncurrent Assets	916,798	82,006	998,804
Total Assets	935,781	84,476	1,020,257
DEFERRED OUTFLOWS			
Refundings of Debt	376	-	376
Total Assets and Deferred Outflows	$ 936,157	$ 84,476	$ 1,020,633
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accrued Interest Payable	$ 5,097	$ 210	$ 5,307
Accounts Payable and Other Accrued Expenses	19	2	21
Current Portion of Bonds Payable	16,720	2,255	18,975
Total Current Liabilities	21,836	2,467	24,303
NONCURRENT LIABILITIES			
Bonds Payable	861,150	74,692	935,842
Total Noncurrent Liabilities	861,150	74,692	935,842
Total Liabilities	882,986	77,159	960,145
NET POSITION RESTRICTED FOR DEBT SERVICE	53,171	7,317	60,488
Total Liabilities and Net Position	$ 936,157	$ 84,476	$ 1,020,633

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
SINGLE FAMILY MORTGAGE PROGRAMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2019
(IN THOUSANDS)

	Single Family Mortgage Program		Total
	2005 General Indenture	2009 General Indenture	Single Family Mortgage Programs
OPERATING REVENUES			
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 27,381	$ 3,264	$ 30,645
Interest on Securities and Temporary Investments	1,239	69	1,308
Gain Asset Sale	249	-	249
Loan and Commitment Fees	3,188	-	3,188
Administrative Fees and Other	(3,203)	(298)	(3,501)
Total Operating Revenues	28,854	3,035	31,889
OPERATING EXPENSES			
Interest	23,565	2,514	26,079
Bond Issuance Costs	3,032	-	3,032
Administrative Fees and Other	135	12	147
Total Operating Expenses	26,732	2,526	29,258
OPERATING INCOME	2,122	509	2,631
NONOPERATING REVENUES (EXPENSES)			
Net Increase in Fair Value of Investments	26,414	3,236	29,650
Other Financing Uses - Operating Transfers	(7,182)	(219)	(7,401)
Total Nonoperating Revenue (Expenses)	19,232	3,017	22,249
CHANGE IN NET POSITION	21,354	3,526	24,880
Total Net Position - Beginning of Year	31,817	3,791	35,608
TOTAL NET POSITION - END OF YEAR	$ 53,171	$ 7,317	$ 60,488

CONDENSED STATEMENTS OF CASH FLOWS

	2005 General Indenture	2009 General Indenture	Total Single Family Mortgage Programs
NET CASH PROVIDED (USED) BY:			
Operating Activities	$ (248,287)	$ 13,169	$ (235,118)
Noncapital Financing Activities	232,903	(13,166)	219,737
Investing Activities	1,488	69	1,557
NET INCREASE (DECREASE)	(13,896)	72	(13,824)
Cash and Cash Equivalents - Beginning of Year	76,002	2,154	78,156
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 62,106	$ 2,226	$ 64,332

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2019
(IN THOUSANDS)

	Rental Housing Mortgage Programs			
	2002 Series A, B	2003 Series A, B	2004 Series A, B	2004 Series C, D
ASSETS				
CURRENT ASSETS				
Restricted Cash and Cash Equivalents	$ 255	$ 80	$ 200	$ 265
Accrued Interest Receivable	41	39	32	46
Intra-Entity Receivable (Payable)	-	-	-	-
Total Current Assets	296	119	232	311
NONCURRENT ASSETS				
Restricted Cash and Cash Equivalents	321	-	278	305
Notes Receivable	-	-	-	-
Restricted Investments and Reserve Funds	-	324	-	-
Restricted Mortgage Loans, Net	7,431	7,084	6,906	9,699
Total Noncurrent Assets	7,752	7,408	7,184	10,004
Total Assets	8,048	7,527	7,416	10,315
DEFERRED OUTFLOWS				
Refundings of Debt	-	-	-	-
Total Assets and Deferred Outflows	$ 8,048	$ 7,527	$ 7,416	$ 10,315
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accrued Interest Payable	$ 110	$ 32	$ 31	$ 44
Accounts Payable and Other Accrued Expenses	-	-	-	1
Current Portion of Bonds Payable, Net	255	220	200	265
Total Current Liabilities	365	252	231	310
NONCURRENT LIABILITIES				
Bonds Payable, Net	7,539	7,135	6,965	9,905
Total Liabilities	7,904	7,387	7,196	10,215
NET POSITION RESTRICTED FOR DEBT SERVICE	144	140	220	100
Total Liabilities and Net Position	$ 8,048	$ 7,527	$ 7,416	$ 10,315

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2019
(IN THOUSANDS)

	Rental Housing Mortgage Programs				
	2005 Series A, B	2005 Series C, D	2005 Series E, F	2007 Series A, B	2007 Series C, D
ASSETS					
CURRENT ASSETS					
Restricted Cash and Cash Equivalents	$ 255	$ 90	$ 285	$ 110	$ 17
Accrued Interest Receivable	43	13	43	22	150
Intra-Entity Receivable (Payable)	-	-	-	-	(6)
Total Current Assets	298	103	328	132	161
NONCURRENT ASSETS					
Restricted Cash and Cash Equivalents	537	60	244	133	-
Notes Receivable	-	-	-	-	-
Restricted Investments and Reserve Funds	-	-	-	-	-
Restricted Mortgage Loans, Net	9,336	3,228	10,286	4,873	12,492
Total Noncurrent Assets	9,873	3,288	10,530	5,006	12,492
Total Assets	10,171	3,391	10,858	5,138	12,653
DEFERRED OUTFLOWS					
Refundings of Debt	-	-	-	-	-
Total Assets and Deferred Outflows	$ 10,171	$ 3,391	$ 10,858	$ 5,138	$ 12,653
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
Accrued Interest Payable	$ 40	$ 13	$ 42	$ 23	$ 151
Accounts Payable and Other Accrued Expenses	-	-	1	-	-
Current Portion of Bonds Payable, Net	255	90	286	110	202
Total Current Liabilities	295	103	329	133	353
NONCURRENT LIABILITIES					
Bonds Payable, Net	9,460	3,282	10,443	4,962	12,290
Total Liabilities	9,755	3,385	10,772	5,095	12,643
NET POSITION RESTRICTED FOR DEBT SERVICE	416	6	86	43	10
Total Liabilities and Net Position	$ 10,171	$ 3,391	$ 10,858	$ 5,138	$ 12,653

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2019
(IN THOUSANDS)

	Rental Housing Mortgage Programs		
	2008 Series A, B	2010 Series A, B	2012 Series A
ASSETS			
CURRENT ASSETS			
Restricted Cash and Cash Equivalents	$ -	$ 14	$ 5
Accrued Interest Receivable	9	4	10
Intra-Entity Receivable (Payable)	-	-	-
Total Current Assets	9	18	15
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents	-	44	-
Notes Receivable	-	-	-
Restricted Investments and Reserve Funds	-	-	-
Restricted Mortgage Loans, Net	8,000	813	4,676
Total Noncurrent Assets	8,000	857	4,676
Total Assets	8,009	875	4,691
DEFERRED OUTFLOWS			
Refundings of Debt	-	-	-
Total Assets and Deferred Outflows	$ 8,009	$ 875	$ 4,691
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accrued Interest Payable	$ 9	$ 4	$ 10
Accounts Payable and Other Accrued Expenses	-	-	4
Current Portion of Bonds Payable, Net	-	15	70
Total Current Liabilities	9	19	84
NONCURRENT LIABILITIES			
Bonds Payable, Net	8,000	795	4,606
Total Liabilities	8,009	814	4,690
NET POSITION RESTRICTED FOR DEBT SERVICE	-	61	1
Total Liabilities and Net Position	$ 8,009	$ 875	$ 4,691

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2019
(IN THOUSANDS)

	Rental Housing Mortgage Programs		Total Rental Housing Mortgage Programs
	2019 JLG South Apt	2019 JLG North Apt	
ASSETS			
CURRENT ASSETS			
Restricted Cash and Cash Equivalents	$ -	$ -	$ 1,576
Accrued Interest Receivable	8	6	466
Intra-Entity Receivable (Payable)	-	-	(6)
Total Current Assets	8	6	2,036
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents	-	-	1,922
Notes Receivable	-	-	-
Restricted Investments and Reserve Funds	-	-	324
Restricted Mortgage Loans, Net	1,744	1,433	88,001
Total Noncurrent Assets	1,744	1,433	90,247
Total Assets	1,752	1,439	92,283
DEFERRED OUTFLOWS			
Refundings of Debt	-	-	-
Total Assets and Deferred Outflows	$ 1,752	$ 1,439	$ 92,283
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accrued Interest Payable	$ 8	$ 6	$ 523
Accounts Payable and Other Accrued Expenses	-	-	6
Current Portion of Bonds Payable, Net	-	-	1,968
Total Current Liabilities	8	6	2,497
NONCURRENT LIABILITIES			
Bonds Payable, Net	1,744	1,433	88,559
Total Liabilities	1,752	1,439	91,056
NET POSITION RESTRICTED FOR DEBT SERVICE	-	-	1,227
Total Liabilities and Net Position	$ 1,752	$ 1,439	$ 92,283

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2019
(IN THOUSANDS)

	Rental Housing Mortgage Programs			
	2002 Series A, B	2003 Series A, B	2004 Series A, B	2004 Series C, D
OPERATING REVENUES				
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 448	$ 380	$ 362	$ 533
Interest on Securities and Temporary Investments	19	20	20	28
Loss Asset Sale/Debt Ext	-	(6)	-	-
Loan and Commitment Fees	-	-	-	-
Administrative Fees and Other	-	-	-	-
Total Operating Revenues	467	394	382	561
OPERATING EXPENSES				
Interest Expense	436	385	374	552
Bond Issuance Costs	-	-	-	-
Provision for Loan Losses	-	-	-	-
Administrative Fees and Other	1	2	2	3
Total Operating Expenses	437	387	376	555
OPERATING INCOME	30	7	6	6
CHANGE IN NET POSITION	30	7	6	6
Total Net Position – Beginning of Year	114	133	214	94
TOTAL NET POSITION - END OF YEAR	$ 144	$ 140	$ 220	$ 100
CONDENSED STATEMENTS OF CASH FLOWS				
NET CASH PROVIDED (USED) BY:				
Operating Activities	$ 667	$ 584	$ 551	$ 786
Noncapital Financing Activities	(686)	(590)	(565)	(809)
Investing Activities	19	(247)	20	27
NET INCREASE (DECREASE)	-	(253)	6	4
Cash and Cash Equivalents - Beginning of Year	576	333	472	566
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 576	$ 80	$ 478	$ 570

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019
(IN THOUSANDS)

	Rental Housing Mortgage Programs				
	2005 Series A, B	2005 Series C, D	2005 Series E, F	2007 Series A, B	2007 Series C, D
OPERATING REVENUES					
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 491	$ 158	$ 517	$ 265	$ 819
Interest on Securities and Temporary Investments	31	3	18	6	4
Loss Asset Sale/Debt Ext	-	-	-	-	-
Loan and Commitment Fees	-	-	-	-	-
Administrative Fees and Other	-	1	-	-	1
Total Operating Revenues	522	162	535	271	824
OPERATING EXPENSES					
Interest Expense	490	160	524	266	819
Bond Issuance Costs	-	-	-	-	-
Provision for Loan Losses	-	-	-	-	-
Administrative Fees and Other	2	(43)	3	2	1
Total Operating Expenses	492	117	527	268	820
OPERATING INCOME	30	45	8	3	4
CHANGE IN NET POSITION	30	45	8	3	4
Total Net Position – Beginning of Year	386	(39)	78	40	6
TOTAL NET POSITION - END OF YEAR	$ 416	$ 6	$ 86	$ 43	$ 10
CONDENSED STATEMENTS OF CASH FLOWS					
NET CASH PROVIDED (USED) BY:					
Operating Activities	$ 727	$ 243	$ 780	$ 364	$ 1,011
Noncapital Financing Activities	(736)	(246)	(793)	(372)	(1,011)
Investing Activities	32	3	18	6	5
NET INCREASE (DECREASE)	23	-	5	(2)	5
Cash and Cash Equivalents - Beginning of Year	769	150	524	245	12
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 792	$ 150	$ 529	$ 243	$ 17

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019
(IN THOUSANDS)

	Rental Housing Mortgage Programs		
	2008 Series A, B	2010 Series A, B	2012 Series A
OPERATING REVENUES			
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 125	$ 42	$ 239
Interest on Securities and Temporary Investments	-	1	-
Loss Asset Sale/Debt Ext	-	-	-
Loan and Commitment Fees	-	-	-
Administrative Fees and Other	-	-	1
Total Operating Revenues	125	43	240
OPERATING EXPENSES			
Interest Expense	125	42	239
Bond Issuance Costs	-	-	-
Provision for Loan Losses	-	-	-
Administrative Fees and Other	-	-	-
Total Operating Expenses	125	42	239
OPERATING INCOME	-	1	1
CHANGE IN NET POSITION	-	1	1
Total Net Position – Beginning of Year	-	60	-
TOTAL NET POSITION - END OF YEAR	$ -	$ 61	$ 1

CONDENSED STATEMENTS OF CASH FLOWS

	2008 Series A, B	2010 Series A, B	2012 Series A
NET CASH PROVIDED (USED) BY:			
Operating Activities	$ 126	$ 55	$ 309
Noncapital Financing Activities	(126)	(52)	(306)
Investing Activities	-	1	-
NET INCREASE (DECREASE)	-	4	3
Cash and Cash Equivalents - Beginning of Year	-	54	2
CASH AND CASH EQUIVALENTS - END OF YEAR	$ -	$ 58	$ 5

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
RENTAL HOUSING MORTGAGE PROGRAMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019
(IN THOUSANDS)

	Rental Housing Mortgage Programs				Total Rental
	2017 Shiprock	2017 Series B	2019 JLG South	2019 JLG North	Total Rental Housing Mortgage Programs
OPERATING REVENUES					
Interest on Mortgage Loans and Securitized Mortgage Loans	$ 86	$ 299	$ 12	$ 10	$ 4,786
Interest on Securities and Temporary Investments	-	-	-	-	150
Loss Asset Sale/Debt Ext	-	-	-	-	(6)
Loan and Commitment Fees	-	-	-	-	-
Administrative Fees and Other	-	-	-	-	3
Total Operating Revenues	86	299	12	10	4,933
OPERATING EXPENSES					
Interest Expense	86	299	12	10	4,819
Bond Issuance Costs	-	-	-	-	-
Provision for Loan Losses	-	-	-	-	-
Administrative Fees and Other	-	-	-	-	(27)
Total Operating Expenses	86	299	12	10	4,792
OPERATING INCOME	-	-	-	-	141
CHANGE IN NET POSITION	-	-	-	-	141
Total Net Position – Beginning of Year	-	-	-	-	1,086
TOTAL NET POSITION - END OF YEAR	$ -	$ -	$ -	$ -	$ 1,227

CONDENSED STATEMENTS OF CASH FLOWS

	2017 Shiprock	2017 Series B	2019 JLG South	2019 JLG North	Total Rental Housing Mortgage Programs
NET CASH PROVIDED (USED) BY:					
Operating Activities	$ 11,939	$ 5,881	$ (1,740)	$ (1,430)	$ 20,853
Noncapital Financing Activities	(11,939)	(5,882)	1,740	1,430	(20,943)
Investing Activities	-	(1)	-	-	(117)
NET INCREASE (DECREASE)	-	(2)	-	-	(207)
Cash and Cash Equivalents - Beginning of Year	-	2	-	-	3,705
CASH AND CASH EQUIVALENTS - END OF YEAR	$ -	$ -	$ -	$ -	$ 3,498

SINGLE AUDIT INFORMATION

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/ Program Title	CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures	Beginning Balance, Loan or Loan Guarantees	Total
FEDERAL GRANTS						
U.S. Department of Housing and Urban Development						
Section 8 Housing Assistance Payment Program	14.195	NM800CC001	$ 32,315,681	$ 33,510,165	$ -	$ 33,510,165
Section 811	14.326	NM21RDD1301	277,903	309,332	-	309,332
Emergency Solutions Grants Program	14.231	S20-DC-35-0001	1,067,069	1,168,049	-	1,168,049
COVID-19 Emergency Solutions Grants Program - CARES Act	14.231	E-20-DW-35-0001	17,888	28,252	-	28,252
HOME Investment Partnerships Program	14.239	M-20-SG-35-0100	1,124,883	3,096,407	41,723,145	44,819,552
Housing Opportunities for People with AIDS	14.241	NMH019-F999	990,550	1,010,332	-	1,010,332
ARRA-Tax Credit Assistance Program	14.258	M-09-ES-35-0100	-	-	12,817,903	12,817,903
Housing Trust Fund - National	14.275	F20-SG350100	-	3,619,056	2,670,000	6,289,056
NMAHCT Veterans Housing Rehabilitation & Modification Pilot Program	14.278	V-R1-6N-M0-0002	-	40,644	-	40,644
Neighborhood Stabilization Program						
Pass-through State DFA (a Community Development Block/Grant Neighborhood Stabilization Program)	14.228	09-NSP-2-J-01	758,835	816,290	2,663,065	3,479,355
Community Development Block Grant Pass-Through State	14.228	16-C-NR-41	285,809	285,809	-	285,809
Total Community Development Block Grants/State's Program			1,044,644	1,102,099	2,663,065	3,765,164
Total U.S. Department of Housing and Urban Development			36,838,618	43,884,336	59,874,113	103,758,449
Capital Magnet Fund	21.011	171CM022207	-	1,062,886	2,396,647	3,459,533
Total Department of Treasury			-	1,062,886	2,396,647	3,459,533
Weatherization Assistance for Low-Income Persons	81.042	EE0007937	1,194,139	1,311,481	-	1,311,481
Total Department of Energy			1,194,139	1,311,481	-	1,311,481
U.S. Department of Health & Human Services						
Pass-Through from the NM Department of Human Services:						
Low Income Home Energy Assistance Program	93.568	19-630-9000-0007	1,791,898	1,873,650	-	1,873,650
Total Federal Grants			39,824,655	48,132,353	62,270,760	110,403,113
LOAN GUARANTY PROGRAMS						
U.S. Department of Housing and Urban Development:						
Mortgage Insurance - Homes (FHA)	14.117	N/A	-	5,285,895	912,225	6,198,120
U.S. Department of Housing and Urban Development:						
GNMA Mortgage Backed Security Program	14.000	N/A	-	306,740,243	942,058,858	1,248,799,101
U.S. Department of Veterans Affairs:						
Veterans Housing-Guaranteed and Insured Loans	64.114	N/A	-	-	8,305	8,305
U.S. Department of Agriculture:						
Very Low to Moderate Income Housing Loans	10.410	N/A	-	-	14,719	14,719
Section 538 Rural Rental Housing Guaranteed Loans	10.438	N/A	-	-	991,463	991,463
U.S. Department of Housing and Urban Development:						
Housing Finance Agencies Risk Sharing Programs	14.188	N/A	-	-	77,733,774	77,733,774
Total Loan Guaranty Programs			-	312,026,138	1,021,719,344	1,333,745,482
Total Federal Expenditures for Schedule of Federal Awards			$ 39,824,655	$ 360,158,491	$ 1,083,990,104	$ 1,444,148,595

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

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

NOTE 2 RELATIONSHIP TO THE AUTHORITY'S FINANCIAL STATEMENTS

Federal financial assistance program expenditures as presented in the accompanying Schedule primarily represent federal financial assistance payments disbursed by the Authority during the year ended September 30, 2020 or federally insured loans as described in Note 3.

NOTE 3 MORTGAGE INSURANCE AND GUARANTEES

Certain mortgage loans of the Authority are insured by the Federal Housing Administration (FHA) and partially guaranteed by the Veterans Administration (VA). At September 30, 2020, the Authority recorded approximately $6,198,000 of FHA insured loans. These serviced loans are included on the accompanying Schedule.

The Authority participates in the Risk Sharing loan program, under which the Department of Housing and Urban Development (HUD) provides credit enhancements for multifamily housing project loans. HUD and the Authority share in the risk of loss on the mortgage. HUD has assumed 90% of the risk in 38 loans. HUD's assumed risk approximated $63,887,000 at September 30, 2020. Of the 38 loans closed, the Authority funded 34 loans with outstanding principal of $61,751,000 at September 30, 2020. HUD's assumed risk of loss of approximately $55,575,000 related to these 34 loans is recorded in the accompanying Schedule.

The Authority participates in the Section 538 Rural Rental Housing Guaranteed Loan Program, under which the Rural Housing Service (RHS), Department of Agriculture (USDA), provides credit enhancements to encourage private and public lenders to make new loans for affordable rental properties that meet program standards. The USDA has assumed 90% of the risk in the one loan closed and funded by the Authority. At September 30, 2020, the loan had an outstanding principal of $1,080,000, of which the USDA assumed risk of loss of approximately $972,000 is recorded in the accompanying Schedule.

NOTE 4 LOANS AND LOAN GUARANTEES

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

The following is a summary of changes in federal loan balances for the year ended September 30, 2020:

Program Title	CFDA Number	September 30, 2019 Balance	Current Year Activity	September 30, 2020 Balance
HOME Investment Partnerships Program	14.239	$ 41,723,145	$ (3,622,717)	$ 38,100,428
ARRA-Tax Credit Assistance Program	14.258	12,817,903	(126,596)	12,691,307
Neighborhood Stabilization Program	14.228	2,663,065	(184,949)	2,478,116
Mortgage Insurance - Homes (FHA)	14.117	912,225	5,285,895	6,198,120
Veterans Housing-Guaranteed and Insured Loans	64.114	8,305	(7,848)	457
Very Low to Moderate Income Housing Loans	10.410	14,719	(2,783)	11,936
Section 538 Rural Rental Housing Guaranteed Loans	10.438	991,463	(19,172)	972,291
GNMA Mortgage Backed Security Program	14.000	942,058,858	306,740,243	1,248,799,101
Housing Finance Agencies Risk Sharing Programs	14.188	77,733,774	(22,158,298)	55,575,476
Capital Magnet Fund	21.011	2,396,647	985,005	3,381,652
Housing Trust Fund - National	14.275	2,670,000	3,495,171	6,165,171
Total		$ 1,083,990,104	$ 290,383,951	$ 1,374,374,055

NOTE 5 INDIRECT COSTS

The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

Authority Members
New Mexico Mortgage Finance Authority
and Mr. Brian Colón
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Mexico Mortgage Finance Authority (the Authority), a component unit of the State of New Mexico, which collectively comprise the statement of financial position as of September 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 24, 2020.

Internal Control Over Financial Reporting

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

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

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

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Authority Members
New Mexico Mortgage Finance Authority
and Mr. Brian Colón
New Mexico State Auditor

Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 24, 2020

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

Authority Members
New Mexico Mortgage Finance Authority
and Mr. Brian Colón
New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited New Mexico Mortgage Finance Authority's (the Authority), a component unit of the state of New Mexico, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended September 30, 2020. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Authority's major federal programs. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

Authority Members
New Mexico Mortgage Finance Authority
and Mr. Brian Colón
New Mexico State Auditor

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 24, 2020

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? ______ yes __x__ none reported
3. Noncompliance material to financial statements noted? ______ yes __x__ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? __x__ yes ______ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? __x__ yes ______ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
14.195	Section 8 Housing Assistance Payment Program
14.275	National Housing Trust Fund
14.228	Community Development Block Grants/Entitlements and Neighborhood Stabilization Program
14.000	Ginnie Mae Mortgage Backed Security Program
14.117	Mortgage Insurance Homes
21.011	Capital Magnet Fund

Dollar threshold used to distinguish between Type A and Type B programs: $ 3,000,000

Auditee qualified as low-risk auditee? __x__ yes ______ no

Section II – Financial Statement Findings

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

Section III – Federal Award Findings and Questioned Costs

2020-001

Federal Agencies: U.S. Department of Housing and Urban Development and U.S. Department of the Treasury

Federal Program Titles: Capital Magnet Fund, National Housing Trust Fund and Ginnie Mae Mortgage Backed Securities

CFDA Numbers: 21.011, 14.275 & 14.000

Award Period: October 1, 2019 – September 30, 2020

Type of Finding:

- Significant Deficiency in Internal Control over Compliance also reported as Other Noncompliance

Criteria or specific requirement:
2 CFR Subpart D 200.302 (1) and 200.303 (a) stipulates that the auditee must identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal programs and award identification shall include, as applicable, the CFDA title and number, Federal award identification number and year, name of Federal agency, and name of the pass-through entity; establish and maintain effective internal control over Federal award that provides reasonable assurance that the auditee is managing Federal awards in compliance with Federal statutes, regulation, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Controller General of the United States and the "Internal Control Integrated Framework", issued by the Committee on Sponsoring Organizations of the Treadway Commission (COSO).

In addition, 2 CFR 200.502(b) states that since the Federal Government is at risk for loans until the debt is repaid, the following guidelines must be used to calculate the value of Federal awards expended under loan programs, except as noted in paragraphs (c) and (d) of this section:

(1) Value of new loans made or received during the audit period; plus
(2) Beginning of the audit period balance of loans from previous years for which the Federal Government imposes continuing compliance requirements; plus
(3) Any interest subsidy, cash, or administrative cost allowance received.

Section III – Federal Award Findings and Questioned Costs (Continued)

2020-001 (Continued)

Condition: The Authority's preliminary SEFA did not accurately report loan balances for federal programs #21.011 (Capital Magnet Fund), #14.275 (National Housing Trust Fund) and #14.000 (Ginnie Mae Mortgage Backed Securities Program) as required by Uniform Guidance. Upon review of the Authority's SEFA, we noted that loan balances were not properly carried forward from the loan schedule to the SEFA schedule. This resulted in adjustments to the SEFA.

Questioned Costs: Not able to determine

Context: The Authority did not properly include loan balances on the SEFA.

Cause: Staff that prepared the SEFA were not familiar with the Uniform Guidance requirements and errors made by the staff were not caught upon review.

Effect: Misreporting of the amount of federal awards on the SEFA could cause programs that should be major not be shown or tested as such. Additionally, misreporting federal expenditures to granting agencies could impact funding in the future.

Recommendation: We recommend that the Authority review current procedures for preparing the SEFA to ensure that it is accurately reporting loan programs in compliance with Uniform Guidance.

Views of responsible officials and corrective actions: Management agrees. The Authority will document the requirements for the preparation of the SEFA and provide to all impacted departments. Although the SEFA is currently prepared by someone other than the reviewer, additional procedures will be implemented to ensure the review verifies all requirements are satisfied and loan programs are accurately reported.

Name of the contact person responsible for corrective action: Deputy Director of Finance & Administration

Planned completion date for corrective action plan: The changes will be implemented with the first draft of the SEFA as of 6/30/2021.

Section IV – Summary of Prior Year Audit Findings

There were no prior year audit findings.

New Mexico Mortgage Finance Authority 344 4th St. SW, Albuquerque, NM 87102
tel. 505.843.6880 *toll free* 800.444.6880 *housingnm.org*

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CORRECTIVE ACTION PLAN

November 24, 2020

The New Mexico Mortgage Finance Authority respectfully submits the following corrective action plan for the year ended September 30, 2020.

Name and address of independent public accounting firm:

CliftonLarsonAllen LLP
6501 Americas Parkway, Suite 500
Albuquerque, New Mexico 87110

Audit period: Year ended September 30, 2020

The findings from the September 30, 2020 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND U.S. DEPARTMENT OF THE TREASURY

2020-001 Capital Magnet Fund (CFDA No. 21.011), National Housing Trust Fund (CFDA No. 14.275) and Ginnie Mae Mortgage Backed Securities (CFDA No. 14.000)

Recommendation:
We recommend that the Authority review current procedures for preparing the SEFA to ensure that it is accurately reporting loan programs in compliance with Uniform Guidance.

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Views of responsible officials and planned corrective actions:
Management agrees. The Authority will document the requirements for the preparation of the SEFA and provide to all impacted departments. Although the SEFA is currently prepared by someone other than the reviewer, additional procedures will be implemented to ensure the reviewer verifies all requirements are satisfied and loan programs are accurately reported.

Name of the person responsible for corrective action:
Deputy Director of Finance & Administration

Planned completion date for corrective action plan:
The changes will be implemented with the first draft of the SEFA as of 6/30/2021.

Questions regarding this plan can be addressed to Yvonne Segovia at (505) 767-2253 ysegovia@housingnm.org.

Sincerely yours,

New Mexico Mortgage Finance Authority

Isidoro R. Hernandez

YS

Isidoro Hernandez
Executive Director

OTHER REQUIRED SCHEDULES

NEW MEXICO MORTGAGE FINANCE AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW MEXICO)
EXIT CONFERENCE
YEAR ENDED SEPTEMBER 30, 2020

An exit conference was conducted on November 23, 2020 in which the contents of this report were discussed with the following:

New Mexico Mortgage Finance Authority
Derek Valdo, Finance Committee Chair
Martina C'de Baca, (proxy for Attorney General Howie Morales, Lt. Governor, Finance Committee Member)
Diana Rosales-Ortiz (proxy for Tim Eichenberg, Finance Committee Member)
Donna Maestas-De Vries, Deputy Director of Programs
Isidoro Hernandez, Executive Director
Gina Hickman, Deputy Director of Finance & Administration
Yvonne Segovia, Controller

CliftonLarsonAllen, LLP
Mandy Merchant, Principal
Gaby Miller, Director

Tab 4

MEMO

TO: MFA Board of Directors

Through: Finance Committee – January 12, 2021

Through: Policy Committee – January 5, 2021

FROM: Gina Hickman

DATE: January 20, 2021

SUBJECT: Policy and Procedure Manual Revisions

Recommendation: Staff recommends approval of proposed revisions to the Policies and Procedures Manual.

Background: At least annually and as needed, MFA staff reviews and updates the Policies and Procedures Manual. The Policies and Procedures Manual is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices or policies.

In addition to the Policy and Procedures Manual that is approved at the Board level, each individual department maintains a procedure's manual and, in many cases, individualized desktop procedures that incorporate the framework provided in this document.

The following changes to the manual were approved by the Board during the year and have been incorporated into this manual:

- authorized signatures on bank accounts and contracts-March 2020
- new electronic signature policy-June 2020
- authorized check and electronic funds transfer signature requirements-June 2020
- new management and preservation of official records of the Board of Directors-July 2020
- affirmed asset allocation strategy in the investment policy-December 2020

General Counsel reviews the manual as needed. During this review cycle General Counsel provided confirmed changes to the Business Meals and Inspection of Public Records sections. Additional review by counsel was not deemed necessary this year.

Discussion: The following is a summary of substantive changes incorporated into the manual for consideration:

Page # (redline)	Section	Proposed Change
9	Section 1.2: MFA Code of Conduct-Political Activities	Changes were made to align MFA's policy with other state and federal government entities and to clarify the policy with respect to off-duty political activities where MFA funds and resources will not be utilized.
30	Section 1.3: Conduct of Business-To Be Announced (TBA) Program Policy	Updated to reflect change in administrative duties related to implementation of servicing expansion.
33	Section 1.3: Conduct of Business-Suspension and Debarment	Added participating mortgage lender to the list of parties that are covered by the policy.
46-48	Section 1.4: Business Travel and Meal Expenses-Business Meals	Policy was revised to include clarification re: the Anti-Donation statute and the allowability of meals related to "constitutional or statutorily" authorized functions that do not amount to a subsidy of private individuals or business and include: • Meals and refreshments during meetings when MFA business is discussed or conducted, that don't include a third party. • Meals and refreshments for employee professional development activities • Meals and refreshments for team building activities • Meals and refreshments for employee recognition events
49	Section 1.5: Transaction Authorizations	Expanded authorized signatures on contracts to include director level staff where awards have been approved by Policy Committee and/or the Board.
56-59	Section 3: Procurement Policies-Policies and Purposes	Revised the small purchases policy to reflect that the purchase of services and/or tangible personal property of the same nature cannot be artificially divided between multiple service providers or vendors to constitute a small, RFQ or RFP purchase. However, Service providers and vendors providing different services and/or tangible personal property are no longer subject to small purchase restrictions. Clarified policy regarding Notices of Funding Availability.
72-73	Section 5.8: Internal Audit Working Papers	Eliminated language related to standards associated with internal audit workpapers; this is not an area we

		have purview over; internal audit firms will manage workpaper processes as required by professional standards. The section on MFA's ability to access workpapers as needed was retained in the policy.
74	Section 6: Requests to Inspect Documents	Includes some general clarifications and adds language that allows redaction of personal identifier information as allowed by the New Mexico Inspection of Public Records Act and other applicable state and federal law.

The redlined document is included for your review.

Summary: At least annually and as needed, MFA staff reviews and updates the Policies and Procedures Manual. The Policies and Procedures Manual is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices or policies. Staff recommends approval of proposed revisions to the Policies and Procedures Manual.

MFA Policies and Procedures
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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 out 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 Employees[1] 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, 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.

"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,

[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.

including but not limited to, confidential work product of MFA as well as personally identifiable information (PII) as defined in Section 1.3.1 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 sub-section 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 members, 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.

"Management" means the Executive Director, Deputy Director of Programs, Deputy Director of Finance and Administration, and Human Resources Director employed by MFA.

"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, Deputy Director of Programs and Deputy Director of Finance and Administration employed by 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 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 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 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 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. 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. The disclosure statement for Employees shall be in the form of Exhibit A ("Disclosure Statement") and for Members, in the form required by the Secretary of State pursuant to the New Mexico Financial Disclosure Act. The Employee Disclosure Statement shall contain at least the following information:

    a) The name of the Business engaging in, or proposing to engage in, a Transaction with MFA;

    b) 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.

    c) 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.

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 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, whenever any Member, Management or Employee of MFA has an interest, either direct or indirect, in any contract to which MFA is to be a party or in any mortgage lender requesting a loan from or offering to sell mortgage loans to MFA 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 shall be disclosed and set forth in the Board minutes.

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 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 Board Member, 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. If approval of the Board is required for any Transaction under sub-section F of this policy, 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 MFA's General Counsel to provide notice to the Board of these federal program conflicts of interest through the staff actions reporting process.

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 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 prior to starting work at MFA. MFA Board must approve all outside employment by the Executive Director 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 his 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 January 20~~15~~, 202~~0~~1.

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 Electronic Signature Policy.

2. **Definitions.**

   For purposes of this policy, the following terms have the following meanings:

   "Accessible" means the digital reproduction must be available, searchable, and readable to all those with the right access.

   "Authentic" means the digital reproduction must be the product of a documented and authorized process;

   "Complete" means an accurate, legible reproduction of the original that contains all intellectual and physical components of the original without alterations to content;

   "Digitization" is the process of converting any physical or analogue item, such as a paper record, photograph or graphic items, into an electronic representation or image that can be accessed and stored electronically;

   "Electronic Record" means a record, created, generated, sent, communicated, received or stored by electronic means; and

   "Official Records" means the Bylaws, Minutes of the proceedings of the Board and its Committees, Resolutions, Agendas, Board meeting materials, and any other record that is regularly maintained as an official record of the Board of Directors.

3. **Digitization Procedures.** The Executive Director in consultation with the Chief Information Officer shall establish procedures to digitize official records, that are, to the extent practicable, consistent with NMAC 1.13.3, and that shall ensure:

   a) all digitized electronic records are accessible, authentic, and complete prior to the destruction of physical copies;

   b) the integrity of the original records is maintained;
   c) the process for digitizing records is reliable and secure;

d) technical requirements and quality control standards are adopted and adhered to;

e) an index system is created with metadata that provides secure, on-time, and convenient access and retrieval of digitized records;

f) guidelines for handling digitized official records are developed and implemented;

g) only appropriate authorized personnel have access to official records;

h) backup and recovery plans are implemented;

i) security measures are implemented to minimize the risk of unauthorized alteration or erasure of electronic records; and

j) periodic audit controls are implemented;

4. **Electronic Signatures.** Subject to any limitations in MFA's Electronic Signature Policy, electronic signatures may be used on the official records of the MFA Board of Directors.

5. **Electronic Documents and Document Integrity.** Digitized copies of official records shall be maintained just as hard copy or paper documents are, in accordance with the MFA's document retention schedule.

6. **Microphotography / Digitization Plan.** This policy is intended to incorporate the recommendations of Section 14-3-17 NMSA 1978 and 1.14.2 NMAC and to authorize the adoption of a microphotography plan for official records as defined thereunder.

C. Written Reports

Reports will be provided to the Board as requested. The following reports will be provided to the Board Members at regular board meetings and will be provided in advance of the meeting, when possible:

1. Combined financial statements are to be provided monthly and

2. Investment reports, credit line activity, and production status reports are to be provided quarterly.

D. Finances

1. Authorized Check and Electronic Funds Transfer (EFT) Signatures. The single signature of the Chair, Vice Chair, Treasurer (or other Board Member(s) designated by the Chair), Executive Director, Deputy Director(s), Controller or Senior Director of Mortgage Operations shall be required on any check or EFT up to $5,000. Two signatures of any of the above shall be required on disbursements from $5,000 up to $10,000. Disbursements of $10,000 or more require dual signatures, one of which must be the Chair, Vice Chair, Treasurer, or a designee of the Chair. The single signature of the Chair, Vice Chair, Treasurer (or other Board Member(s) designated by the Chair), Executive Director, Deputy Director(s), Controller or Senior Director of Mortgage Operations shall be required on EFTs between MFA-owned accounts regardless of the dollar amount.

2. Check or EFT Requests, Approval. A request for a disbursement from the General Fund, Housing Programs, Servicing, or other bank accounts by means of a check or an EFT must be approved as follows:

   a) The request for a disbursement from the General Fund, Housing Programs, Servicing, or other bank accounts must be approved by Management or by staff designated by Management.

   b) The person requesting the disbursement shall not approve the request for disbursement.

   c) The person transmitting the EFT transaction cannot approve the request for disbursement.

   d) The person approving the request for disbursement shall not be the sole signer of the check. Exceptions: 1) if dual signatures are required, one signature may be that of the person approving the request for disbursement; 2) if an EFT is between MFA owned accounts, the signer of the EFT may be the person approving the request for disbursement.

E. Investment Policies-General Fund

1. **Scope**. This policy is to be followed when investing the General Fund cash assets of the MFA. Optimal investment of these assets supports the legislative intent for MFA to provide affordable housing for low and moderate income New Mexicans. Assets purchased by MFA to meet its legislative mandates are not to be considered investments for the purpose of this policy.

2. **Objectives**. All funds will be invested in a manner that is in conformance with the MFA Act, federal, state, and other legal requirements. In addition, the objectives, in order of priority, of the investment activities will be as follows:

   a) **Legality**. The investment portfolio will be invested in a manner that meets state statues and all legal requirements of MFA.

   b) **Safety**. Safety of principal is the primary objective of MFA. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To obtain this objective, funds will be diversified, utilizing highly rated securities, by investment among a variety of securities.

   c) **Liquidity**. The investment portfolio will remain liquid to enable MFA to meet all cash requirements that might reasonably be anticipated. Therefore, the investments shall be managed to maintain a balance to meet daily obligations.

   d) **Return on Investment**. The investment portfolio will be structured with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk parameters and the cash flow characteristics of the portfolio and specified fund.

3. **Delegation of Authority**

a) **Committee**. The Finance Committee is designated responsibility by the Board to carry out the investment policy.

b) **Finance Committee Responsibilities**. The Finance Committee will be charged with the following:
   1) Establish and update, not less than annually, the investment policy for the full Board's approval.
   2) Monitor the investment activities to ensure that proper controls are in place to guarantee the integrity and security of the portfolio.
   3) Monitor compliance with applicable statues, regulations, and other legal authorities, including the MFA Act.
   4) Review all investment transactions made by MFA staff.
   5) Meet to deliberate on such topics as: economic outlook, portfolio diversification, maturity structure, potential risks, and the rates of return on the investment portfolio.
   6) Recommend depositories, custodians, and broker/dealers for Board approval.

c) **Duties and Responsibilities of Management and Employees**. Responsibilities will be as follows:
   1) The ultimate responsibility for conducting the investment program within set policy guidelines resides with the Executive Director. The day-to-day investment decisions and activities are assigned to and will be the responsibility of staff designated by the Executive Director.
   2) Staff is charged with the following in accordance with the approved investment policy:
      i. Day-to-day management of the MFA investments;
      ii. Executing investment transactions, including but not limited to purchases and sales of securities;
      iii. Making recommendations to the Finance Committee; and
      iv. Presentation to the Finance Committee comprehensive quarterly written reports designed to keep Members fully apprised of all investment decisions and current status of the investment program.

d) **Investment Advisor**. MFA will engage the services of an investment advisor to review the investment policy and portfolio periodically to assist with management and oversight in a manner that is consistent with MFA’s objectives and policies.

e) **Meetings**. The Finance Committee will meet at least quarterly to carry out its responsibilities listed above and to review staff-prepared reports. Special meetings of the Finance Committee may be called at any time by any voting Member. A majority vote of the Finance Committee is required to approve recommendations. Minutes of the meetings will be recorded and maintained as permanent documentation of the Finance Committee's actions and will be attached to the minutes of the next regular meeting of the MFA Board along with accompanying reports.

4. **Prudence**. All investments made will be in accordance with the "prudent person" rule:

“Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

Notwithstanding and in addition to the limitation of liability found in Section 58-18-21 of the MFA Act, the staff and the Board while acting in accordance with written procedures and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control any possible adverse developments. The MFA Code of Conduct, including provisions regarding conflicts of interest and disclosure, is applicable to all investment decisions, recommendations, and transactions.

5. **Ethics**. Management, Employees, and investment consultants involved in the investment process shall adhere to standards of the MFA Code of Conduct.

6. **Monitoring and Adjusting the Portfolio**. As a general practice, securities will be purchased with the intent to hold until maturity. However, it is acceptable for securities to be sold under the following circumstances:

    a) A security with a declining credit may be sold early to protect the principal value of the portfolio.

    b) A security exchange that would improve the quality, yield, and target maturity of the portfolio based on market conditions.

    c) A sale of a security to provide for unforeseen liquidity needs.

    d) The State Investment Council funds allocation can be adjusted to either re-align to diversification targets or to adjust allocations to current market conditions.

    Rebalancing of the portfolio will occur at least quarterly.

7. **Internal Controls**. The Executive Director or designated staff is responsible for establishing and maintaining an internal control structure designed to ensure that MFA's assets are protected from loss, theft, or misuse. Specifics for the internal controls shall be documented in department procedures manuals and shall be reviewed and updated periodically by the Executive Director or designated staff. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by Management. The internal controls shall address the following points at a minimum:

    a) Control of collusion;

    b) Separation of transaction authority from accounting and recordkeeping;

    c) Custodial safekeeping;

    d) Avoidance of physical delivery of securities;

    e) Clear delegation of authority to subordinate staff members;

f) Written confirmation of transactions for investments and wire transfers; and

g) Dual authorizations of wire transfers over $5,000.

8. **Permitted Investments**. The MFA investment policy will be diversified to the extent permitted in the MFA Act, and Sections 6-8-7 and 6-10-10.1, NMSA 1978. Specifically, General Fund investments may be made as follows:

   a) In obligations of any municipality of New Mexico or the state of New Mexico or the United States of America, rated "AA" as defined by Standard & Poor’s or equivalent, or better;

   b) In obligations, the principal and interest of which are guaranteed by the state of New Mexico or the United States of America;

   c) In obligations of any corporation wholly owned by the United States of America;

   d) In obligations of any corporation sponsored by the United States of America which are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve System;

   e) In certificates of deposit or time deposits in banks qualified to do business in New Mexico, secured in such manner, if any, as the authority shall determine;

   f) In contracts for the purchase and sale of obligations of the type specified in Paragraph a) of this sub-section;

   g) In the State of New Mexico Office of the Treasurer Local Short-Term Investment Fund; or

   h) In the State of New Mexico State Investment Council Investment Funds Program (fund(s) to be determined according to asset allocation strategy).

9. **Diversification of Risk and Asset Allocation**. Diversification and asset allocation strategies for the General Fund investments shall be formally determined at least annually and revised periodically, if applicable, by the Finance Committee. The responsibility for implementation of such strategies will be with staff.

   a) **Definitions**:
      1) <u>Short Term Investments</u>: Funds held for ongoing operations and cash flow needs of MFA. These funds will primarily be held in the State Local Government Investment Pool, bank deposits and warehoused securities that have maturities less than one year.
      2) <u>Intermediate Term Investments</u>: Investment funds that are in excess of liquidity needs held in operating accounts. These funds must be held in marketable securities that can be sold if needed to provide for liquidity. The investments in this portion of the portfolio will have maturities from 1 to 10 years and will be only invested in higher quality and liquid (marketable) securities.
      3) <u>Long Term Investments</u>: Investment funds needed for long-term reserves. These funds may be invested in long-term bond and equity funds managed by the State Investment Council with maturities exceeding 10 years. These funds will have credit

risk and interest rate risk exposure and it is expected that these funds will earn higher rates of return over interest rate cycles but will have greater price volatility within specified horizon periods.

b) **Asset Allocation Strategy**

ASSET CLASS	TARGET (DOLLARS as a PERCENT of TOTAL PORTFOLIO)	RANGE (DOLLARS as a PERCENT of TOTAL PORTFOLIO)
SHORT-TERM INVESTMENTS (Less than 1 year)	**20%**	**15% - 25%**
Local Government Investment Pool	6%	1% - 11%
Cash Held in Depositories/ Warehoused Securities	14%	9% - 19%
INTERMEDIATE-TERM INVESTMENTS (1 to 10 years)	**40%**	**35% - 45%**
Bond Ladder (in permitted securities)	27%	22% - 32%
MFA Mortgage Backed Securities	13%	8% - 18%
LONG-TERM INVESTMENTS (More than 10 years)	**40%**	**35% to 45%**
Fixed Income:	**16%**	**11%-21%**
1) Core Plus Bond Active (State Investment Council)	12%	7% - 17%
2) MFA Mortgage Backed Securities		
	4%	0% – 9%
Equity (State Investment Council):		
	24%	**19%-29%**
1) Equity Domestic Large Cap Index Fund		
2) Small/Mid Cap Index	11%	6% - 16%
3) Non-US Developed Markets	5%	0%-10%
4) Non-US Emerging Markets	6%	1%-11%
	2%	0%-7%

c) In establishing specific diversification strategies after consideration of liquidity and specific time period cash needs, the following three guidelines shall apply:
   1) Portfolio maturities will be staggered to avoid undue concentrations of assets in a specific maturity sector.
   2) Maturities selected shall provide for stable income and adequate liquidity to meet MFA's operational and cash flow needs.
   3) Portfolio positions will be diversified among various securities/funds to avoid overweighing in any one type of security.

d) MFA staff will demonstrate prudence in the selection of investments to minimize risk. No individual investment transaction shall be undertaken that will jeopardize the total capital position of the overall portfolio. The Finance Committee and MFA staff, together with any investment advisor(s) selected by MFA, will continuously analyze the risk/reward relationships existing in the marketplace and act accordingly when selecting investments. The following three specific guidelines will be strictly observed in order to further minimize risks:
   1) All certificates of deposit, or time deposits will be placed with qualified financial institutions; (See Qualified Financial Institutions below)
   2) All transactions will be executed on a delivery versus payment basis; and
   3) The best bid or offer will be sought for all of MFA's purchases and sales of securities.

10. **Authorized Financial Dealers**. When selecting depositories, securities broker/dealers and advisors, consideration will be given to minimizing risk, protecting investment capital, and obtaining the best purchase or sale price. The following guidelines will be used in selecting depositories and securities broker/dealers:

    a) **Depositories**. In selecting financial institutions for the deposit of MFA-directed funds, the staff will consider the credit-worthiness of the institutions as per the most recent Collateral Review Report prepared by the State Treasurer's Office in conjunction with their collateral and risk assessment evaluation policy. Funds held on behalf of HUD programs must be deposited with a financial institution controlled and insured by the Federal Deposit Insurance Corporation that has a rating consistent at all times with current minimally acceptable ratings as established by the Government National Mortgage Association (GNMA). The rating will be monitored quarterly, and institutions changed when necessary.

    b) **Securities Broker/Dealers**. Staff shall prepare and the Board, upon the recommendation of the Finance Committee, shall approve a list of approved broker/dealers, including New Mexico securities broker/dealers, based on the criteria listed below.
       1) This approved Broker/Dealers list will be reviewed by the Board at least annually. Competitive bids from the broker/dealers will be obtained by MFA staff on all purchases and sales of securities. All securities will be purchased and sold consistent with what the current marketplace dictates at the time of the purchase or sale and according to the prudent person rule.
       2) Criteria for Selection of Broker/Dealers for Purchase and Sale of government bonds, agency obligations and other authorized investments:
          i. The firm(s) must be a registered dealer pursuant to the Securities Act of New Mexico, Section 58-13-15, NMSA 1978.
          ii. The firm(s) must be registered as a dealer under the Securities Exchange Act of 1934.
          iii. The firm(s) must be a member of the Financial Industry Regulatory Authority (FINRA).
          iv. The firm(s) and assigned broker(s) must have been engaged in the business of effecting transactions in United States Government Bonds for at least five (5) consecutive years.
          v. The firm(s) must certify that they have read the MFA investment policy and will abide by MFA's Code of Conduct.

c) Investment Advisors/Bidding Agents. These firms must be registered with the Securities and Exchange Commission and meet the requirements of the Securities Act of New Mexico, Section 58-13-15, NMSA 1978. The advisory contract may be for oversight services or investment management services including transactions. If the advisor is to transact with broker/dealers on behalf of MFA, the advisor must annually submit a broker/dealer list for approval. The adviser may only provide non-discretional management services, which requires prior authorization from MFA on all transactions.

11. **Bid Procedures for Transactions of Securities**

a) All transactions by MFA shall be awarded on a competitive bid basis.

b) A minimum of three documented bids shall be requested and received by MFA on each sale or purchase. The best bid received shall be awarded the transaction.

c) Bids received and dealer awards shall be maintained on forms available for review by the Finance Committee.

d) New Issue offerings in the primary market may be purchased from approved broker/dealers without competitive solicitation if it is determined that no agency obligations meeting MFA's requirements are available in the secondary market at a higher yield.

12. **Reporting Requirements**. The individual assigned by the Executive Director will report at least quarterly to the Finance Committee and Board on the overall status of the fund. This report will include at least:

a) Yield to maturity or time weighted rates of return as applicable;

b) Rating(s) of investment(s) if any;

c) Market value of the investments;

d) Analysis of asset allocation;

e) Analysis of the portfolio's performance as measured against the funds stated objective, the CPI, and/or relevant indexes;

f) Dollar value of the fund, net of non-investment cash contributions and distributions;

g) If a manager has been retained, a measure of his/her performance relative to the appropriate manager universe.

F. General Fund Cash Reserves

1. **Background**. MFA is a financial intermediary created in 1975 by and for the State of New Mexico to provide financing for affordable housing. MFA has issued multiple series of tax-exempt and taxable mortgage revenue bonds for this purpose. In addition, it has taken on the administration of various federal and state housing programs and has implemented several programs using its own excess earnings. These programs have helped finance the acquisition and construction of single family and multifamily housing for many thousands of

New Mexicans. MFA expects to continue to issue bonds and administer its single family and multifamily housing programs to produce housing throughout the state.

2. **Ongoing Bond Issue Responsibilities**. The bonds issued by MFA are tax exempt and taxable and have maturities extending up to 40 years from issuance. In each case a trustee has primary responsibility for collecting moneys for distribution to bondholders. For the life of the bonds, MFA has the following responsibilities with respect to the bonds:

   a) **Finance, Accounting and Servicing Activities**
      1) Accounting for program transactions.
      2) Investment of acquisition and float fund proceeds.
      3) Assuring that trustees, program administrators, servicers, and other contractors are performing under their contract.
      4) Assuring redemption priorities are followed and executed.
      5) Reviewing annual program cash flows for sufficiency.
      6) Maintaining bond rating to the extent possible.
      7) Providing technical assistance to trustees, program administrators, servicers, and other participants.
      8) Compiling annual bond disclosure reports and financial statements regarding bond performance.
      9) Reporting of significant disclosure events as necessary.
      10) Arbitrage rebate filings and payments as required to the IRS.
      11) Responding to audits by the IRS and MFA's External and Internal Auditors.
      12) Maintaining compliance with all bond closing documents.
      13) Handling defaults and repossessed properties.

   b) **Single Family Program Activities**
      1) Assuring that master servicers, sub-servicers, participating lenders, program administrators and other contractors are performing under their contracts.
      2) Assuring that the requirements for the tax exemption of the bonds are met.
      3) Responding to audits for grantor agencies, IRS, and MFA's External and Internal auditors.
      4) Providing technical assistance to participating lenders, servicers, program administrators, and borrowers.
      5) Compiling reports regarding program performance.
      6) Completing assumptions of loans by new borrowers.

   c) **Multifamily Program Activities**
      1) Assuring that lenders, servicers, compliance monitors and other contractors are performing under their contracts.
      2) Responding to audits for grantor agencies, IRS, and MFA's External and Internal auditors.
      3) Assuring that projects are in compliance with low income set-asides and other regulations to ensure that the requirements for the tax exemption of the bonds are met.
      4) Providing technical assistance to lenders, servicers, program administrators, compliance monitors and borrowers.
      5) Compiling reports regarding program performance.
      6) Handling defaults and troubled projects.
      7) Completing assumptions and transfers of ownership.
      8) Loan servicing on certain multifamily transactions.

d) **Services to Bondholders, Buyers and Sellers**

1. As long as MFA has outstanding bonds, MFA will need staff available to respond to inquiries, comply with all bond closing documents including reporting requirements of indentures and answer requests for financial information from the institutions and individuals that own MFA's bonds and from any organization that has rated the bonds.
2. The ability to maintain a market for the initial sale and, as importantly, the secondary market resale of MFA's bonds requires timely and responsive financial and programmatic reporting to the owners, buyers and sellers of the taxable and tax-exempt bonds as well as maintaining a rating on the bonds. To ignore this requirement would be extremely harmful to the long-term viability of MFA's bonds in the marketplace.
3. These responsibilities are handled by professional staff including Homeownership (single family programs), Housing Development (multifamily programs), Finance and Accounting Departments with staff in these areas trained to understand the flow of funds and tax law related to the various programs of MFA. If no additional bonds are issued, these responsibilities with respect to MFA's bonds will continue up to 40 years or until all the bonds are paid off.

3. **Other Program Responsibilities**. The Low Income Housing Tax Credit program and the federal HOME Program and other programs require the following commitments during the life of the credits/loans:

a) **Low Income Housing Tax Credit Program**

1) Monitoring the projects, utilizing the credits to be sure they are complying with the low income set-aside and other program requirements at a minimum of every three years.
2) Responding to audits for grantor agencies, IRS, and MFA's External and Internal auditors.
3) Monitoring changes in ownership of the projects receiving credits during the low income set-aside period.
4) Additional monitoring as might be required by the IRS or the State.

b) **HOME and other programs**

1) Monitoring projects as required by HUD and other grantor agencies.
2) Responding to audits by grantor agencies, IRS, and MFA's External and Internal auditors.
3) Assuring that projects are in compliance with low income set-aside requirements, program affordability and other requirements.

4. **Ongoing Administrative Responsibilities**. In order to be available to the public, fulfill its obligations as outlined above, hold meetings, respond to inquiries, prepare required reports, and perform other administrative duties, MFA needs staff and office space which in turn imposes certain administrative responsibilities. These functions include:

a) Compliance with MFA procedures regarding bank accounts, hiring, purchasing of supplies and services, leasing of office space, contracting, and monitoring contractors.

b) Complying with Government National Mortgage Association (GNMA) capital and liquidity requirements.

c) Conducting public hearings as required.

d) Responding to legislative inquiries regarding outstanding programs and bond issues.

e) Meeting legislative mandates related to affordable housing including but not limited to compliance with the Affordable Housing Act and oversight of Regional Housing Authorities.

f) Complying with program reporting requirements.

5. **General Fund (Housing Opportunity Fund) Programs**. The need for low and moderate income housing in New Mexico has increased since MFA was formed. During the same period, the programs of the federal government to deal with the problems of inadequate housing have not increased commensurately. MFA, in conjunction with the state, has assumed and is likely to continue to assume a larger role in providing housing financing. Furthermore, the needs of very low income families and special groups, such as the developmentally disabled or mentally ill are increasingly the focus of MFA attention, often through the vehicle of locally controlled not-for-profit corporations.

   All these factors have led MFA to invest staff and consultant time in the development of programs to provide housing in cooperation with not-for-profit corporations and other federal, tribal, state, and local agencies. These are more difficult and expensive programs to develop and operate than the traditional bond programs of MFA. Therefore, MFA needs greater reserves to continue to develop, fund and implement Housing Opportunity Fund targeted programs.

6. **Reserve Implications**. The continuing monitoring and oversight responsibilities for existing and future programs, the growing costs of developing and implementing new programs, and the inevitable administrative burden of overseeing these growing MFA responsibilities have significant implications for MFA's reserve policies. Since MFA does not receive state funds for operations, it must marshal its resources and carefully anticipate its financial needs for the short and long term to maintain its financial strength. It must do so in an environment of uncertain future revenues and the changing state of tax-driven federal housing programs. Considering this, MFA must estimate its future expenses and income under different scenarios and set aside adequate reserves to permit it to meet its responsibilities to bondholders, the legislature, the federal government, and the public. Therefore, MFA has undertaken the development of a reserve policy to best meet these responsibilities through prudent management of its general operating and program reserves.

7. **Conclusions**. Based on the foregoing, MFA concludes as follows:

   a) MFA shall maintain sufficient general operating reserves for purposes of this policy to:
      1) Ensure ongoing administrative and accounting functions;
      2) Ensure ongoing program monitoring;
      3) Provide legal representation and protection against claims;
      4) As an issuer of GNMA securities, maintain mandated capital and liquidity requirements;
      5) Provide for the development of new programs to meet the state's housing needs; and

6) Maintain financial strength.

b) To meet cash[2] reserves requirements for commitments and program continuation, MFA shall maintain the following:
   1) two years of the five-year historical average of the total operating expense;
   2) two years of the five-year historical average of Housing Opportunity Fund loan fundings;
   3) two years of the five-year historical average of single family bonds costs of issuance;
   4) two years of the five-year historical average of capital servicing investment; and
   5) .10 % of the GNMA mortgage backed security portfolio or $1,000,000, whichever is higher.

c) This reserve policy shall be reviewed and approved by the Board periodically in the Board's discretion.

G. Bond Issuance and Debt Management Policy

The purpose of this bond issuance and debt management policy is to: 1) establish principles that govern the issuance of MFA debt for the conduct of its operations, and 2) outline the process and parameters used to finance MFA's loan production programs and its capital needs through the issuance of debt.

1. **Principles**. MFA issues debt to fund loans in two areas of production -- single family and multifamily loans. Less frequently, debt is issued to fund specific long-term capital needs such as building improvements or to preserve private activity bond cap. The debt issuance covered by this policy may involve new money, refunding of existing debt, or both.

   MFA will establish short and long-range financial objectives that support affordable housing needs. These objectives may change in response to economic and other factors. Any proposed financing will be reviewed to determine the best method of accessing the financial markets to achieve the goal of issuing debt at the lowest overall interest rates and costs while minimizing MFA's risks and the complexity of the bond structure.

   MFA will manage the bond program in accordance with the closing bond documents.

   MFA discloses information to investors and the municipal security market at the time of issuance and periodically while its bonds are outstanding. Disclosure must be made in compliance with the applicable federal and state securities laws.

2. **Authorization.** Bonds are to be issued in accordance with the parameters of this Policy, unless otherwise approved by the Board in advance. All bond issuances are subject to authorization by the MFA Board on a per transaction basis unless otherwise authorized.

   The Board will approve resolutions to provide authorization to the Executive Director and/or other MFA officers to incur indebtedness including issuing and selling tax-exempt and taxable bonds for single family program funding, multifamily project funding, refunding bonds of existing debt, volume cap preservation and long-term capital needs. The Board authorizes the Executive Director and/or other MFA officers to establish the form and

[2] For purposes of this Policy, General Fund cash is defined as cash in banks and the State Treasurer's Office Local Government Investment Pool, and (highly liquid) investments in Treasury and Agency securities, certificates of deposit, investment in MFA mortgage backed securities and the State Investment Council's Investment Funds Program.

substance of indentures pursuant to which the bonds are issued and approve all other necessary documentation and agreements. Specific Board approval shall be required for the adoption of a new master indenture.

3. **Process.**

a) **Financing Team**. The bond structures are developed utilizing the expertise of MFA's Financing Team which consists of finance professionals, internal and external. The team will include MFA's Finance, Homeownership (single family), Secondary Marketing and Housing Development (multifamily) Departments as needed as well as financial advisors, and bond counsel. MFA Staff, Consultants and industry experts will be utilized as needed, including but not limited to investment bankers (bankers), bond trustees, sub-servicers and MFA's To Be Announced Program Administrator. Other third-party participation by non-MFA bankers, placement agents, underwriter counsels, cash flow verification agents, credit enhancement providers, etc. will be evaluated on a case-by-case basis and are subject to the approval of the Executive Director or Deputy Director of Finance & Administration. Minimum requirements for approval for third party non-MFA bankers, placement agents, and cash flow verification agents include (1) listing in The Bond Buyer's Municipal Market Place most recent edition of the "Red Book", (2) five years documented experience doing similar transactions, (3) adequate capital to underwrite the bond issue if applicable, and (4) registration with the Municipal Securities Rulemaking Board (MSRB) as an underwriter or financial advisor. Minimum requirements for approval of non-MFA underwriter counsels include: (1) at least five years of documented experience doing similar transactions and (2) listing in the Bond Buyer's Municipal Market Place most recent edition of the "Red Book". S&P Global (S&P), Moody's Investors Service (Moody's)and/or another independent, nationally recognized bond rating service provider may be used to rate each bond transaction. The complexity of the bond structure determines the necessary involvement of all parties.

MFA bond trustees, sub-servicers, banking team members, financial advisors and legal counsels will be selected in accordance with MFA's Procurement Policy. The single family program Financing Team or a subset thereof will meet at least quarterly to discuss special topics as needed, as well as funding executions, including the TBA program (See section G of this manual). The group will also hold an annual planning meeting.

b) **Procedures**. When capital is needed for program funding or debt management purposes, the Financing Team will review the financing alternatives in accordance with this policy and recommend an approach best suited to the current set of circumstances. That includes evaluating the immediate needs (capital or refunding), market conditions, and proposed bond structure. MFA staff will decide how to proceed from among the Financing Team's recommended approaches. The Deputy Director of Finance and Administration, in consultation with the Executive Director, will have the primary responsibility for final pricing determinations. The gross spread and net economic benefit will be finalized after conclusion of the order period.

All bond transaction documents related to an issuance are reviewed by Financing Team members.

In conjunction with Bond Counsel, MFA Finance Department staff will ensure that all IRS requirements related to the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) are followed for both the single family program and multifamily projects. These required hearings give the public a reasonable opportunity to express their views on the issuance of bonds and the nature of the improvements and projects for which bond funds will be allocated.

MFA staff will work collaboratively with the New Mexico State Board of Finance (SBOF) in requesting private activity bond cap to support the single family program and multifamily projects. Staff will provide an annual report to the SBOF on the status of housing programs in New Mexico, as well as request annual private activity bond cap allocations based on anticipated production needs. Staff will also ensure that all IRS filing requirements and SBOF reporting/approvals for the private activity bond cap utilized by MFA are met.

c) **Credit Enhancements**. MFA will utilize credit enhancement (MBS structure, bond insurance, FHA insurance, bank letters of credit, etc.) to enhance marketability and pricing of the related debt where it is structurally necessary or economically advantageous.

d) **Bond Proceeds Investments**. All bond proceeds are to be invested in a manner acceptable to rating agency requirements and in accordance with the respective indenture, MFA policies and state and federal regulations.

e) **Internal Controls**. Financing Team will review appropriate documentation and cash flows during the structuring process to ensure financial integrity of the bond issues. Third party cash flow verification may be requested on multifamily transactions when the developer uses an underwriter or placement agent outside MFA Financing Team (not selected through MFA's procurement process) depending on the structure of the transaction. In addition, the Financing Team will also review market conditions and comparative bond sales prior to bond pricing.

f) **Disclosure**. All publicly sold bond issues will be disclosed to the market through the publication of a Preliminary Official Statement prepared by underwriter's counsel and in accordance with the MSRB and industry standards. Subsequent to the sale of bonds, underwriter's counsel will prepare the final Official Statement. For a Private Placement of bonds, a Private Placement Memorandum will be prepared, or if a Private Placement Memorandum is not required by the bond purchasers, a summary term sheet may be completed that is in a form satisfactory to MFA staff. In addition, for single family mortgage bond issues, MFA will enter into a Continuing Disclosure Agreement (CDA) for the benefit of the holders and beneficial owners of the bonds in order to assist the underwriter(s) in complying with SEC Rule 15c2-12(b)(5). MFA is responsible for overseeing the compilation and review of all related disclosure documents to ensure completeness and accuracy. For multifamily housing bond issues, the conduit borrower will enter into a Continuing Disclosure Agreement for the benefit of the holders and beneficial owners of the bonds in order to assist the underwriter(s) in complying with SEC Rule 15c2-12(b)(5).

MFA will ensure that disclosure in connection with outstanding debt is compliant with its contractual obligations in the CDA and that all necessary information is published on the Municipal Securities Rulemaking Board's (MSRB) Electronic Municipal Market Access (EMMA).

The annual filing required by Treasury Regulation Section 1.103A-1(k)(2)(ii) containing information on the borrowers of the original proceeds of all Single Family Program will be submitted by MFA as required.

g) **Investor Communications Inquiries.** All Investor inquiries should be routed to the Deputy Director of Finance or his/her designee. MFA will maintain an Investor Resources section on its website whereby the annual financial statements, bond disclosures and official statements will be maintained.

Previously undisclosed information should not be disclosed to one investor unless that information is disclosed simultaneously to all possible investors via a press release or posting on EMMA. Investors should be referred to the MFA website or EMMA whenever possible to obtain information as it is addressed in those public forums.

h) **Tax Compliance.** MFA will implement procedures outlined in the Tax Compliance Procedures document developed by Bond Counsel to ensure compliance with the requirements for tax exempt bonds under the Internal Revenue Code. These procedures include monitoring and managing use and investment of bond proceeds, private activity bond cap, cost of issuance, calculation of arbitrage rebate, filing of tax form 8038 and document retention.

i) **General Debt Administration.** Management of the overall single family bond portfolio and related Mortgage Backed Securities (MBS) is an ongoing process. The administration of the overall program is accomplished through monitoring of the capital market and interest rate environment, evaluation of MBS quarterly prepayment speeds, calculation of individual Single Family Program indenture parity, and review of annual bond cash flow projections. MFA will evaluate and utilize financing and debt management techniques designed to achieve its goals of minimizing debt service expense and maximizing program profitability while ensuring affordable housing opportunities. Callable bond programs are reviewed at least annually to determine if earnings could be maximized by eliminating the debt and using the assets to generate more income, or as subsidy to upcoming bond issues allowing more competitive mortgage rates.

In conjunction with Single Family Program continuous lending, the management of the loan pipeline and demand levels for certain loan products may require staff to sell MBS into the secondary market instead of selling them into a bond issue. The use of this execution may be necessary in order to maintain required yields and loan allocations within an established bond structure if pipeline loans cannot be funded through bonds due to adverse market conditions or if private activity volume cap is limited. Current market conditions would be evaluated by staff in conjunction with MFA's financial advisor to ensure that the transaction would provide the best execution for MFA. Staff, along with MFA's financial advisor, will request bids from brokers on the MFA Approved Broker/Dealer List and other potential bidders as recommended by MFA's financial advisor in order to obtain at least three bids. All MBS sale transactions will be awarded on a bid basis and MFA will sell the securities to the highest bidder. All bids will be appropriately documented.

4. **Bond Parameters/Financial Objectives**

The following describes the constraints for MFA's bond structures.

a) All publicly placed debt must be rated at the time of issuance by S&P, Moody's and/or another independent, nationally recognized bond rating service. No publicly offered debt is to be issued unless it is rated at least A-/A3 by S&P and/or Moody's respectively, and/or rated in at least the third highest rating category by another independent, nationally recognized bond rating service. No rating is required for private placement multifamily housing bonds if the investor can provide a "qualified institutional buyer letter" or an "accredited investor" letter. Qualified institutional buyer and accredited investor will have such meanings as provided in Rule 144A and Rule 501, respectively, which rules are under the Securities Act of 1933, as amended.

b) Profitability Measure: MFA will always strive to achieve a full-spread transaction for single family transactions (mortgage yield 1.125% above the bond yield). However, extreme market conditions may require MFA to accept a lower spread in order to subsidize the mortgage rate to the borrowers. MFA administrative fees will be set in a way that allows MFA to remain financially healthy and preserves resources for the future. For multifamily projects/transactions, fees will be established such that the yield on the program investment may exceed the bond yield up to 1.5%.

c) From time to time bond refunding opportunities will be available to MFA which will allow MFA to call bonds early. MFA will review each refunding to assess the benefit of doing the refunding or not depending on the scenario or need.

d) The aggregate principal amount of new money bonds to be issued shall not exceed the amount necessary to support loan funding needs, volume cap preservation or long-term capital needs.

e) The aggregate principal amount of refunding bonds shall not be constrained, but at a minimum must meet the profitability measure outlined above. In addition, MFA will review each refunding to assess the benefit to MFA of doing the transaction versus the "do nothing" scenario. MFA will then determine on a case-by-case basis if it is in the best interest of MFA to undertake the refunding.

f) Maximum maturity on single family debt will not exceed 35 years and for multifamily debt will not exceed 45 years.

g) The amount of long-term capital needs debt outstanding shall not exceed 1% of MFA's total outstanding bonds.

h) The bonds shall be structured using either a current or forward delivery mechanism, to the extent allowed by market conditions.

i) Variable rate multifamily project bonds must carry a credit enhancement provided by either Freddie Mac, Fannie Mae or another entity specifically approved by the Board to guaranty the payment of principal and interest on the bonds from the date of issuance until final maturity of the bonds. If a letter of credit is used to provide credit enhancement during the project's construction period, the letter of credit provider must be rated at least AA/Aa by S&P and/or Moody's, respectively. MFA will not undertake the issuance of variable rate single family bonds (except for Draw Down Facility bonds to preserve single-family volume cap) or variable rate long-term capital needs bonds.

Variable rate multifamily projects must also include a fixed rate hedge mechanism unless otherwise not required by the bond credit enhancer.

j) The conduit borrower in multifamily transactions will be responsible for retaining and compensating a rebate analyst to compute any rebate liability related to a multifamily project. The conduit borrower will covenant in the bond documents to do this and to timely provide copies of any rebate calculations from the rebate analyst to the bond trustee and MFA and to timely remit any rebate payment to the bond trustee for payment to the IRS.

5. **Reporting to the Board**. MFA staff will provide a summary report to the Board regarding single family and multifamily debt issued at the Board meeting subsequent to the closing of a bond transaction. The report will contain: 1) ratings achieved, 2) the dollar amount and description of the loans financed or expected to be financed, 3) the principal amount of the debt issued, 4) a breakdown of taxable and tax-exempt bonds 5) yield spread, 6) administrative fee, 7) refunding information and related subsidy if applicable, 8) cost of issuance, and 9) other information as appropriate.

   At least annually, MFA staff~~the Director of Homeownership~~ will present a production and status update to the Board on the single family program which may include mortgage interest rate history, market share data and reservation and purchase volume.

   At least annually the financial advisor will be required to present an overall bond program and market update to MFA's Board.

H. To Be Announced (TBA) Program Policy

The purpose of this TBA Program Policy is to establish principles that govern the interest rate pricing and pipeline hedging of a forward committed mortgage loan that is securitized into a Mortgage Backed Security (MBS) and sold into the Secondary Market. The objective of TBA Program is to provide a source of funding other than Mortgage Revenue Bonds (MRB) for the single family mortgage program. In addition, a TBA program may provide a source of funding for new or existing single family mortgage programs that are not eligible to be funded with MRB proceeds.

1. **Principles**. As a an alternative and complement to MFA's MRB financing of single family mortgage loans, MFA has developed a funding mechanism that incorporates a forward commitment of mortgage loans in which the interest rates on the loans are set daily. A TBA Program could be used to finance purchase money loans as well as refinance transactions.

   Due to the complex nature, specific expertise required and risks inherent in hedging a mortgage pipeline to be sold through a TBA contract, MFA is outsourcing this function through a TBA Administrator. Advantages to this type of execution include transfer of the interest rate risk and financial losses related to non-delivery of loans, as well as the ability to offer competitive interest rates to lenders since they are tied to current yields in the MBS market. The TBA process will also allow for the generation of funds for down payment assistance (DPA).

   Pursuant to this policy, the Board will provide authority to Staff (section 3, (b) (Financing Team), through the approval of the policy, to create and sell forward committed MBS for the purpose of funding the single family mortgage program.

MFA will take into consideration a desired profit margin, lender compensation and the generation of DPA when determining the interest rate that will be offered to participating lenders while also carefully managing the loan pipeline to be sold into the Secondary Market through a TBA execution. To accomplish this MFA will establish short and long-range financial objectives that support an affordable housing plan (See section 4: TBA Parameters & Financial Objectives). These objectives may change in response to economic and other factors.

Risk will be managed and mitigated through careful monitoring of the mortgage pipeline, including cancellation/fallout percentages, loan closing, loan delivery, loan purchase and pooling timeframes as well as the movement of market interest rates.

Single family program loan funding decisions will be reviewed on an ongoing basis by the Financing Team to determine the best method of accessing the financial markets, either through issuance of debt or sale of MBS. The primary objective is to keep readily accessible funding for the single family program without incurring losses or subsidizing the program.

2. Process

a) **TBA Administrator**

1) MFA TBA Administrator will be selected in accordance with MFA's Procurement Policy.
2) The TBA Administrator must be financially viable and experienced in providing TBA pricing, hedging and pipeline management services. The TBA Administrator will be required to submit annual audited financial statements to MFA for each year that they are under contract with MFA. The TBA Administrator will not be allowed to subcontract any portion of the TBA administration services provided to MFA.
3) The TBA Administrator will be responsible for providing MFA with daily interest rate sheets that provide, at least, the following information;
   i. Specific interest rate lock expiration and extension guidelines
   ii. Fees related to interest rate lock extensions
   iii. Gross interest rates, servicing fees and net interest rates
   iv. Listing of any fees built into the interest rates
   v. Pricing for each loan delivered via MBS on the specified delivery date
4) The TBA Administrator will be responsible for providing MFA with notification for any intra-day interest rate pricing changes and a specific time the changes are effective.
5) The TBA Administrator will be responsible for providing information to the sub-servicer regarding the pooling of mortgage loans into MBS that provides the most advantageous pricing benefit for MFA. In addition, the TBA Administrator will deliver the MBS for sale to an investor on behalf of MFA and will deliver to MFA the difference between the par amount of the security and the price the security was sold for. Delivery of the MBS for sale on the secondary market will be made at intervals specified by the TBA Administrator.

b) **Financing Team and Staff Responsibilities**

1) In conjunction with developing bond issuance strategies, the Financing Team discussed in section F of this manual will also evaluate and monitor TBA program activities. The Financing Team in conjunction with MFA's Policy Committee will establish a profitability threshold, which will include compensation for participating

lenders, sufficient DPA funding to support the transaction and a specified profit for MFA to support the operation of the program. The pricing threshold will be applied to the daily interest rates provided by the TBA Administrator, which will determine the interest rate that will be provided each day to participating lenders for reservation.

2) The Financing Team will meet at least quarterly to ensure that strategies, plans, and guidelines are consistent with policy and are implemented and updated as necessary.
3) The Finance Department in accordance with the established profitability threshold is responsible for analyzing the daily rate sheet from MFA's TBA Administrator and setting mortgage rates. In addition, the Finance Department provides market mortgage rate comparisons.
~~3)~~4) ~~MFA's~~ The Secondary Marketing Department confirms the daily pricing of TBA loan sales, ~~and~~ reconciles monthly settlements and confirms cancellations. Secondary Marketing also ensures timely delivery and pooling of loans as well as performs reconciliation of subservicer invoices related to TBA settlements.
~~4)~~5) The Homeownership Department will be responsible for posting daily MFA mortgage rates, confirming ~~cancellations,~~ extensions and expirations with the TBA Administrator, and tracking pipeline fallout. ~~, ensuring timely delivery and pooling of loans as well as reconciling sub-servicer invoices related to TBA settlements.~~

c) **Sub~~-~~servicer.** MFA's sub-servicer will work in conjunction with MFA staff and the TBA Administrator to purchase (Homeownership Department) and pool loans (Secondary Marketing) as quickly as possible and in a manner most advantageous to MFA. The sub-servicer will be responsible for the following:

1) Provide~~ing~~ daily updates to the TBA Administrator regarding the purchase of closed loans from Participating Lender. The TBA Administrator receives daily reports from MFA's core system regarding the status of loans from reservation through purchase as well as cancellations. The subservicer provides the TBA Administrator and Secondary Marketing information on purchased loans that are ready to be pooled and securitized.
~~2) Work with MFA staff and the TBA Administrator to pool mortgage loans into MBS as specified by the TBA Administrator and/or MFA.~~
~~3)~~2) Coordinate the sale of the MBS and if needed, servicing transfer with the TBA Administrator and the Finance Department.

3. **TBA Parameters & Financial Objectives**. The following describes the constraints for MFA's TBA program.

a) **Profitability Measure**. MFA will always strive to achieve a reasonable profit margin on the TBA pricing model. However, extreme market conditions may require MFA to accept a lower profit in order to subsidize the mortgage rate to the borrowers. MFA loan pricing will be set in a way that allows MFA to remain financially healthy and preserve resources for the future.
b) **Participating Lender Compensation**. MFA will price each loan in such a way as to provide sufficient compensation to the Participating Lender for originating the loan and to incent future participation in the program.
c) **Generation of Down Payment Assistance**. MFA will price each mortgage loan in such a way as to generate sufficient down payment assistance to support the transaction and to provide funding that will support future down payment assistance funding.

4. **Reporting to the Board**. MFA staff will provide monthly TBA production and profitability information to the Board. At least annually the TBA Administrator will be required to present an update on the program to MFA Board of Directors.

I. Fraud, Waste and Abuse and/or Unethical or Illegal Practices

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

All MFA Members, Management, Employees, contractors, sub-contractors, grantees, sub-recipients, and business associates should avoid any situation that involves or may involve a conflict between their personal interests and the interests of MFA.

1. **Third Party Complaints**. MFA is responsible for reporting any indication of fraud, waste, abuse, or potentially criminal activity pertaining to any federal or state funds received in any form by MFA and/or provided by MFA to any contractors, sub-contractors, grantees, sub-recipients, and business associates. Any MFA Member, Management, or Employee who acquires information or receives a complaint of suspected fraud, waste, abuse or potentially criminal activity by any contractor, sub-contractor, grantee, sub-recipient or business associate of MFA in regard to federal or state funds provided and/or administered by MFA, shall promptly report the information to MFA's General Counsel. Upon receipt of such information, MFA's General Counsel shall, after appropriate notice and involvement of the Policy Committee, promptly notify the appropriate Inspector General or responsible State Official.

   Reported activities will be investigated by MFA, which may include a third-party investigative services provider if deemed necessary. Upon completion of the investigation MFA will take appropriate action should the reported activities be substantiated and determined to be fraudulent, unethical, illegal or in violation of MFA's Code of Conduct.

2. **Internal Complaints**. It is the responsibility of all Employees to report suspected fraud, unethical, or illegal activities or activities which violate MFA's Code of Conduct, as committed by any MFA Member, Management, or Employee. All reports are anonymous unless the individual making the report chooses otherwise. To ensure anonymity and encourage compliance with best practices MFA has contracted with a third-party service provider to receive reports of fraud, waste, and abuse, and/or unethical or illegal activities. Individuals may report such activities anonymously by:

   Calling toll free: (877) 778-5463, 24 hours a day, 7 days a week
   Username: nmmfa
   Password: housing

   E-mailing: www.reportit.net
   Username: nmmfa
   Password: housing

All reported activities received through the Report It hotline/website, by written or verbal communication or via telephone are directed to the Human Resources Director who will coordinate review with General Counsel. All reported activities will be treated the same and will be promptly investigated by MFA, which may include a third-party investigative services provider if deemed necessary. Upon completion of the investigation MFA will take appropriate action, including the involvement of Policy Committee and the Board, as necessary, should the reported activities be substantiated and determined to be fraudulent, unethical, illegal or in violation of MFA's Code of Conduct.

MFA will not enter into a professional services contract for a special audit, performance audit or attestation engagement regarding the financial affairs and transactions of MFA and relating to financial fraud, waste, or abuse in government without the prior written approval of the NM State Auditor. Such engagement will be conducted in accordance with 2.2.2 NMAC and the State Audit Rule Section 2.2.2.15. This requirement is only for MFA-related internal investigations, not sub-recipient investigations.

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

Complete information on how to report fraud, waste & abuse and unethical or illegal activities can be found on Report It flyers posted within MFA's premises and on MFA's website at www.housingnm.org.

Reports of fraud, waste and abuse received by MFA staff shall be brought to the attention of the Board of Directors at the discretion of the Executive Director, who shall consider the severity, accuracy, and verifiability of the allegations of any report when making this determination.

J. Protection of Personally Identifiable Information (PII) and Other Sensitive or Proprietary Information

1. **Information Requiring Protection**.

During employment, Employees may acquire knowledge of materials, procedures, and Information of a confidential nature. Much of the confidential information that is contained in MFA files, and/ or that enters MFA either electronically or physically in the course of business, is PII sensitive information including personal financial information that may be subject to protection from disclosure, or is considered proprietary information owned by MFA, all of which must be kept confidential and protected from disclosure to persons, including MFA Employees, contractors and agents, not authorized to access the information in order to conduct MFA business.

PII is defined as:

a) information that directly identifies an individual (e.g., first and last name or first initial and last name); in combination with

b) one or more data elements that identifies an individual, such as information used by an agency in conjunction with other data elements (which may include address, telephone number, email address, social security number or other identifying number or code, gender, race, birth date, geographic indicator, and other descriptors); or

c) information permitting the physical or online contacting of a specific individual

2. **Protective Measures**. PII, sensitive or proprietary information shall be made available only to those MFA Employees who require and are authorized access to that information in order to perform the business of MFA. No persons other than authorized MFA Employees shall be permitted access to any Confidential Information in the possession of MFA. PII, sensitive or proprietary information that enters MFA, either electronically or physically, shall be received in a manner that minimizes the risk of exposure of the information to unauthorized persons. PII, sensitive or proprietary information retained by MFA, in physical files or electronically, shall be utilized and maintained in a manner that minimizes the risk of exposure to or access by unauthorized persons.

   Employees shall take particular care with fax machines, copiers, information left on desktops, computers and other electronic devices, paper and electronic files/storage, shredding bins, recycling bins and keys to file drawers, office doors and storage areas.

3. **Department Procedures.** Each MFA Department Director/Manager is responsible for developing detailed procedures regarding the protection of PII, sensitive or proprietary information as it relates to their function, including obtaining and retaining on file written certification from every partner and subcontractor with whom MFA shares PII, sensitive or proprietary information that the partner or subcontractor has a policy in place to protect that information.

K. Media Contact

Calls from reporters or other media representatives will be directed to the Director of Communications and Marketing or other individual designated by the Executive Director. All MFA media contact will be initiated and/or conducted by the Director of Communications and Marketing or other individual designated by the Executive Director.

L. Service of Process

Service of any summonses, complaints, petitions, subpoenas, or any other legal papers for any MFA-related legal matter, excluding single family foreclosures and employee matters, including those MFA-related cases for which MFA staff members are the target of legal notice, shall be directed to and served upon MFA's General Counsel to the attention of the lead attorney on the General Counsel team. MFA's General Counsel is authorized to accept service of these documents on MFA's behalf.

M. Suspension and Debarment

1. **Bases for Debarment**. MFA may deem any individual or entity to be ineligible to respond to a Request for Proposals issued by MFA; receive a loan or grant from MFA; enter into a contractual agreement with MFA; or serve as a subcontractor, service provider, participating mortgage lender, or as a partner, general or limited, in any project funded by MFA, based

upon a determination by MFA pursuant to this policy that the individual or entity has engaged in any of the following conduct:

a) The individual or entity breached one or more contracts with or funded by MFA; has failed to repay a debt owed to MFA on one or more contracts as a result of that breach; and has not entered into a repayment schedule or evidenced an intent to comply with a repayment schedule;

b) The individual or entity willfully or materially failed to perform in accordance with the terms of one or more contracts entered into with or funded by MFA; or was a partner or associate of, or served as counsel to, an individual or entity that willfully or materially breached a contract with or funded by MFA or any other governmental or quasi-governmental entity, and was directly involved in the actions or omissions leading to the breach of contract;

c) The individual or entity has a history of failure to perform, unsatisfactory performance, or substantial noncompliance with the requirements of one or more contracts with or funded by MFA, any MFA contractor or subcontractor, or any other governmental or quasi-governmental entity;

d) The individual or entity is unwilling or unable, through its own acts or omissions, to assist or cooperate with MFA to resolve violations of federal or state regulations committed by the individual or entity during performance of one or more contracts with or funded by MFA, or to rectify inadequate or incomplete performance by the individual or entity of its requirements under one or more contracts with MFA;

e) The individual or entity or any of the entity's principals or associates, in the context of performance of a contract with or funded by MFA or any other governmental or quasi-governmental entity, committed a breach of contract as evidenced by a civil judgment of liability against the individual or entity directly related to the misuse of public funds or abuse of the public trust; or violated any federal or state statutes, as evidenced by conviction of a crime of financial or other misconduct (including theft, embezzlement, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violation of federal or state criminal tax laws, or receiving stolen property). "Principals or associates" shall be defined for purposes of suspension and debarment as: officers, directors, shareholders, partners, employees, or other individuals associated with the entity who knew of, or had reason to know of, the individual's or entity's contractual breach or unlawful conduct, or that of a principal or associate of the entity, during or subsequent to the commission of the contractual breach or unlawful conduct, and yet failed to stop or report it to MFA and/or other responsible authorities.

f) The individual or entity has been suspended or debarred from receiving funds from any other private or public entity.

2. **Person Responsible for Proposal of Debarment**. A proposal for the debarment of an individual or entity may be made by a MFA Department Director or Program Manager for the program(s) that the individual or entity has existing or future contracts or other agreements, or by the Controller, a Deputy Director, or the Executive Director of MFA. The proposal shall be in the form of a written notice to the Policy Committee and all affected Employees. Prior to issuing the written notice, the person making the proposal and MFA's

Compliance Officer may request comments and information relevant to the proposed debarment from other MFA staff.

3. **Procedure to Determine Debarment**.

   a) **Documentation**. The documentation in support of a proposal for debarment shall contain:
      1) A narrative statement in chronological order identifying which of the Bases for Debarment listed in sub-section 1 of this policy are present and support the debarment proposal. The statement shall include:
         i. Complete names, aliases, current addresses, zip codes, and a list of known affiliates of the individual or entity proposed for debarment.
         ii. Tax Identification Number and/or Social Security number of the entity or individual proposed for debarment, if available.
         iii. Names and telephone numbers of any persons with information pertinent to the facts at issue.
         iv. A statement of justification as why immediate debarment is necessary to protect the public and MFA's financial interest.
      2) A determination by MFA's Compliance Officer that the conduct upon which the proposed debarment is based falls within the scope of MFA's Suspension and Debarment Policies. Such a determination may also include consideration of statutory, regulatory, or common law, if applicable, with guidance from General Counsel or MFA policy or program requirements for fiscal and/or administrative capacity.
      3) Copies of any relevant correspondence between MFA and the individual or entity proposed for debarment, and related documents such as audit/investigatory reports; media reports; contract(s); regulatory /management agreements for multifamily and single family developments; inspection reports; signed interviews/affidavits; mortgage contracts; and/or any other documentation constituting evidence sufficiently probative of the facts at issue.
      4) Any information that mitigates, justifies, or excuses the conduct of which the entity or individual is accused.
      5) Any additional information or evidence pertinent to a determination regarding the proposed debarment.

   b) **Notice of Proposal to Debar**. When the documentation required by sub-section 3.a) above has been compiled, written notice of the proposed debarment shall be sent by MFA's Compliance Officer or another MFA-designated staff member to the individual or entity proposed for debarment. The notice shall advise the individual or entity of the following:
      1) That the individual or entity is being considered for debarment under MFA's Suspension and Debarment Policies;
      2) The factual reasons for the proposed debarment in terms sufficient to put the individual or entity on notice of the conduct or transaction(s) upon which it is based;
      3) The specific Bases for Debarment relied upon under MFA's Suspension and Debarment Policies;
      4) That within thirty (30 days) after receipt of the notice, the individual or entity may submit to MFA in writing, either directly or through a representative, information, argument, and any documentary evidence, including notarized witness statements,

to support the individual or entity’s claim(s) in opposition to the proposed debarment;

5) In actions not based upon a civil judgment or criminal conviction, if MFA’s Compliance Officer concludes that the individual’s or entity’s submission in opposition raises a genuine dispute over facts material to the proposed debarment, MFA shall consider the evidence presented in opposition to the debarment when making a determination on the proposed debarment, and shall thereafter provide the individual or entity with a written explanation as to the weight attributed to the evidence the individual or entity provided in the consideration of the proposed debarment. General Counsel may be asked to provide guidance regarding statutory, regulatory, or common law issues as needed;
6) MFA’s procedures governing debarment decision-making;
7) The effect of the issuance of the notice of proposed debarment; and
8) The potential effect of an actual debarment.

The procedural steps listed above do not apply if the proposal for debarment is based on a civil finding of liability or a criminal conviction for any of the reasons provided in sub-section 1.e) above or on an existing debarment by a federal, state, or quasi-governmental agency.

c) Determination on Proposed Debarment.

1) The Policy Committee has the sole authority and responsibility to determine whether debarment is appropriate based upon review of the information submitted in support of and in opposition to the proposed debarment.
2) The Policy Committee’s decision for debarment shall be based on the greater weight of the evidence presented in support of and in opposition to the proposed debarment. Evidence that the individual or entity has a civil judgment or criminal conviction directly related to misuse of public funds or abuse of the public trust shall suffice to meet this standard of proof.
3) The individual or entity for which debarment has been proposed shall be informed of the Policy Committee’s determination in writing.

4. **Automatic Debarment**. Debarment will be automatic, with no opportunity for the individual or entity to oppose the debarment, and no requirement to provide notice to the debarred individual or entity, if the debarment is based on a civil judgment or criminal conviction as described in sub-section 1.e), above, or if debarment is based upon the individual’s or entity’s debarment by a federal, state, or quasi-governmental agency or if debarment is based on the individual or entity having been named on MFA’s Disallowed Grantees List on the basis of an unpaid financial debt to MFA.

5. **Duration of Debarment Period**. Except as further explained in this sub-section below, a period of debarment may extend from one to five years, and MFA may require corrective actions to lift any debarment. The determination of the period of debarment shall be commensurate with the seriousness of the conduct that is the basis for the debarment; provided, however, that individuals or entities debarred for misuse or misallocation of funds or failure to pay debts owed to MFA will be debarred for a mandatory minimum period of five years, again subject to correction actions necessary to lift any debarment. If the basis for debarment remains unresolved beyond the initial period of debarment, the individual or entity will remain on the debarred list until that individual or entity effects resolution or correction action satisfactory to MFA.

a) **Termination of Debarment Period**. Unless the debarment is permanent, upon expiration of the period of debarment, and provided the individual or entity has resolved the issues supporting the debarment, has completed all corrective actions required by MFA to the satisfaction of MFA, and is current on all obligations to MFA a debarred individual or entity shall be removed from the debarred list.

b) **Permanent Debarment.** An individual may be permanently debarred for conviction of any criminal violation of federal or state law, if the Policy Committee deems the violation to be of such serious nature that it renders the individual so ethically tainted that any future contractual relations between MFA and the individual, or between MFA and an entity employing the individual in a role significant to the performance of a contract with MFA, would be highly disadvantageous, in the Policy Committee's determination, to MFA's interests.

6. **Suspension**. An individual or entity may be suspended from eligibility to respond to a Request for Proposals issued by MFA; enter into a contractual agreement with MFA; or serve as a subcontractor, service provider, or as a partner, general or limited, in any project funded by MFA, during the period of investigation of the alleged facts upon which the debarment proposal is based, or until the resolution of a legal proceeding upon which the proposal of debarment is premised, and/or until a determination of debarment is made by MFA's Policy Committee. A period of suspension may be included in the calculation of the total debarment period. The determination to initiate a suspension shall be made by the Policy Committee and all affected Employees shall be notified of the suspension.

   a) **Automatic Suspension**. A pending civil action for breach of contract directly related to the misuse of public funds or abuse of the public trust, or a criminal indictment for a crime of financial or other misconduct (including theft, embezzlement, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violation of federal or state criminal tax laws, or receiving stolen property) shall constitute grounds for automatic suspension upon the determination of the Policy Committee.

7. **Notice and Duration of Suspension.**

   a) **Notice**. Upon a determination of suspension of an individual or entity, MFA will provide written notice to the individual or entity of the suspension in accordance with all notice and procedural provisions applicable to debarment as provided in sub-sections 3.b) and 3.c) above. An automatic suspension of an individual or entity will not require the provision of notice to that individual or entity unless the suspended individual or entity inquires of MFA as to suspension status, applies for MFA funding, or seeks to perform as a contractor, subcontractor, or service provider on an MFA-funded contract.

   b) **Duration**. A suspension as determined by the Policy Committee shall extend for no longer than six (6) months or will be terminated if the Policy Committee has failed in that time period to make a determination on debarment, unless the final determination awaits resolution of a criminal or civil proceeding upon which the suspension is based, in whole or in part. An individual or entity that has provided written evidence in opposition to the suspension as permitted by 3.b) above, shall receive written notice of the Policy Committee's final determination on the suspension, to include, if the suspension is upheld, information regarding MFA policies determining the potential duration of the suspension.

8. **Maintenance of Suspended and Debarred List**. The names and identifying information of all persons and entities deemed suspended or debarred by MFA's Policy Committee will be placed on a single suspended and debarred list, to be maintained by MFA's Compliance Officer or another designated MFA staff member. It will be the responsibility of the Policy Committee to provide MFA's Compliance Officer or the designated staff member with the name and identifying information of the debarred person or entity, in addition to the duration of the debarment, for inclusion on the suspended and debarred list. In the case of suspension, it shall be the duty of the Policy Committee to provide MFA's Compliance Officer or the designated staff member with all information on the suspension, as is required for debarment, for inclusion in the suspended and debarred list. The suspended and debarred list shall be maintained in both electronic and hardcopy format, for easy access by all affected Employees.

9. **Notice to MFA Board of Directors**. MFA Management will provide notice to members of MFA Board of Directors of a determination by MFA's Policy Committee to debar any person or entity from receipt of MFA funding.

N. Consumer Complaints-Financial Products and Services

A consumer complaint is a customer communication expressing grievance with MFA products, services, or business operations. Complaints typically involve allegations of misconduct, unfair or deceptive practices or potential noncompliance with mortgage lending and consumer laws and regulations. This policy strictly applies to complaints related to financial products or services initiated by a mortgage loan application for a one- to four-unit single family dwelling.

1. **Definitions**. For the purpose of the Consumer Complaint Policy and Procedure, the following words and phrases shall have the following meanings:

   "Complaint" means a verbal or written expression of dissatisfaction with or allegation of wrongdoing by MFA based on Federal Consumer Financial Law. This is with respect to financial products or services offered by MFA ensuring:

   a) Consumers are provided with timely and understandable information to make responsible decisions about financial transactions;

   b) Consumers are protected from unfair, deceptive, or abusive acts and practices and from discrimination;

   c) Outdated, unnecessary, or unduly burdensome regulations are regularly identified and addressed in order to reduce unwarranted regulatory burdens;

   d) Federal consumer financial law is enforced consistently to promote fair competition; and

   e) Markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation.

   "Consumer" means a person or group of persons who are the final users of financial products or services offered by MFA.

   "Fair Lending" means fair, equitable and nondiscriminatory access to credit for consumers.

"Financial Products or Service" means extending credit and servicing loans, including acquiring, purchasing, selling, brokering or other extensions of credit.

2. General Guidelines.

Pursuant to the authority of the Consumer Financial Protection Bureau (CFPB), MFA is responsible for maintaining a comprehensive Consumer Complaint Policy and Procedure for resolving consumer complaints related to the financial products it offers and the services related to those products it provides. The standards set out in this policy represent minimum requirements based on applicable legal and regulatory guidance and are intended to prevent violation of federal regulations related to consumer protection and mortgage lending. MFA's Consumer Complaint policy and procedure is separate from MFA's Fraud, Waste & Abuse Reporting. MFA will provide the public with MFA's Consumer Complaint process as well as the link to submit a Consumer Complaint. The Consumer Complaint form will be available to consumers through MFA's Website at http://local.housingnm.org/CCM. Consumer Complaint tracking and resolution will be achieved through the steps outlined in this policy and the use of MFA's Consumer Complaint Tracking database.

a) Consumer Complaints may come to MFA in many forms, including but not limited to:
   1) MFA website - http://local.housingnm.org/CCM.
   2) Phone Calls
   3) Letters (Regular Mail)
   4) Certified Mail
   5) E-mail
   6) Voice Mail
   7) Legal Action

b) Regardless of the intake, all consumer complaints will be tracked through MFA's Complaint Tracking and Reporting data-base. The data base will include:
   1) Receipt date and source
   2) Consumer contact information
   3) Research and results
   4) Consumer response type and date
   5) Corrective actions taken
   6) Resolution code

c) The Compliance Officer will serve as MFA's complaint monitoring point of contact (POC). As the POC, the Compliance Officer will be responsible for intake, data input, monitoring the status of complaints, compliance with requirements related to resolution and providing reporting to Management when complaints are received. In addition, the Compliance Officer will be responsible for assigning the complaint to the appropriate department Director or Manager via the Complaint Tracking Database for resolution as required. When a department Director or Manager receives notification that a complaint has been reported in relation to their department, they have the responsibility of investigating the nature and credibility of the Consumer Complaint.

d) All MFA Employees subject to this policy will be provided training of the process for handling consumer complaints upon hire and annually thereafter.

e) MFA is committed to the highest standards of compliance with consumer protection and fair lending laws and requires Management, Employees, and third-party vendors to follow this policy in accordance with CFPB requirements.

f) Consumer complaints received by MFA staff shall be brought to the attention of the Board of Directors at the discretion of the Executive Director, who shall consider the severity, accuracy, and verifiability of the allegations of any complaint report when making this determination.

O. Vendor Management

1. **Policy Statement.** To enhance the services provided to MFA's customers, MFA often partners with outside vendors and service providers. In accordance with regulatory requirements as applicable, this policy is designed to provide oversight of vendor relationships in a manner that ensures compliance with Federal consumer financial law and other regulatory requirements.

2. **Covered Vendors.** For the purposes of this policy, a vendor or servicer provider (vendor(s)) will be defined as any entity contracted to provide services that would cause MFA to face risk if the vendor or service provider fails to meet contractual obligations, regulatory requirements, or engages in activities that could adversely impact MFA and/or its consumers.

3. **Responsibilities.**
   a) The Compliance Officer is responsible for the development, implementation, and maintenance of this policy as it applies to covered vendors and will be responsible for ensuring the vendor management due diligence review, risk assessment and monitoring are completed for vendors subject to this policy.

   b) All third-party relationships within MFA are monitored through the Board approved procurement policy, contract renewal requirements, sub-recipient monitoring requirements, sub-servicer oversight procedures and lender approval and recertification processes.

   c) This policy and any substantive changes will be approved by the Board of Directors.

4. **General requirements.** In order to conduct oversight of vendor relationships and maintain compliance with the regulatory requirements outlined above, MFA will:

   a) Exercise thorough due diligence in selecting vendors and maintain oversight through ongoing monitoring.
      1) The due diligence process is designed to provide an objective, in-depth assessment of a third party's ability to perform a proposed activity in compliance with Federal consumer protection laws. Major factors to consider during the due diligence review are:
         i. Business qualifications, experience and reputation;
         ii. Physical and information security and systems management;
         iii. Legal and regulatory compliance record;
         iv. Financial and regulatory audit performance, assuring appropriate policies, procedures, internal controls, and regulatory compliance;
         v. Employment practices and employee training programs;

vi. Risk management systems.

2) The monitoring process is designed to ensure the quality and sustainability of the vendor's controls and its ability to meet service-level agreements through meaningful performance metrics, audit reports and control testing results.

b) Set clear compliance expectations in vendor contracts with enforceable consequences for violating compliance-related responsibilities, reserving the right to conduct on-site compliance audits and notification requirements in the event of alleged consumer harm or federal non-compliance.

c) Take prompt corrective action to address problems identified through the monitoring process, including termination of the relationship.

1) MFA will work to ensure that, when necessary, relationships terminate in an efficient manner and MFA consumers are not adversely affected by the termination.

5. **Risk Assessment.** Oversight measures will be commensurate with the level of risk posed by the relationship based on their aggregate risk rating. A risk assessment tool will be utilized to assess the possibility of potential risk for consumers to suffer economic loss or other injury from a violation of consumer financial law. The risk assessment will include the following risk factors: the covered vendor's access to customer information and regulatory exposure; MFA's operational reliance on the vendor, reputational risk, legal/regulatory risk, financial impact, and annual financial investment.

6. **Examination Standards.**
   a) High-risk vendors will be examined annually.
   b) Moderate-risk vendors will be examined every 12 - 24 months.

   c) Low-risk vendors will be assessed on an as-needed basis.

7. **Training.** MFA will ensure that Management and staff are properly trained on the requirements of consumer protection laws, the obligation to avoid unfair, deceptive, abusive, or discriminatory practices and the Vendor Management Policy.

8. **Contingencies.** MFA will develop a plan of action for continued operations in the event of a contingency associated with the failure of a covered vendor to ensure MFA customers are not injured by such circumstances.

9. **Documentation and Reporting.** A vendor examination report will be prepared by the Compliance Officer and provided to the appropriate Department Director/Manager. It is the responsibility of the Department Director/Manager to notify the applicable Deputy Director of any critical weaknesses that present a significant risk of violating the law and causing consumer harm and to develop a vendor resolution plan.

P. Compliance Management System

MFA has developed a Compliance Management System (CMS) to effectively manage compliance with Federal and State consumer financial laws applicable to the products and services governed by consumer protection regulations that MFA offers.

1. **Scope.** The Compliance Management System has been developed to ensure compliance with the Consumer Financial Protection Bureau's (CFPB) requirement that supervised

entities such as MFA proactively ensure compliance with Federal Consumer Financial Law in order to prevent or mitigate risk to MFA's consumers and to document those systems and processes accordingly.

2. **Objective.** Ensure that MFA meets relevant regulatory, legal, and compliance responsibilities.

3. **Responsibilities.** MFA's Board of Directors and Management have set forth expectations for meeting compliance requirements. Responsibility for compliance oversight has been specifically delegated to the Contracted Services/Credit Committee of the Board, which meets regularly pursuant to the MFA By-Laws.

   The Compliance Officer is responsible for ensuring MFA maintains compliance for those activities that are subject to CFPB enforcement or governed by consumer protection regulations, including oversight, training, monitoring and corrective action, policies and procedures related to regulatory requirements, consumer complaints and compliance audits.

   The Compliance Officer maintains independence from MFA's Management and serves in an oversight and advisory capacity to assist with day to day compliance matters.

   The Compliance Officer is responsible for reporting compliance related activities to MFA's Board of Directors and Management on a regular basis and to report compliance related matters as needed, including the ability to report compliance issues without repercussions from Management.

Q. Electronic Signatures

1. **Purpose and Scope.** This policy establishes when an electronic signature may replace a written signature in official MFA activities and applies to all Members, Management, Employees, or Funding Committee members, and governs all uses of electronic signatures and electronic records used to conduct the official business of MFA. Such business shall include, but not be limited to electronic communications, transactions, contracts, grant applications and other official purposes including transactions with MFA's external clients, partners, service providers, and their customers.

2. **Definitions.** For the purposes of this policy, the following terms have the following meanings:

   a) "approved electronic signature method" is one that has been approved by a Deputy Director or the Executive Director in consultation with the Chief Information Officer, in accordance with this policy and all applicable state and federal laws, and which specifies the form of the electronic signature, and the significance of the use of the electronic signature;

   b) "electronic" means relating to technology having electrical, digital, magnetic, wireless, telephonic, optical, electromagnetic, or similar capabilities;

   c) "electronic record" means a record created, generated, sent, communicated, received, or stored by electronic means;

d) “electronic signature” means an electronic symbol, sound or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record;

e) "Intent to sign" means the intent of a person that a symbol, sound, or process is applied to a record in order to have a legally binding effect; and

f) “record” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in a perceivable form.

3. **Acceptance and Use of Electronic Signatures.**
   a) Signature Required by MFA Policy / Internal Use
      1) Where an MFA policy or Department procedure requires that a record have a signature, the requirement is met when the electronic record has associated with it an electronic signature, using an approved electronic signature method. Electronic signatures may be used on all internal records and approvals unless specifically prohibited by existing law, regulation or by management.

   b) Signature Required by Law
      1) Where there is a legal requirement, beyond MFA policy, that a record have the signature of a responsible person, that signature requirement is met when the electronic record has associated with it an electronic signature, using an approved electronic signature method that complies with New Mexico state law or federal law, including the Electronic Signatures in Global and National Commerce Act (the “E-SIGN Act”) and New Mexico’s Uniform Electronic Transaction Act, Section 14-16-1 et seq NMSA 1978 (“UETA”).
      2) For electronic signatures which are required by law, the approved electronic signature method must ensure that the following requirements are met:
         i. **Intent to sign** –each party must have had intent to sign
         ii. **Consent** – each party must agree to use electronic signatures and electronic records for the transaction. For business transactions this may be evident by the circumstances of the transaction but for consumers, they must receive consent disclosures, agree to use electronic records and may not have withdrawn their consent.
         iii. **Associate the signature with the record** – the electronic record must have an associated electronic signature with it that demonstrates the process used to capture the signature. It must be added to the electronic record permanently.
         iv. **Retention** – the electronic record and associated electronic signature must be securely saved and accessible by the parties to the transaction.

4. **Approved Electronic Signature Vendors.** MFA shall contract with vendors capable of deploying technology which meets federal and state statutory requirements and complies with the E-Sign Act, UETA and any other regulatory requirements that may apply. Vendor certification of such must be maintained by the Information Technology Department.

5. **Prohibited Uses.** In addition to any prohibited use of electronic signature which may be identified by MFA Department Directors/Managers pursuant to Section 6 of this Policy, electronic signatures are expressly prohibited in the following circumstances that apply to MFA business:

a) Notices of default, acceleration, repossession, foreclosure, or eviction, or the right to cure under a credit agreement secured by, or rental agreement for, a primary residence of an individual;

b) Notices for the cancellation or termination of health insurance or benefits or life insurance benefits (excluding annuities)

6. **MFA Contracts.**
   a) MFA generated contracts or agreements that are executed electronically should contain language allowing for electronic signatures. An example of such language would be:
      1) “Electronic Signatures. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures.
      2) Electronic signature means any electronic sound, symbol, or process attached to or logically associated with a record executed and adopted by a party with the intent to sign such record, including facsimile or email electronic signatures.”

7. **Department Procedures.** MFA Department Directors/Managers may maintain a list of documents for which the use of electronic signatures is prohibited. Each Department Director/Manager shall be responsible for ensuring that the Department utilizes an approved electronic signature method that meets the requirements for the type of record requiring signature and partner electronic signature requirements. Departments shall continue to maintain their records in accordance with the appropriate record retention policy.

1.4 Business Travel and Meal Expenses

A. General Guidelines

1. **Travel and Meal Expenses**. MFA will pay or reimburse MFA Members and/or their duly authorized designees, external Advisory Committee Members as appointed by the Board, Management, Employees, Third Party Contractors (subject to their agreements with MFA) and other third parties for business travel and meal expenses incurred by them in connection with the performance of MFA business in accordance with the policies set forth in this section 1.4. Business travel expenses shall be paid or reimbursed pursuant to sub-section B of this policy. Business meal expenses shall be paid or reimbursed pursuant to sub-section C.

2. **Payment and Reimbursement Procedures**. Requests for payment or reimbursement of business travel and meal expenses shall be processed in accordance with sub-section D of this policy.

3. **Airline Travel Vouchers**. When traveling on MFA business via airliner, Members, external Advisory Committee Members, Management and Employees shall not voluntarily surrender his/her seat in order to receive a travel voucher. In the case that the surrender of a seat is unavoidable, the voucher becomes MFA’s property and will be used for future MFA travel for the Member, external Advisory Committee Member, Management or Employee.

B. Travel Expenses

1. **Reimbursable Expenses.**

a) **General Rule**. MFA will pay or reimburse Members and/or their duly authorized designees, external Advisory Committee Members, Management, Employees, Third Party Contractors (subject to their agreements with MFA), and other Third Parties as designated for the conduct of MFA business including meetings and presentations to the Board and/or MFA Legislative Oversight Committee for reasonable travel expenses actually incurred in connection with the performance of MFA business. Reimbursable travel expenses include expenses for transportation, lodging, reasonable personal phone calls and meals purchased while traveling on MFA business. Reimbursable travel expenses also include mileage reimbursement for the use of a personal automobile on MFA business (other than travel to and from work). The amount of mileage reimbursement shall be the current rate for mileage established by the Internal Revenue Service. Reasonable meals purchased on one day travel trips (no overnight lodging) may be reimbursed in accordance with sub-section C, customer relations, of this policy. Meals purchased on one-day travel trips that are not customer relations related are reimbursable as well, but subject to taxes in accordance with IRS regulations. Meals purchased during same day, in-town travel are not reimbursable. Same day, in-town travel is defined as travel within 50 miles of MFA.

b) **Reasonableness**. Whether travel expenses are reasonable shall be determined by MFA on a case by case basis. In general, reasonable travel expenses include coach or economy class airline tickets, reasonably priced hotel or motel accommodations and non-luxury rental cars. Reasonable travel expenses do not include expenditures for entertainment, first class airline tickets, luxury hotel accommodations, or luxury rental cars.

c) **Authorization**. All in-state and out-of-state travel must be authorized as follows:
   1) All in-state travel must be authorized in advance in writing by the Employee's direct supervisor and Deputy Director(s) or Executive Director.
      Exceptions that only require verbal approval in advance:
      i. Travel for Board related meetings does not require prior authorization;
      ii. Travel within Bernalillo, Sandoval and Valencia counties does not require prior authorization;
      iii. Travel to Santa Fe during the Legislative Session, to attend State Board of Finance meetings, and to participate in other State business does not require prior authorization.
   2) All out-of-state travel must be authorized in advance by the Deputy Director(s) or Executive Director. The Chair of the Board must authorize all out-of-state Board travel. Exceptions:
      i. Travel to El Paso with the destination of Las Cruces or nearby areas will be considered in-state travel;
      ii. Travel to the Navajo Nation will be considered in-state travel.
   3) All pre-authorizations will be documented on the travel request form;
   4) The Executive Director and Chair of the Board have the authority to authorize their own travel.

d) **Travel Arrangements**. All travel arrangements for members of Management and Employees may be made by designated MFA Employees. Members and external

Advisory Committee Members may, but are not required to, make their travel arrangements through MFA Employees.

e) **Advances**. Ordinarily a Member, external Advisory Committee Member, Management or Employee's business travel expenses should be paid directly by MFA or reimbursed. However, in appropriate circumstances, and subject to approval by the Deputy Director(s) or Executive Director, MFA will authorize, and issue cash advances up to $100 per day ($400 maximum) for overnight travel and up to $50 for one-day travel. Exceptions may be made for "high cost" areas.

f) **Reimbursement/Refund of Travel Advances**. A complete Travel/Expense Reimbursement Request form must be submitted within five working days from the return of business travel. The request must reflect reimbursement to the Member, external Advisory Committee Member, Management or Employee, or reflect a refund to MFA.

2. **Persons Eligible to Travel on MFA Business.**

a) **MFA Members, Advisory Committee Members, Management, and Employees**. MFA Members and their duly authorized designees, external Advisory Committee Members, Management, Employees, and third parties as designated for purposes of presentations to the Board and MFA Legislative Oversight Committee are authorized to incur travel expenses to be paid or reimbursed by MFA.

b) **Ex-officio Members**. Ex-officio Members may be authorized to incur travel expenses to be reimbursed by MFA provided the Member does not claim or receive reimbursement or per diem under the Per Diem and Mileage Act.

c) **Spouses and Others**. MFA will not reimburse travel expenses incurred by or on behalf of spouses or dependents of Members, external Advisory Committee Members, Management or Employees or other persons not employed by MFA except as provided in sub-section 2.d) below relating to Third Party Contractors.

d) **Third Party Contractors**. MFA may reimburse or pay directly the travel expenses of Third-Party Contractors in accordance with this travel reimbursement policy and subject to their agreements with MFA.

C. Business Meals

The policies set forth in this sub-section shall apply to all meal or beverage expenses incurred in connection with MFA business other than meal expenses incurred while traveling on MFA business covered by sub-section 1.4B of this policy.

1. **Reimbursable Expenses**. MFA will pay or reimburse Member's, Management's and Employee's expenses for food and non-alcoholic beverages if and only if the meal is either directly related to the active conduct of MFA business (directly related test), or in the case of a meal preceding or following a bona fide business discussion, the meal is associated with active conduct of MFA business (associated with test); or the meal is demonstrably related to MFA's constitutionally or statutorily authorized functions and does not amount to a subsidy of private individuals or businesses (anti-donation test); and the cost of the meal is not lavish or extravagant.

a) ~~"~~**Directly Related**~~"~~ **Test**. A meal expenditure is directly related to MFA business if it occurred in a clear business setting and meets all the following requirements:

1) **Expected Benefit**. At the time of the meal expenditure MFA is expected to derive some income or other specific business benefit at some future time (i.e., a general goodwill or public relations purpose is not enough, but it is not necessary that income/business result from expenditure);
2) **Business Discussions**. During the meal period, an MFA Member, Management or Employee actively engaged in a bona fide MFA business meeting or discussion;
3) **Business Purpose**. The principal character of the combined business and meal was the active conduct of MFA business; and
4) **Business Contact Presence**. The business meal involves an MFA Member, Management or Employee and a person with whom MFA Member, Management or Employee was actively conducting MFA business (there is no eat-alone reimbursement except for approved travel away from home).
5) **Examples**
   i. John, an MFA employee, meets with Joe, an investment banker, at a restaurant to discuss refunding certain MFA multifamily housing bonds. During the meal John and Joe discuss the pros and cons of refunding the bonds, including market conditions, costs of issuance, etc. John picks up the tab. The business meal constitutes a reimbursable meal expense.
   ii. In May 2013, Mary an MFA Member worked closely with XYZ Investment Bank in connection with the issuance of its 2013A Single Family Mortgage Purchase Refunding Bonds. In September 2013, as a goodwill gesture, Mary calls Bob, an XYZ executive, and invites him to lunch. Mary pays for lunch. Because there is no expectation of a specific business benefit, but only a general goodwill or public relations purpose, this business meal is not a reimbursable expense.

b) **Associated with Test**. A meal is associated with the active conduct of MFA business if MFA Member, Management or Employee establishes that he or she had a clear MFA business purpose in making the expenditure and the meal directly preceded or followed a substantial and bona fide business discussion such as a business meeting, negotiation, discussion, or other bona fide business transaction. MFA Member, Management or Employee must show that the business meeting was substantial in relation to the meal, that specific business was a principal objective of the meeting (and the meal incidental).

1) Example: Joe, an MFA Member, meets Bob, a bank executive, at MFA's office to discuss the bank's participation in MFA's down payment and closing cost assistance program. After the meeting, Bob and Joe go to dinner and Joe pays. The meal occurs directly following a substantial and bona fide business discussion and is associated with MFA business. Therefore, the meal expense is reimbursable.

c) **Anti-Donation Test.** A meal provided to MFA Members, Management or Employees that does not include a third party subject to the Directly Related Test or Associated with Test is considered to comply with the anti-donation test (Article IX Section 14 of the New Mexico Constitution) when it is provided in conjunction with the conduct of MFA business or provides a benefit to MFA, provided that the purpose related to MFA's responsibilities and mission are identified. These allowable, reasonable expenditures include:

1) meals and refreshments during meetings when MFA business is discussed or conducted
2) meals and refreshments for employee professional development activities
3) meals and refreshments for team building functions
4) meals and refreshments for employee recognition events

2. **Required Documentation**. MFA Members, Management and Employees shall submit forms for meal expense payment or reimbursement, which shall include:

   a) The amount of the meal expenditure;

   b) The time and place of the business meal;

   c) The bona fide business reason (business-specific justification) for the meal including the date and place of any business meeting the meal preceded or followed; and

   d) The identity of and MFA's business relationship to each of the persons present at the business meal for the Directly Related Test or the Associated Test; and~~.~~

   e) The purpose of the meal related to MFA's responsibilities and mission for the Anti-Donation Test.

   Any meal expense payment or reimbursement form, which does not contain the required information, will not be approved.

D. Expense Reimbursement Procedures

1. **Reimbursement Forms**. MFA Management and Employees shall submit all requests for expense payment or reimbursement for travel or meal expenses to the Controller according to Staff Travel Guidelines & Procedures. MFA Members and external Advisory Committee Members shall submit all requests for expense payment or reimbursement for travel or meal expenses using the forms established by MFA's Controller. All expense reimbursement forms must be completed in full to be considered for reimbursement. Incomplete expense reimbursement forms will be returned for completion (completion includes approval signatures and pre-authorized travel request).

2. **Required Documentation**. Receipts, travel authorization form (if applicable), business meal documentation and any other required documentation must accompany all reimbursement request forms.

3. **Disputed Items**. The Deputy Director of Finance and Administration, subject to the provisions of this policy, shall make the determination of whether a disputed expense is payable or reimbursable by MFA. The Executive Director shall resolve any dispute regarding reimbursement that cannot be resolved between the Deputy Director of Finance and Administration and the person seeking reimbursement.

4. **Third Party Contractors**. MFA will accept any reimbursement request forms submitted by Third Party Contractors so long as documentation for travel expenses is in accordance with this travel reimbursement policy.

E. **Third Party Expenditures**

1. **General**. Third Party Contractors, such as legal counsel, investment banker or accountant, shall not be reimbursed for any expense that is not otherwise reimbursable under MFA's reimbursement policies.

2. **Out-of-Pocket Expenses**. Out-of-pocket expenses incurred by Third Party Contractors, such as costs for document reproduction, long distance telephone calls and overnight courier services shall be reimbursed in accordance with MFA reimbursement policies issued from time to time and the contract executed with third party.

3. **Board Meeting Attendance**. MFA will not reimburse third party contractor's travel expenses to attend board meetings or other activities unless their attendance is requested or required.

1.5 Transaction Authorizations

A. **Authorized Signatures on Program Transactions**. Members of Management or Employees designated by Management are authorized to sign documents and/or instruments required in performing program activities, subject to the approvals and review process requirements set forth in the Delegations of Authority chart that is Exhibit E to this manual[3] and individual Employee Delegations of Authority that are established by Management based on the details specified in this manual, the Authorized Signature Resolution, the Delegations of Authority chart (Exhibit E), department budgets and Employee responsibilities.

B. **Authorized Signatures on Bank Accounts.** The Chair, Vice-Chair, and Treasurer of the Board, Members designated by the Chair, Executive Director, Deputy Director(s), Controller and Senior Director of Mortgage Operations are authorized to sign on bank accounts and related banking documents.

C. **Authorized Signatures on Contracts**. The Chair of the Board, members of Management, Controller and Senior Director of Mortgage Operations are authorized to sign contracts entered into on behalf of MFA. All contracts to be signed by authorized signers shall be recommended for approval as indicated by signature of the appropriate manager. Director level staff are also authorized to sign contracts in instances where awards have been approved by Policy Committee and/or the Board of Directors. In addition, the Senior Director of Mortgage Operations or Director of Servicing are each authorized to sign contracts entered into on behalf of MFA directly related and limited to the management and sale of MFA's Real Estate Owned (REO) portfolio. Department Directors/Managers will retain a copy of all contracts executed in their respective areas, except for loan and personnel related contracts. Original loan documents will be kept in their departments of origin or the Servicing Department as appropriate, and a scanned copy of each document will be maintained in an electronic file on MFA's computer system. Personnel-related contracts will be retained in the Human Resources Department. All contracts must comply with MFA Procurement Policies.

D. **Authorized Delegations of Authority**. Management and staff can appoint an "Acting" in their absence in accordance with their designated Delegations of Authority for program transaction

[3] The Delegations of Authority that are included in Exhibit E of this manual are those that have most recently been approved by the Board of Directors at any given time. The Board of Directors may separately amend or modify the Delegations of Authority without amending any remaining provisions of this manual. If the Delegations of Authority are separately modified or amended by the Board of Directors, the most current version of the Delegations of Authority will automatically become Exhibit E of this manual.

approval. Bank account and contract authority cannot be delegated nor can signature authority above individual Employee delegations. Hourly staff cannot be appointed “Acting” in a management capacity. Appointments must be approved by the Executive Director or Deputy Director as appropriate. Notification must include Management (as defined in Section 1.2.C) and the Controller.

1.6 Fair Housing Policy

A. MFA engages in certain housing-related transactions in fulfilling its public purpose and has, since its inception, pledged to the letter and spirit of US policy for the achievement of equal housing opportunity throughout the nation.

B. MFA will not refuse to sell or rent or refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person and prohibits discrimination based on race, color, religion, sex, age, sexual orientation, gender identity, disability, familial status, national origin, or other protected class including those protected under the New Mexico Human Rights Act.

C. MFA prohibits discrimination against any person in making available a residential real estate-related transaction, or in the terms or conditions of such a transaction, because of race, color, religion, sex, age, sexual orientation, gender identity, disability, familial status, national origin, or other protected class including those protected under the New Mexico Human Rights Act.

D. MFA will contractually require compliance with all applicable fair housing and fair lending laws by all recipients of MFA-administered funds.

E. MFA’s Compliance Officer is the designated Fair Housing Officer.

SECTION 2 – HUMAN RESOURCES

2.1 Conditions of Employment

The policies of the Board, with respect to conditions of employment, are set forth in the Employee Manual, which shall be made available to all Employees. The Board shall approve the manual at least annually.

2.2 Organizational Structure

MFA will provide the Board with an organizational chart at least annually.

2.3 Personnel Records

A. Personnel records of MFA consist of:

1. **Personnel Files for Individual Employees**. Personnel files for individual Employees will contain the information listed in the Employee Manual.

2. **Personnel Files for Terminated Employees**. Personnel files for terminated Employees will be retained intact for seven years from the date of termination. After seven years, personnel files for terminated Employees will be destroyed.

3. **Desk Files for Terminated Employees**. When an Employee terminates employment with MFA, regardless of the reason for the departure, the supervisor should submit any desk file information to Human Resources to be made part of the personnel file.

4. **Hiring Data**. Hiring data will consist of an employment application and resume, if applicable, for all applicants who have applied for any specific vacant position. Only applicants who meet the requirements of the position will be considered. Other records related to the hiring process will include evidence of reference checks, interview notes, background investigations, and tests administered if applicable to the position. Files containing hiring data will be kept two years from the date of application or from the date the position was filled as required by the Equal Employment Opportunity Commission. After two years, files containing hiring data will be destroyed.

5. **Payroll Records**. Payroll records consist of the payroll register, salary authorization forms, and payroll tax reports. Payroll records are required to be kept for seven years. After seven years payroll records will be destroyed.

6. **Desktop Procedures.** Department Directors will ensure desktop procedures are reviewed at least every three years. Upon review, desktop procedures must include last update and review dates for version control purposes.

2.4 401(k) Investment Policy

A. MFA (MFA or the Plan Sponsor) offers to its Employees the MFA 401(k) Plan (the Plan), a defined contribution tax deferred savings plan. It is intended to provide eligible Employees with the long-term accumulation of retirement savings to individual participant accounts and the earnings thereon.

B. In conjunction with the Plan Administrator, an internal 401(k) Investment Committee administers the Plan. The members of the 401(k) Investment Committee are: Executive Director, Deputy Director of Programs, Deputy Director of Finance and Administration, Human Resources Director and two Employee representatives.

C. The Plan Administrator acts in a co-fiduciary role with MFA with respect to fund selection. The Plan Administrator provides investment fund advice to MFA with respect to funds on the Plan investment menu, and MFA retains the discretion to accept or reject that advice. The Plan Administrator is serving as a 3(21) fiduciary.

D. The 401(k) Investment Committee has developed a Statement of Investment Policy in order to define the Plan's investment objectives, define the roles and responsibilities of those responsible for the Plan's investments, describe the criteria and procedures for selecting investment options, establish measurement standards and monitoring procedures for investment options and describe a way to address investment options that fail to satisfy established objectives.

E. The fund array offered in the Plan includes enough fund options from distinct asset classes to accommodate a broad range of individual investment goals. The fund array is intended to provide Plan participants with a range of investment options that have incremental and identifiable steps up the risk and return spectrum.

F. In addition, it is intended that, through the Plan, participants will be able to direct their investments and select a diversified portfolio. The Plan's participants and beneficiaries are expected to have different investment objectives, time horizons and risk tolerances. If a participant does not choose an investment, the participant's deferral contributions and MFA's contribution will be invested in a target date fund appropriate to the participant's age.

G. The 401(k) Investment Committee reviews certain qualitative and quantitative measures and fund recommendations prepared by the Plan Administrator in evaluating potential investment options. The 401(k) Investment Committee will have at least two regularly scheduled meetings per year to review fund performance. The Plan Administrator prepares the analysis that is reviewed by the 401(k) Investment Committee. Returns, benchmarks, risk metrics, strategy style, track record of the investment options portfolio manager, and fees are all monitored.

H. An investment option may be placed on Watch status, a higher review status, to indicate the awareness of a change or area of concern related to the fund. An investment option may remain on Watch status as long as deemed necessary. Both subjective (investment quality, correlation with other investment options, strategy) and objective factors (performance, percentile rank, tenure) will be considered when deciding whether to keep the fund on Watch status, take the fund off Watch status, or terminate the fund from the Plan. The 401(k) Investment Committee, under the guidance of the Plan Administrator has sole discretion to replace a fund. In the event a fund is slated for replacement, the 401(k) Investment Committee will choose a replacement fund after reviewing the recommendation from the Plan Administrator. Once a fund has been selected, the 401(k)

Investment Committee will coordinate the communication efforts to assist with the transition for plan participants with respect to the new fund introduction.

SECTION 3 - PROCUREMENT POLICIES

3.1 Policies and Purposes

MFA is committed to providing affordable housing for low and moderate income New Mexico residents; promoting free competition among potential contractors; and supporting New Mexico based businesses. Although the New Mexico Procurement Code is inapplicable to MFA, these procurement policies and procedures are intended to be patterned after the New Mexico Procurement Code, Section 13-1-28, et seq., NMSA (1978), in conjunction with the unique needs and structure of MFA, and to provide general procurement guidelines for MFA.

A. **Application**. These procurement policies and procedures shall apply to the following purchases, with the exceptions provided in sub-section B below:

1. **Services**.

   a) **Professional Services**. Professional Services, including Services rendered by legal counsel, consultants, accountants, auditors, and other professionals as needed from time to time.

   b) **Financial Services**. Financial Services, including Services rendered by investment bankers, underwriters, trustees, custodians, financial advisors, credit enhancement providers, loan servicers and investment agreement providers and others as needed from time to time.

   c) **Other Services**. All other services, including advertising, public relations, and printing services.

2. **Tangible Personal Property**. All Tangible Personal Property, including furniture, fixtures, equipment, and supplies.

3. **Program Expenditures and Awards**. Aside from the procurement procedures permitted by Program Policies (see section 4 of this Manual) and the exceptions provided below, expenditures or disbursement of funds or awards of benefits from federal and state programs administered by MFA and from MFA programs for Services, Tangible Personal Property and other awards shall be subject to these Procurement Policies except when in conflict with any federal or state regulations.

B. **Exceptions**. These Procurement Policies do not apply to procurement of Tangible Personal Property or Services as follows:

1. **Small Purchases**. A small purchase is a purchase of Tangible Personal Property or Services costing less than $50,000 within a given calendar year, including any charges such as taxes and travel that are essential to the provision of the Services or Tangible Personal Property.

2. **Informal Bids/Requests for Qualifications (RFQs)**. At least three, if possible, informal bids or RFQ responses, as appropriate, will be obtained from vendors for purchase of Services or Tangible Personal Property costing $50,000 or more but less than $75,000 within a given calendar year. Where the Services or Tangible Personal Property are provided by current

vendors, a request for informal bids or RFQs will be mailed to current vendors and to other known vendors. All requests for informal bids or RFQs will include descriptions of:

a) the Services or Tangible Personal Property to be purchased;

b) the terms and conditions applicable to the purchase, including the period of time during which Offeror(s)' prices will remain in effect;

c) the response submission date, time and place; and

d) The criteria to be utilized by MFA in selecting the successful Offeror(s).

Informal bids or RFQ responses must be obtained in writing but do not have to be opened in public. Multiple vendors may be selected and placed on a list of approved vendors to provide the Services or Tangible Personal Property in question, in which case contracts need not be entered into; however, payments to vendors may not exceed the prices proposed in vendors' responses to the RFQ, for the period identified in the RFQ. MFA may permit Offerors who are not selected under the RFQ to provide the same kinds of Services or Tangible Personal Property proposed in their informal bid or RFQ response, subject to the limitations stated in sub-section B.1 above. For any given engagement, vendors may be selected based on availability and other relevant factors. The basis for individual selections will be documented.

3. **Emergency**. An emergency procurement is a procurement made:

   a) under a condition creating an immediate threat to operations or funding of MFA, any federal or state program or project, or to any bond issue; or

   b) In response to a natural disaster or other emergency creating an immediate need for housing or housing-related Services or Tangible Personal Property.

   In such conditions MFA may conduct negotiations to obtain the price and terms most advantageous to MFA, with any vendor or vendors that MFA determines to be most capable of delivering the procurement.

4. **Limited Source Procurement**. Limited source procurement is procurement for items or services that are only available from one source or when there are such a limited number of qualified sources for the procurement, as determined under the facts and circumstances of the procurement, that a competitive sealed proposal procedure would be impracticable and therefore competition is determined inadequate. In such conditions MFA may conduct negotiations to obtain the price and terms most advantageous to MFA, with any vendor or vendors that MFA determines to be most capable of delivering the procurement. Limited source procurements may also by utilized in federally funded programs if the federal awarding agency expressly authorizes noncompetitive proposals.

5. **Healthcare/Dental Providers**. In the healthcare industry there are a limited number of similar or like sources to healthcare/dental providers which makes a competitive sealed proposal procedure impractical. So as not to interrupt healthcare/physician/dental services for MFA Employees, MFA may conduct negotiations with the like sources and obtain the price and terms most advantageous to MFA.

6. **Banking Services.** As a financial intermediary with banking requirements similar to those required in a correspondent banking relationship, MFA requires very complex banking services in order to meet the needs of the business. These services would not be available through most banking institutions. In addition, MFA's borrowing needs and primary collateral are very specialized. To ensure an efficient and effective process MFA may selectively seek these services through a strategic request for information (RFI) process and obtain these services on the price and terms most advantageous to MFA.

7. **State Contract**. A state contract procurement is a procurement in which the vendor has an existing procurement contract with the state; the pricing offered by the vendor to MFA is the same as the pricing under the state contract; the same standards and specifications apply; and the quantity purchased does not exceed the quantity which may be purchased under the applicable price agreement.

8. **Approval**. Exceptions described in this sub-section B are to be reviewed and approved according to MFA's current Authorizations (as defined in Section D of this policy).

9. **Documentation**. All exceptions to the Procurement Policy will be documented with respect to the justification for the exception as described above. Documentation of RFQs and RFQ responses and the name and address of each contractor, the amount and term the contracts and a list of all Services and/or Tangible Personal Property under each contract will be maintained on file in accordance with MFA's policy for retention and disposition of records by the department procuring the services.

10. ~~**Multiple Small Purchases and RFQ Selections**. From time to time a given Offeror will qualify under multiple Small Purchase and/or RFQ selections, for the provision of one or more Services and/or Tangible Personal Property. The respective \$50,000 and \$75,000 limitations within a given calendar year apply collectively to all the Services and/or Tangible Personal Property provided to MFA by any one vendor under these exceptions, pursuant to this sub-section B.~~

C. **Procedure**. Procurement of Tangible Personal Property or Services costing $75,000 or more within a given calendar year, and procurements not subject to the exceptions in sub-section B of this policy, are subject to a competitive sealed proposal or "Request for Proposals" (RFP) ~~and Notice of Funds Availability (NOFA) procedures~~ as follows:

1. **Requests for Proposals (RFPs)** ~~**and Notices of Funds Availability (NOFAs)**~~. Competitive, sealed proposals will be solicited through an RFP. ~~or a NOFA. NOFAs will be used in place of RFPs when individual program policies require that the funds be made continually available and it is anticipated that there will be more funds available than applicants for any one round of funding.~~ All RFPs ~~and NOFAs~~ shall include descriptions of:

    a) The Tangible Personal Property or Services to be purchased;

    b) The terms and conditions applicable to the procurement; including the period of time during which Offeror(s)' prices will remain in effect;

    c) The date, time and place where proposals are to be received and reviewed, including a statement that late proposals will not be accepted;

    d) The applicable protest procedures; and

e) The criteria to be utilized by MFA in selecting the successful Offeror(s) and the weight to be attributed to each criterion.

2. Notices of Funds Availability (NOFAs). NOFAs will be used in place of RFPs to identify funding opportunities when individual program policies require that the funds be made continually available and it is anticipated that there will be more funds available than applicants for any one round of funding. Selection of eligible Offeror(s) will be based on specific factors and criteria identified within the NOFA.

3. **Review**. Final RFPs and NOFAs require documented legal review and approval according to current Authorizations prior to publishing.

4. **Resident Business Preference**. For a procurement of goods or services through an RFP process in which the goods or services to be purchased will be purchased with non-federal funds:

   a) If procurement is made through an informal bidding process, including an RFQ, a bid submitted by a Resident Business shall be deemed to be five percent lower than the bid actually submitted;

   b) If procurement is made through an RFP ~~or a NOFA~~, five percent of the total weight of all factors used to evaluate the proposals shall be awarded to a Resident Business;

   c) If the contract is awarded on a point-based system, a Resident Business shall be awarded the equivalent of five percent of the total possible points to be awarded based on its status as a Resident Business.

   A New Mexico Resident Business, for the purposes of MFA's Procurement Policies, is defined as one in which the majority of the Offeror's employees who would perform the services to be performed pursuant to the relevant procurement reside in New Mexico. If an Offeror is seeking preference points as a New Mexico Resident Business, the Offeror's proposal must include:

   a) Evidence that the Offeror is licensed to do business in New Mexico; and,

   b) A representation that the majority of the Offeror's employees who would perform the services to be performed reside in New Mexico.

5. **Negotiation**. MFA may provide Offeror(s) whose proposals are reasonably likely, in MFA's discretion, to be selected an opportunity to discuss and revise their proposals at any time after submission of proposals and prior to award, for the purpose of obtaining final and best offers. MFA may negotiate with responsive Offeror(s) for award.

6. **Award/Selection**. Offerors whose proposals are most advantageous to MFA, taking into consideration the evaluation criteria set forth in the RFP or NOFA, will be selected according to the current Authorizations. Written notice of the selection of the Offeror(s) will be sent to all Offeror(s) as soon as reasonably possible.

7. **Internal Review Committee**. As required by the Delegations of Authority, all proposals for each RFP ~~or NOFA~~ requiring Board approval will be reviewed by an Internal Review

Committee of at least 3 MFA staff members including the Chair of the Internal Review Committee, who will be responsible for establishing the Internal Review Committee, getting Internal Review Committee membership approval from the Policy Committee, distributing the proposals to the members, setting meeting times, ensuring proposals are scored in a uniform manner, summarizing the scores and presenting the results to the Policy Committee, Board Committee and the Board. From time to time, as needed, one or more reviewers from outside MFA may be invited to participate in the review process. It is also recommended that the Chair of the Internal Review Committee propose an alternate member for approval along with the regular Internal Review Committee members who will score the proposals if another member becomes unavailable to participate in the process.

8. **Contract Requirement**. All awards and funding allocations through a NOFA shall be evidenced by a fully executed contract. All contracts (as to form) require documented legal review.

9. **Responsibility of Offeror(s)**. If an Offeror who otherwise would have been awarded a contract or approved for funding, is not 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 an award. The failure of an Offeror to promptly supply information in connection with an inquiry concerning responsibility is grounds for a determination that the Offeror is not a Responsible Offeror.

10. **Irregularities in Proposals**. MFA may waive technical irregularities in the form of the proposal of the Offeror(s) selected for award or approved for funding if such irregularities do not alter the price, quality or quantity of the Services or Tangible Personal Property offered.

11. **Protest Procedure for RFPs.**

    a) An Offeror may protest the selections in accordance with the provisions of the RFP ~~or NOFA~~. In general, the protest must be submitted in writing to MFA, within five (5) business days after the notice of award. The protest must be written and addressed to the Contact Person listed in the RFP. ~~or NOFA~~.

    b) 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.

    c) The Offerors receiving notice may file responses to the protest within five (5) business days of notice of the Protest.

    d) The protest is then heard by the applicable Board Committee. The Board Committee's recommendation is then taken to the full Board for approval.

    e) 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 of the protest shall be allowed.

    f) Offerors and Members of MFA Board of Directors shall not communicate regarding a pending offer or award until the protest period has expired or, in the event there is a protest, until the protest is decided by the Board.

12. **Documentation**. Thorough documentation of all RFPs will be maintained on file by the department procuring the services in accordance with MFA's policies on retention and disposition of records.

D. **Reimbursement of Travel Expenses**. Reimbursement of successful Offeror(s)' travel expenses will be consistent with MFA travel reimbursement policies.

E. **Code of Conduct**. All Offerors shall agree to conduct themselves in a manner consistent with MFA's Code of Conduct.

F. **Multiple Small, RFQ and RFP Purchase Selections**. Services and/or Tangible Personal Property purchases of the same nature cannot be artificially divided between multiple service providers or vendors to constitute a small, RFQ or RFP purchase as established in this policy.

~~E.~~G. **Definitions**

"Authorizations" means the delegations of review and decision-making authority to staff, Board committees and the Board of Directors, as approved by the Board from time to time (see Exhibit E).

"Notice of Funding Availability (NOFA)" is a notice describing the type of funding available on a first come first serve or competitive basis.

"Offeror" is the person or entity who submits a response to an RFQ or RFP.

"Request for Proposal" or **"RFP"** means all documents, including those attached or incorporated by reference in the Request, used for soliciting proposals.

"Request for Informal Bids," "Request for Qualifications" or **"RFQ"** means all documents, including those attached or incorporated by reference in the Request, used for soliciting bids under part 3.1.B.2 above.

"Responsible Offeror" means an Offeror who submits a responsive proposal to an RFP, RFQ or informal bid and who has furnished, when required, information and data to prove that their/his/her financial resources, production or service facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the Services or Tangible Personal Property described in the proposal.

"Responsive Offer" means a proposal which conforms in all material respects to the requirements of an RFP, RFQ or informal bid. Material respects of an RFP, RFQ or informal bid include but are not limited to price, quality, quantity, or delivery requirements.

"Responsive Offeror" means a person who has submitted a Responsive Offer.

"Services" means the furnishing of labor, time or effort by a contractor not involving the delivery of a specific product, other than reports and other materials, which are merely incidental to the required performance.

"Tangible Personal Property" means physical property including furniture, fixtures, equipment, and supplies.

~~F.~~H. Disposition or Sale of Tangible Goods

Upon Management's determination that it is in MFA's best interest to sell or dispose of personal property or other tangible goods, the following steps will be taken and documented:

1. Management may authorize the sale of the property or goods at either:

    a) Public auction, or

    b) Through bids requested in newspaper and/or Internet advertisement/auctions, in which event comparable goods will be priced to determine current fair market value, and the fair market value will be used as the minimum bid; Employees may respond, and the award will be based on the highest bid received; or Management may negotiate the sale of the property or goods to a public school or other public entity; or

2. Management may negotiate the sale of the property or goods, or the donation of the property or goods, to a non-profit organization that has as its primary purpose the provision of affordable housing or the aid of indigent persons; or

3. Upon Management's determination that the goods or property have no resale value, Management may have the property or goods destroyed.

    The Board shall be provided notice of the disposition of all property and goods sold or donated to one entity in one transaction that has a fair market value of greater than $10,000.

SECTION 4 - PROGRAM POLICIES

MFA Board will, from time to time, promulgate and approve formal Program Policies for all ongoing Programs. The policies and procedures for the following programs are incorporated into this manual by reference.

A. FirstHome
B. NextHome
C. HOME Single Family Development
D. HOME Rental
E. Risk Sharing
F. Partners
G. Mortgage$aver
H. Primero Investment Fund
I. Low Income Housing Tax Credits/Qualified Allocation Plan (QAP)
J. HERO
K. Land Title Trust Fund
L. New Mexico Housing Trust Fund
M. New Mexico Affordable Housing Tax Credit
N. HOME and Community Development Block Grant – House by House Rehab
O. Energy$avers
P. Neighborhood Stabilization Program
Q. Tax Credit Assistance Program
R. Tax Credit Exchange Program
S. National Housing Trust Fund
T. Veteran's Home Rehabilitation Pilot Program
U. Other Board-approved programs.

4.1 Single Family Mortgage Loans

MFA has a legitimate, recognized interest in fostering its public purpose as set forth in Section 58-18-2 of the Mortgage Finance Authority Act, in limiting assumptions of its loans to those persons whom the New Mexico Legislature intended to benefit by establishing MFA's public purpose of providing homeownership to persons of low or moderate income who intend to occupy the home as a principal residence.

A. **Transfer/Assumption**. Single Family Mortgage Loans may be transferred to or assumed by another person so long as the following criteria, among other applicable program requirements and policies, are satisfied:

    1. The transferee/assumptor is a "person of Low or Moderate Income" as defined in the single family, homeownership programs.

    2. The transferee/assumptor intends to occupy the mortgaged property as the principal residence of the transferee/assumptor and does so occupy the mortgaged property for a period of time not inconsistent with such intent.

B. **Occupancy Waiver**. A borrower or assumptor faced with financial hardship may be forced to vacate the mortgaged property within six months of closing but may do so only with a written owner occupancy waiver from MFA. The criteria for granting such a waiver are as follows:

1. Adverse change in the borrower's employment status (i.e., transfer, layoff, demotion);

2. Adverse change in marital status (i.e., divorce or death of spouse); or

3. Serious illness affecting borrower or borrower's family.

The Executive Director or Deputy Director(s) has the authority to approve or deny a request for a waiver of the owner-occupancy requirement. If approved, the waiver will have a term of no more than six months unless later extended. The Executive Director or Deputy Director(s) may also require the borrower to market the property for sale.

Once the borrower has occupied the property for six months, MFA's permission to vacate is no longer required unless otherwise restricted by grantors and/or federal regulations.

4.2 Single Family and Multifamily Acquired Properties (Real Estate Owned "REO")

Occasionally MFA acquires ownership of "real" property through judicial foreclosure action or acquires ownership by accepting a deed-in-lieu of foreclosure (DIL). Multifamily and Single Family Development foreclosures or accepting a DIL require Board approval. After MFA acquires title to the property, a market valuation is obtained (unless MFA has obtained a market valuation in the preceding six months) to estimate MFA's ***projected loss amount*** (unpaid principal balance plus accrued interest, escrow advances, fees, and other costs; less projected sales proceeds) based on the current property value. Upon determination of the current market value, staff will obtain necessary approvals[4] based on the resulting ***projected loss amount*** to move forward with the marketing and sale of said property.

The purpose of obtaining approval based on ***projected loss amount*** is to provide MFA staff authorization to list the property at a sale price in line with the current market value. Without required approval prior to listing, the approval process will likely delay MFA's ability to negotiate a sale and may result in lost opportunities to sell and additional REO holding cost to MFA.

A. **Disposition**. In disposing of said properties, the staff will select a qualified real estate broker; obtain his/her written opinion of the properties' value or an appraisal from a qualified independent fee appraiser[5]. An appraisal is required when the value of the property is 80% or less of MFA's exposure (including cost of repairs and improvements, net of anticipated hazard and/or mortgage insurance claim proceeds). In addition, MFA staff may utilize an auction service provider for the disposition of REO properties. The property disposition strategy is to market properties in such a manner as to:

    1. Maximize recovery to MFA by obtaining the highest net realizable value, considering the cost of repairs or improvements and their anticipated effects on marketing time, other liens, maintenance, holding costs and local market conditions.

    2. Maximize the benefits available under any policy or policies of mortgage insurance or loan guarantees.

    3. MFA will make reasonable efforts to dispose of REO properties quickly and in accordance with MFA's affordable housing mission. However, in order to expedite the disposition of a property, investor sales offers will be considered.

[4] Exhibit E, Policies & Procedures Manual – Delegations of Authority: Approvals and Review Process Requirements
[5] MFA staff will attempt to obtain at least two (2) valuations from different sources

4. MFA staff will manage the property and the sale of the property in accordance with Investor[6] and regulatory requirements including oversight of MFA's sub-serviced REO properties. Regarding multifamily properties, MFA will ensure compliance with special affordability requirements and terms of the multifamily loan documents.

5. MFA staff must obtain prior approval[7] for repairs or improvements to REO properties.

6. After sale or final disposition of the property, MFA staff will report actual gains or losses to the Board.

7. MFA Management will have the authority to negotiate terms and approve final disposition of REO property.

B. **Reporting.** MFA staff will provide total REO inventory and exposure on a quarterly basis and a complete REO portfolio update on an annual basis to the Board.

4.3 Single Family Second Mortgage Default, Foreclosure, and Deeds in Lieu of Foreclosure (DIL), Short Sales, and Bankruptcies

A. **Down Payment Assistance**. MFA currently has ten types of down payment assistance (DPA) loans:

1. First*Down*
2. Next*Down*
3. HELP
4. Payment$aver
5. Helping Hand
6. Smart Choice
7. Take 5
8. MortgageBooster
9. Home*Now*
10. HERO
11. Tax Credit Loan Program.

B. **Down Payment Assistance Loan Defaults**. The following procedures will be followed to maximize recovery and minimize MFA's potential exposure when the DPA loan defaults. All legal notifications and/or proceedings will be forwarded to and handled by MFA's counsel regardless of loan balance.

1. General Fund DPA Loans (Amortizing Loan). As described in MFA Single Family program policy, a default of MFA's first mortgage triggers a default on MFA's second mortgage DPA loan. MFA will be informed of such default by the first mortgage Servicer and/or legal notification (i.e. Complaint for Foreclosure). Upon notification, MFA will forward appropriate documentation to its Mortgage Servicing legal counsel to Answer or Disclaim MFA's interest. The decision to Answer or to Disclaim will be determined by MFA staff after evaluating exposure, loan to value, legal fees, and the likelihood of collection.

2. DIL/Short Sales. MFA's general fund does not bear a loss on the foreclosure of first mortgages funded with the proceeds of the sale of bonds which have been securitized by an

[6] HUD, Ginnie Mae, Fannie Mae or Freddie Mac, private mortgage insurors or future investors
[7] Exhibit E, Policies & Procedures Manual – Delegations of Authority: Approvals and Review Process Requirements

MBS. Under the whole loan programs (first mortgage with pre-1994 bond issues) the bond issue will generally incur a loss of $1,500 - $2,000 on an FHA, VA or RHS first mortgage foreclosure. This should be taken into consideration while evaluating the exposure. Therefore, MFA's only concern is the exposure on the General Fund DPA loan. Accordingly, releasing the General Fund DPA loan to accommodate a DIL or Short Sale on the first mortgage will not be automatic. MFA staff should work with the first mortgage Servicer to mitigate the exposure of loss on the property.

3. HomeNow, Payment$aver, Helping Hand, Smart Choice and Other federally-funded DPA Loans. MFA will take the same approach with all federally funded DPA loans as it does with General Fund DPA loans. Although they are not funded with General Fund monies, MFA must proceed with due diligence and continued collection efforts and ensure compliance with all applicable program regulations to avoid repayment of funds or audit issues.

   DPA loan write-offs and foreclosure approvals[8] will be handled consistent with MFA's Delegations of Authority.

C. **First Mortgage Procedures.** MFA follows the foreclosure guidelines[9] of the U.S. Department of Housing and Urban Development ("HUD") and complies with all state and federal regulatory requirements.

1. **MBS Program**. MFA does not bear any loss on the foreclosure of the first mortgage. Therefore, MFA's only concern is the exposure on the General Fund DPA loan. Accordingly, releasing the General Fund DPA loan to accommodate a DIL or Short Sale on the first mortgage is not normally an option.

   Upon notification of foreclosure, foreclosure complaint filed by the Servicer and MFA being served (as second lien holder), MFA will notify its Mortgage Servicing legal counsel to respond to the complaint. Staff will send out demand letters as appropriate and determine the amount of equity in the property by reviewing and comparing the current loan balance to the original loan amount and appraisal.

   a) **Options**
      1) If the review shows sufficient equity to cover principal and interest balance of the first mortgage, principal, and interest balance of the second mortgage, repairs and an additional 10% to cover selling costs, MFA will then bid the amount of the first and second mortgage plus interest and expenses, or take the property into REO, repair and market for sale.
      2) If the review shows insufficient equity to cover the principal and interest balance of the first mortgage, principal, and interest balance of the second mortgage, repairs and an additional 10% to cover selling costs, MFA will proceed to evaluate its legal remedies in the foreclosure action, including an assessment of whether MFA should disclaim its interest. The decision to participate in the foreclosure proceeding or to disclaim will be determined by MFA staff after evaluating exposure, loan to value, legal fees, and the likelihood of collection.

2. **Whole Loan Program**. The same procedures outlined above should be followed while keeping in mind that MFA would bear a portion of the loss on the foreclosure due to additional un-reimbursable expenses on government loans. DIL or Short Sales can and

[8] Exhibit E, Policies & Procedures Manual – Delegations of Authority: Approvals and Review Process Requirements
[9] Timelines and regulatory requirements

should be considered in cases when the exposure on pursuing a foreclosure is greater. Each loan will be different and will be analyzed individually, keeping in mind our goals of maximizing recovery to MFA and minimizing our potential exposure.

D. **Multifamily Mortgage Procedures.** MFA follows HUD's foreclosure guidelines and complies with all state and federal regulatory requirements; however, staff will be required to inform the Board of any delinquencies exceeding 120 days.

4.4 Nonaccrual Status of Delinquent Single Family and Multifamily Mortgage Loans

The mortgage loan system automatically accrues interest on all mortgage loans. Once mortgage loans are 90 days or more delinquent, they will be placed on nonaccrual status and interest income will not be recognized. The collection of interest on loans which are on nonaccrual status is considered doubtful.

4.5 Single Family Second Mortgage Write-Offs

MFA General Fund Second Mortgage loans normally go into default as a result of a first mortgage foreclosure, short sale, or deed in lieu. All legal notifications and/or proceedings naming MFA are handled by MFA's Mortgage Servicing Legal Services Attorney. The Attorney will act on MFA's behalf to protect our interest in the property.

A. **Foreclosure**. When the first mortgage loan is disposed through foreclosure, staff will receive notice and documentation from the attorney of the final outcome of the foreclosure with a recommendation to close MFA's case.

B. **Short Sale**. Through mortgage industry defined loss mitigation initiatives, the borrower will have the opportunity to sell the property in order to avoid foreclosure. In most instances, the amount of the sales proceeds will not be sufficient to repay MFA's Second Mortgage in full. The first mortgage lender will contact MFA to obtain an approval to accept less than the total amount due and release MFA's lien in order to proceed with the sale.

C. **Deed in Lieu**. In order to avoid foreclosure, the borrower may opt to deed the property back to the first mortgage lender. In order to exercise this option, all subordinate liens must be removed prior to the acceptance of the deed in lieu by the first mortgage lender. The first mortgage lender will contact MFA to obtain approval to accept less than the total amount due and release MFA's lien to accept the deed in lieu.

Once any of the aforementioned actions has been completed, staff will prepare a write-off recommendation for the remaining unpaid principal balance and include the reason for write-off. The recommendation will be presented to the Write-off Approval Committee. Write-off approvals will be handled consistent with MFA's Delegations of Authority.

4.6 Single Family DPA Non-Performing Loan Write-Offs.

Non-performing Loans for MFA's purposes are defined as second mortgage DPA loans upon which the borrower has not made his or her scheduled payments for at least eighteen (18) months and all collection efforts have been exhausted. A non-performing loan is not in any stage of legal action (i.e. foreclosure or bankruptcy) or in review for short sale or deed in lieu.

A. Once an MFA second mortgage loan is deemed non-performing, the likelihood that it will be repaid in full are considerably low. However, because these loans are secured by the property, MFA holds a lien on the property which will remain in place until the debt is settled with MFA.

B. Staff will periodically evaluate Second Mortgage loans that fall under the definition of a non-performing loan. Staff will prepare a write-off recommendation for the remaining unpaid principal balance and include the default status and the reason further collection efforts are futile.

   The recommendation will be presented to the Write-off Approval Committee. Write-off approvals will be handled consistent with MFA's Delegations of Authority.

4.7 Single Family HOME Program Loan Write-offs

MFA will take the same approach with HOME funded second mortgage loans as it does with General Fund Second Mortgages. Once a foreclosure, short sale or deed in lieu has been completed, staff will prepare a write-off recommendation for the remaining unpaid principal balance and include the reason for write-off.

The recommendation will be presented to the HOME Program Manager for approval. Write off approvals will be handled consistent with MFA's Delegations of Authority.

4.8 Allowance for Loan Loss and Contingent Liabilities – Single Family and Multifamily Portfolios

The purpose of the Allowance for Loan Loss Policy is to maintain a systematic, approved approach to calculate an Allowance for Loan Loss reserve to fully cover losses incurred in all loan categories within each portfolio and to emphasize to the MFA's Management its significant responsibility to maintain a satisfactory allowance.

Per GASB Statement 62 if ultimate recovery of the carrying amount of a mortgage loan is doubtful and the impairment is considered to be other than temporary, the carrying amount of the loan should be reduced to its expected collectible amount. Accounting literature provides guidance that the use of historical statistics, present value of future cash flows, a loan's observable market price, or the fair value of the collateral are all valid methods for measuring the impairment.

A. On at least an annual basis, Management will conduct a thorough analysis of all loan portfolios to determine whether there is any risk of loss. A reserve will be recorded in accordance with generally accepted accounting principles. Consideration factors included in the analysis of each portfolio may include:

   1. Historical loss rates based on a three year look back period
   2. Delinquency history on individual or groups of loans
   3. Property valuation reports
   4. Current Loan to Value
   5. Specialized portfolio analysis
   6. Specific Reserves
   7. Consideration of characteristics inherent to individual portfolios
   8. Consideration of any current economic developments that may affect the portfolio

In addition, Management will review the loan portfolio delinquency and impairment at least quarterly. Adjustments to the allowance for loan loss will be made as needed based on information available to Management.

B. Loan Portfolios addressed and methodologies used are summarized as follows:

1. **Single Family Whole Loan Portfolios**: The historical loss rate is used to estimate reserve; if there were no losses incurred during the look back period, no reserve is necessary.
2. **Multi-Family Portfolios (excluding Risk Sharing Loans):** The historical loss rate is used to estimate reserve; delinquencies are reviewed for the last twelve months and specific identification of impaired loans is reserved.
3. **Real Estate Owned ("REO")**: The reserve amount is based on the difference between current book value and current property valuation reports. The property valuation reports include Broker's Price Opinion ("BPO"), Broker's Opinion of Value ("BOV") or appraisal; are current within two years; and are prepared by third parties.
4. **Risk Sharing Loans**: The historical loss rate is reviewed; financial analysis is performed to determine Net Operating Income ("NOI") Value and Liquidation Value and specific identification of impaired loans is reserved.
5. **Down Payment Assistance ("DPA") Loan Portfolios**: The historical loss rate is used to estimate reserve, except if the first mortgage is non-performing or in foreclosure/bankruptcy. The reserve will be updated monthly because this is an originating portfolio that fluctuates monthly. For non-performing loans (defined in section 4.6) and loans with the first mortgage in foreclosure/ bankruptcy, 100% of the outstanding loan balance is impaired and is reserved. Given the risk and economic conditions surrounding the DPA portfolio, the loan loss will be adjusted semi-annually for loans with the first mortgage in foreclosure/bankruptcy.

C. **Contingent Liabilities**: Occasionally, circumstances in other areas of MFA operations may arise that necessitate a specific reserve to be established. For example, funds on housing programs may be disbursed inappropriately by a sub-recipient, but MFA still bears responsibility for the return of the funds to the funding agency. As soon as these situations are recognized, a specific reserve must be established on MFA's books. All potential liabilities of this nature must be reviewed and disclosed, at minimum, on an annual basis.

D. **Peer Group Comparisons:** As a benchmark, the overall MFA allowance for loan loss as a percentage of loan balances should be compared to representative HFA's and the banking industry for reasonableness.

E. **Review/Approval:** The Allowance for Loan Loss analysis for all portfolios is prepared by Accounting Department staff, with support by Housing Development Department staff for the multifamily portfolio. The methodology and results are then reviewed by the Loan Loss Allowance Committee consisting of the Controller, the Deputy Director of Finance and Administration, the Director of Servicing, and the Director of Housing Development. Any changes recommended by the Committee are then submitted for final review and approval by the Policy Committee. Upon completion of the annual loan loss analysis, MFA staff will present to MFA's Contracted Services Committee for review along with REO valuation adjustments.

SECTION 5 - AUDITING POLICIES AND PROCEDURES

5.1 External Auditing Policy Statement

An external audit by an independent firm is conducted annually. The external audit will consist of 1) an audit of the financial statements for the fiscal year ended September 30th conducted in accordance with auditing standards generally accepted in the United States of America, Generally Accepted Government Auditing Standards (GAGAS), and 2.2.2 NMAC Audit Rule (available at www.saonm.org) issued by the New Mexico Office of the State Auditor; 2) a Federal Single Audit for the fiscal year ended September 30th conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States and Office of Management and Budget (OMB) 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and 3) GNMA Compliance Reports conducted in accordance with US Department of Housing and Urban Development requirements. All reports will be delivered within one hundred twenty (120) days after fiscal year end.

In accordance with GAGAS, in all matters relating to the audit work, the auditor must be free from personal, external, and organizational impairments to independence and must avoid the appearance of such impairments of independence. Auditors and audit organizations must maintain independence so that their opinions, conclusions, judgments, and recommendations will be impartial and will be viewed as impartial by objective third parties with knowledge of the relevant information. Audit organizations must not provide non-audit services that involve performing management functions or making management decisions and audit organizations must not audit their own work or provide non-audit services in situations in which the non-audit services are significant or material to the subject matter of the audits.

In order to best serve the interests of MFA and its constituents, the following criteria for required auditor rotation will apply: 1) an audit firm is prohibited from conducting the external audit for a period of two years if the firm has provided external audit services for six consecutive years; 2) a firm that has undergone a merger or acquisition will be determined to be a new firm for the purposes of the rotation requirement if it fulfills the requirements of the State Audit Rule.

MFA Finance Committee serves as the Board's Audit Committee and is tasked with providing regular oversight of the external audit process. The external auditor is required to conduct an Entrance Conference concurrent with the start of fieldwork with the Finance Committee. As per Statement on Auditing Standards (SAS) No. 114, The Auditor's Communication with Those Charged with Governance, the external auditor is required to keep the Finance Committee informed throughout the process of relevant audit issues including audit progress, threats to established timelines, potential audit findings, potential audit adjustments, and significant pending items. At the conclusion of the audit, the external auditor conducts an Exit Conference with staff and the Finance Committee where the draft audit and related reports are discussed. After the Office of the State Auditor releases the audit to the public, the final audit and related reports are presented by the external auditor and staff to the full MFA Board for approval. Management is responsible for addressing and clearing audit findings on a timely basis.

5.2 Internal Auditing Policy Statement

The Internal Audit function's framework shall closely adhere to the Institute of Internal Auditors *Standards for the Professional Practice of Internal Auditing, Consulting Standards* issued by the American Institute of Certified Public Accountants or other relevant professional standards. Audit emphasis shall be placed on areas within MFA perceived to be of significant financial or operational risk to provide the greatest service to MFA. The Internal Audit's function activities shall be conducted in a professional manner with a mission of performing quality audits that provide factual, comprehensive results and promote more effective operations throughout.

5.3 Internal Audit Statement of Purpose, Authority and Responsibility

A. **Purpose**. The function of the Internal Audit is to provide an independent appraisal activity within the organization as a service to Management and the Board of Directors through the Finance Committee. The Internal Auditor assists Management in managing risks effectively in order to sustain operations and achieve business objectives by evaluating, monitoring, and reporting on:

1. The adequacy of accounting, financial and operating controls;
2. The efficiency and effectiveness of uses of the organization's resources;
3. The reliability of information provided to Management;
4. Compliance with established bylaws, policies, procedures, governmental regulation, and program requirements;
5. The presence of or possibility of potential matters of business risk, fraud, theft, mismanagement, and other similar irregularities; and
6. Management's action with respect to correcting previously reported deficiencies.

B. **Authority**. The Internal Auditor has neither the responsibility nor authority for management of operating activities but is expected to maintain a sound working relationship with managers who do have such responsibility and authority. The working relations with departmental and other operating units should be directed toward a full understanding of the benefits of having Internal Auditor evaluations and consultation regarding:

1. Contemplated, as well as executed, business transactions, contracts and operating activities;
2. The adequacy, effectiveness and efficiency of existing controls, systems and procedures;
3. Contemplated changes or revisions to systems and procedures;
4. Organizational and structural changes; and
5. Status of compliance with established policies and procedures.

C. **Responsibility**. The aforementioned Internal Auditor evaluations and consultations are for the purpose of providing meaningful recommendations and information to Management, thereby maximizing the benefit of the Internal Audit function. In order to maintain its objectivity and independence, the Internal Audit function must not:

1. Take responsibility or authority for the implementation of such recommendations; or
2. Be performed by MFA's current External Auditor.

5.4 Annual Internal Audit Planning Procedures

A. The purpose of this procedure is to provide guidelines for the preparation of the annual internal audit plan. The planning process shall be performed by Internal Audit with input from Management, the Finance Committee, and the Board of Directors. Proper planning will help to ensure that all major areas of known risk or other areas of concern are evaluated for audit coverage in the annual plan.

B. It is anticipated that events may occur during the year resulting in special requests by Management or the Board of Directors that the Internal Audit perform specific reviews or other procedures. Such requests may take priority over items on the annual audit plan.

C. In coordination with MFA's Compliance Officer, Internal Audit will conduct annual enterprise risk management assessments and prepare a Risk Assessment Report that:

   1. Identifies the areas of risk and ranks the risk as low, medium or high;

   2. Identifies the reasons each area is considered to be at risk; and

   3. Identifies a proposed audit focus based on the Risk Assessment Report.

D. Internal Audit will prepare a proposed audit plan including projected hours to complete each audit area being considered for the year. This proposed audit plan shall be prepared considering the following:

   1. The direction from the Finance Committee after review of the Risk Assessment Report;

   2. New programs and/or functions;

   3. Electronic data processing system changes or additions;

   4. Strategic and emerging risks identified during the annual enterprise risk management assessment;

   5. Prior audits completed and their results; and

   6. Other information obtained during the current audit period.

E. The proposed audit plan will consider and take into account Management's views regarding risk of the proposed audit areas, timing of the proposed audits, and additional areas that may warrant review in the upcoming year.

F. The proposed audit plan will be presented to the Finance Committee for its review and input. Once the Finance Committee has approved the proposed annual audit plan, it shall be presented to the Board of Directors along with the Risk Assessment Report for final approval.

G. Any changes made to the annual audit plan during the year shall be reported to and approved by the Finance Committee and Board of Directors.

5.5 Procedures for Initiation of an Audit

A. The purpose of the following procedure is to provide general guidelines that will assist Internal Audit in the process of starting an audit project. MFA Management and staff should be informed of the nature and timing of audit activities.

B. Internal Audit will make every effort to facilitate audit work in a manner that will result in the least amount of disruption to personnel and/or functions audited.

C. Prior to the start of an audit segment, Internal Audit will contact the Compliance Officer and schedule an opening meeting with Policy Committee, the Controller, and the manager responsible for the area under audit to communicate audit objectives. Internal Audit will also explain the extent to which assistance may be required and the types of information necessary to complete the audit.

D. If the anticipated start date of the audit conflicts with planned activities or personnel schedules in the area to be audited, every effort should be made to reschedule the start date of the audit or the timing of audit procedures to be performed.

5.6 Issuance of Internal Audit Reports

A. This procedure provides a general description of the process by which audit reports will be issued. This process ensures that Management is aware of the information in the audit report prior to its presentation to the Finance Committee or the Board of Directors and allows for Management to provide responses to recommendations made in the report.

B. The results of the audit shall be discussed with Policy Committee, the Controller, and the manager or Employee primarily responsible for the area under audit upon completion of an audit segment. This step allows the manager or Employee to correct any misunderstandings by the internal auditor or erroneous information prior to finalizing the internal audit report.

C. A summary of findings and recommendations will be provided to Management. This summary communicates all findings whether reportable or not, to Management for their information.

D. Management will provide responses to findings and recommendations made and will also ensure that any findings are correctly stated. Internal Audit will work closely with Management to arrive at responses that are workable for Management but also address adequately the underlying concern.

E. A draft of the audit report shall be provided to Management prior to issuance of the final report. This step allows for Management input or comments on the report prior to presentation to the Finance Committee or the Board of Directors.

F. The final audit report shall be issued to Management and the Board of Directors through the Finance Committee.

G. Internal Audit will provide Management with a schedule of open items and their disposition. Internal Audit will update this schedule at least annually.

5.7 Internal Audit - Reporting to the Finance Committee and the Board of Directors

A. The purpose of this procedure is to define the nature and timing of internal audit reporting to the Finance Committee and the Board of Directors. Internal Audit must keep the Finance Committee and the Board of Directors informed of the results and the status of internal auditing activities.

B. Internal Audit shall provide a copy of all internal audit reports issued to the Finance Committee members at their monthly meeting as the reports are issued.

C. Internal Audit shall provide a status report of the internal auditing activities to the Finance Committee from time to time at their monthly meetings. This report will indicate the status of internal audits, which are in process or have been undertaken since the previous status report, and the status of hours incurred vs. budgeted hours.

D. Internal Audit shall provide an annual summary of internal auditing results and activities completed for each fiscal year, and an analysis of the completion of the Annual Audit Plan for that fiscal year. This report shall be presented to the Finance Committee and the Board of Directors at their monthly meetings immediately following the end of the contract.

E. Internal Audit shall have the freedom to contact the members of the Finance Committee or the Board of Directors should the need arise at times other than those noted above.

5.8 Internal Auditing Working Papers

~~A. The purpose of this procedure is to set a minimum standard for documenting internal audit work at MFA. Such standards are necessary to comply with The Standards for the Professional Practice of Internal Auditing, to minimize any legal exposure of MFA and the Board of Directors, and to ensure that all audit reports are adequately supported by clear working papers as a basis for the conclusions stated in the audit report.~~

~~B. Each audit project shall have an individual set of working papers identified with the audit project title and date of completion.~~

~~C. An audit program will be prepared for each audit, which identifies the following:~~

~~1. Audit objective;~~

~~2. Scope of the audit; and~~

~~D. Audit procedures to be completed. Clear and concise working papers that adequately support the audit procedures shall be completed with due professional care, which support the conclusions reached, and that document analyses performed and information gathered. Each working paper shall also be:~~

~~1. Referenced in a logical manner;~~
~~2. Cross-referenced to agreeing or supporting papers; and~~
~~3. Initialed and dated by the preparer.~~

~~E. All relevant correspondence pertaining to the audit shall be included in the working papers. If meetings are held to discuss the audit procedures or gather information, notations shall be made in the working papers as to the time and place of the meeting, the persons attending, and the items discussed.~~

~~F.~~A. Completed working papers shall be kept by the ~~I~~Internal Audit firm. If appropriate, copies may be made available for Management, external auditors, legal counsel, or third parties.

SECTION 6 – REQUESTS TO INSPECT DOCUMENTS

A. Although MFA is not subject to New Mexico's Inspection of Public Records Act (Sections 14-2-1 to -12, NMSA 1978), these procedures are modeled after that statute. When a request to inspect MFA records is received, the following procedures apply.

B. All requests shall be immediately directed to MFA's custodian of records who will communicate with the requesting party to coordinate the appropriate response and delivery of records.~~the Compliance Officer who serves as MFA's custodian of records. The requestor will not be given access to the records at the time of the request. The Compliance Officer will direct the requestor to submit the request in writing, via email or electronic request form.~~

C. ~~The~~A written request, if requesting copies of records for delivery by mail, must have the name and postal service mailing address of the requestor. All requests must provide the telephone number of the requestor and shall identify the records sought with reasonable particularity.

D. MFA has fifteen (15) calendar days from the receipt of a written request within which to produce the records requested or inform the requester that additional time will be needed to respond to the request. The custodian of records~~Compliance Officer~~ will notify the requestor within three days of receipt of the request of the day the records will be produced, or if the records are either not in the possession of MFA or are exempt under the law from the right of public inspection. If MFA staff or the custodian of records~~Compliance Officer~~ deems the request excessively burdensome or broad, the custodian of records~~Compliance Officer~~ will notify the requestor that additional time to process the request will be necessary**.** Inspections of records at MFA offices shall be by appointment only.

E. At its discretion, MFA may charge a reasonable reproduction fee, not to exceed $1.00 per page for documents eleven inches by seventeen inches or smaller, for reproduction of paper copies of public records requested. In addition, MFA may charge for reproducing in electronic format any public records requested. These fees will be charged in advance and a receipt will be given. In addition to a reproduction fee, MFA will charge a reasonable mailing fee, if applicable, not to exceed MFA's actual cost of mailing public records requested. It is MFA's standard practice to provide public records in the form in which they exist at the time of the request.

F. If the custodian of records~~Compliance Officer~~ denies a written request, he or she will provide the requestor a written denial within fifteen (15) calendar days of receiving the request, stating the reason for the denial of the records sought. The denial will be emailed, mailed, or delivered to the requestor within fifteen (15) calendar days after the written request was received.

~~F.~~G. MFA may redact personal identifier information as provided for in the New Mexico Inspection of Public Records Act and pursuant to other state and federal law.

EXHIBIT A

DISCLOSURE STATEMENT

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

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. 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.

EXHIBIT B

FUNDING COMMITTEE DISCLOSURE STATEMENT

To: **NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA) - HOUSING DEVELOPMENT**

From: ____
(Funding Committee Member)

Date: ____

RE: [insert funding year] of the [insert name of funding program or trust]

The undersigned __[insert name of Funding Committee] ___ member 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.

Attached is a list of all entities that have submitted an application in the [insert funding year] funding round of the [insert funding program or trust name].

____
____
____
____
____
____
____
____

Of the entities listed above, which are applicants to the [insert funding year] funding round of the [insert name of funding program or trust], I, or a Family Member (as defined in the Code of Conduct), have a Financial Interest (as defined in the Code of Conduct) in the following. If the answer is "none", please write "none".

Name of Business:

____
____
____
____

Signed: ____

NOTE: Use additional sheets as necessary.

EXHIBIT C

MULTIFAMILY BOND DISCLOSURE STATEMENT

To: **NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA) - HOUSING DEVELOPMENT**

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

Date: ____

RE: **Multifamily Housing Bonds [insert program name(s) and project] Series ______ and Multifamily Housing Bonds [insert program name(s) and project] Series ______**

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 any transaction or enterprise financially related to or in any manner connected with the Multifamily Housing Revenue Bond issue cited above. If the answer is **"none"**, please write **"none"**.

Name of Business:

____
____
____
____

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

____
____
____
____

The undersigned Member, Management, or Employee acknowledges that **it is his/her responsibility to update this Disclosure Form within forty-five (45) days** of the date that he/she acquires an interest in MFA program or transaction as described above or learns of a Family member having or acquiring an interest in MFA program or transaction, as described above.

Signed: ____

NOTE: Use additional sheets as necessary.

EXHIBIT D

CONFIDENTIALITY AGREEMENT

I, ____, presently employed by or currently accepting employment with MFA do hereby accept, consent, and agree to be subjected to the following as a condition of employment:

I understand that during the course of my employment, I may acquire knowledge of confidential and proprietary information, including but not limited to, confidential work product of MFA as well as personally identifiable information (PII) as defined in Section 1.3.I of this manual; any personnel records about any former or current MFA employee; any personal information about any Member, contractor, or sub-grantees, including financial information. This information is confidential and proprietary in nature. I acknowledge that this proprietary and confidential information may not be disclosed to anyone, either inside or outside the scope of my employment, without the specific permission from a member of Management.

I agree not to remove any confidential or proprietary records, files, reports or other confidential or proprietary information from the workplace without prior permission from a member of Management. I agree that no records, files, reports, or other documents may be photocopied, hand copied, or copied electronically for removal from the workplace without the prior written permission from my immediate supervisor. If my immediate supervisor is not available, I must follow the chain of command to obtain approval.

I understand and agree not to divulge to anyone any confidential and proprietary information regarding MFA or any employee, representative, or consultant to this facility, including financial, internal records, reports, investigations, disciplinary matters, and other similar items.

I agree not to use any information obtained through any of MFA's computer systems, software programs, databases, etc. for personal gain or for any purposes other than in conjunction with the performance of my duties. Further I agree not to share confidential or proprietary information obtained through any of MFA's computer systems, software programs, databases, etc. with anyone not employed by MFA. I agree that any confidential information obtained will be shared only with those employees who, by nature of their position(s), should be informed.

I further understand and agree that should my employment cease for any reason, any breach of this Confidentiality Agreement, prior to or after my termination, may result in the filing of a cause of action against me by my employer and that MFA shall have the right to injunctive relief, with no need to post a bond, as well as any other existing rights or relief.

I agree that I am signing this Confidentiality Agreement with full knowledge that any breach of the preceding will be reasonable grounds for immediate disciplinary action being taken against me, up to and including the termination of my employment.

This agreement is made this ________ day of ___________________________, in the year _________, between MFA ("Employer") and ____, ("Employee").

Employee: ____

Name (print): ____

Signature: ____

Human Resources Representative: ____

Tab 5

MEMO

TO: MFA Board of Directors

Through: Finance Committee – January 12, 2021

Through: Policy Committee – December 15, 2020

FROM: Gina Hickman

DATE: January 20, 2021

SUBJECT: Delegations of Authority Update (Exhibit E-Policies and Procedures Manual

Recommendation: Staff recommends approval of the Delegations of Authority as revised.

Background: At least annually or as needed, MFA staff reviews and updates the Delegations of Authority which is Exhibit E of the Policies and Procedures Manual. This document is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices or policies.

Discussion: Staff is recommending changing the delegations to require that all Board Resolutions go to committee prior to Board to assure proper vetting of the information. This will provide consistency in process in that all items requiring Board approval will go to the appropriate committee first. In addition, applicable references are now included for the New Mexico Affordable Housing Charitable Trust.

Summary: At least annually or as needed, MFA staff reviews and updates the Delegations of Authority which is Exhibit E in the Policies and Procedures Manual. This document is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices or policies. Staff recommends approval of the Delegations of Authority as revised.

EXHIBIT E, Policies & Procedures Manual

DELEGATIONS OF AUTHORITY: APPROVALS AND REVIEW PROCESS REQUIREMENTS

As approved by Board 1/20/2021

	ITEM REVIEWED / APPROVED	EXECUTIVE DIRECTOR OR DEPUTY DIRECTOR APPROVAL REQUIRED	POLICY COMMITTEE (2) REVIEW OR APPROVAL REQUIRED	BOARD COMMITTEE (1) REVIEW AND BOARD APPROVAL REQUIRED	BOARD APPROVAL REQUIRED
1	**Program Policies**	no	yes	yes	yes
2	**Watch List & Non-Compliance Reports**	yes (quarterly)	yes (quarterly)	no	no
3	**Foreclosures and Deeds in Lieu of Foreclosure - Single Family**	yes	no	no	no
4	**Foreclosures and Deeds in Lieu of Foreclosure - Multi Family and Single Family Development**	yes	yes	yes	yes
5	**Single Family, Multi Family and DPA Loan Write Offs**	yes if <=$10,000	yes if >$10,000	yes if > $50,000	yes if > $50,000
6	**REO Projected Losses if >$10,000 (6) (17) (18)**	yes if <=$10,000	yes if >$10,000	yes if > $100,000	yes if > $100,000
7	**Repairs or Improvements to REO Properties**	yes if <=$25,000	yes if >$25,000	no	no
8	**Small Purchases per Procurement Policy, RFQ/Informal Bids (Advance and Selections Approvals) for all procurement and modifications (20)**	yes if <$50,000	yes if= >$50,000	no	no
9	**Emergency, Limited Source and State Contract procurements and modifications (6) (Per individual contract limit) (20)**	yes if <=$25,000	yes if >$25,000	yes only if >$250,000	yes only if >$250,000
10	**All program RFP Advance Approvals. (20)**	yes	yes	yes	yes
11	**All program RFP Selections (20)**	yes	yes	yes	yes
12	**All other RFPs Advance and/or Selection Approvals & all Modifications to awards approved under RFP selection (6) (20) BUT SEE EXCEPTIONS IN (9) (Per individual contract limit)**	yes if <= $25,000	yes if >$25,000	yes only if >$250,000	yes only if >$250,000
13	**All program and contract renewals and key personnel changes (20)**	yes	yes	no	no
14	**HOME, CDBG, N-HTF & NSP: (Loans and Grants)**				
15	HOME, CDBG & N-HTF (6)(7) (except HOME Rental grants)	yes if <=$50,000	yes if >$50,000	yes only if > $500,000	yes only if > $500,000
16	HOME & N-HTF Rental grants (6) (7)	yes if <=$50,000	yes if >$50,000	yes only if > $100,000	yes only if > $100,000
17	HOME, CDBG, N-HTF & NSP Loan/Grant Aggregate Increases (6) (7) (10)	yes if <=$50,000	yes if >$50,000	yes only if > $500,000	yes only if > $500,000
18	HOME, CDBG & N-HTF - Line Item Adjustments as Percent of original Line Item Amount	no	yes in all cases	yes only if > 25%	yes only if > 25%
19	HOME, CDBG, N-HTF & NSP Loan/Grant Modifications (3) (6)	yes	yes, if workout	no	no
20	HOME, CDBG, N-HTF & NSP Write Offs	yes if <=$50,000	yes if >$50,000	yes only if > $500,000	yes only if > $500,000
21	Consolidated and Action Plans (HOME)	no	yes	yes	yes
22	**LIHTC QAP and Awards (4)**	no	no	yes	yes
23	**542(c)/538 Construction/Permanent Loans:**				
24	Loans (6)(7) (12)	no	yes in all cases	yes only if > $2,000,000 or MFA risk > $200,000	yes only if > $2,000,000 or MFA risk > $200,000
25	Loan Increases (5) (6) (7) (10) (12)	yes if <=10% and <= $250,000	yes if >10% or $250,000	yes only if > $1,000,000	yes only if > $1,000,000
26	Loan Modifications (3) (6)	yes	yes, if workout	no	no
27	**Primero Loans/Grants, Energy Saver Awards, State Tax Credit Awards:**				
28	Loans/Awards (6)(7)	yes if <= $50,000	yes if >$50,000	yes only if > $500,000	yes only if > $500,000
29	Award and Loan/Grant Exposure Increases (6) (10) (7)	yes if =<$25,000	yes if >$25,000	yes only if > $500,000	yes only if > $500,000
30	Award and Loan/Grant Modifications (3) (6)	yes	yes, if workout	no	no
31	**NMHTF & LTTF Awards**	no	yes	yes (8)	yes
32	**Gov's Innov. Progr. awards**	no	yes	yes	yes
33	**NMHTF,LTTF & Gov.'s Innov. Progr. increases (6) (7) (10)**	yes if =<$25,000	yes if >$25,000	yes only if >$500,000	yes only if >$500,000
34	**NMHTF, LTTF & Gov's Innov. Prog. modif. (3) (6)**	yes	no	no	no
35	**Board Reports (Qtrly)**	yes	yes	no	yes
36	**Board Resolutions** ~~(13)~~	yes	yes	yes ~~(14)~~	yes
37	**Financials (Qtrly)**	yes	yes	yes	yes
38	**Responses to Audit Findings (Program, Internal and External Audit Findings)**	no	yes	no	no
39	**Audit Follow-up & Status (Internal & External Audits only)**	no	yes	yes	yes
40	**MFA applications for funding (11) (13) (20)**	no	yes in all cases	yes only if > $1,000,000	yes only if > $1,000,000
41	**Awards Under New Loan Programs (6)**	no	yes in all cases	yes only if > $500,000	yes only if > $500,000

42	**Regional Housing Authority monitoring/reviews and required approval activities per statute**	no	yes in all cases	no	no
43	**Appointment of Regional Housing Authority Board members and Executive Directors and Approval of Annual Report**	no	yes	yes	yes
44	**Suspension and Debarment (6)**	no	yes	no	no
45	**New Mexico Energy$mart (20)**				
46	Selection of Service Providers (RFP)	yes	yes	yes	yes
47	State Plan Approval and allocation of DOE Funds	yes	yes	yes	yes
48	Allocation of funds using DOE Formula (LIHEAP, Utility, COOP, Etc.) (6) (14) (16)	yes	no	no	no
49	Allocation/Modifications of Any Funds based on Need/Capacity/Timing Constraints (6) (15) (16) - Per Agency Limits	yes<= $100,000	yes if > than $100,000	no	no
50	**Disposition or Sale of Tangible Goods (6)**	yes if FMV <=$10,000	yes if FMV >$10,000	no	no
51	**State Legislature Appropriations**				
	Appropriations designated to specific projects or providers (6) (19)	yes if <=$50,000	yes if >$50,000	no	no

(1) Board Committees are those constituted and approved by the Board on September 18, 2019 and October 16, 2019.
(2) Policy Committee consists of Executive Director and Deputy Directors.
(3) Excluding increases in principal in excess of the amount set above, and including matters such as extensions, rate changes, etc. Modifications resulting from problem workouts (such as release of land use restriction agreements or other concessions) require Policy Committee approval.
(4) Exceptions granting staff authority as stated in QAP, including granting staff authorization to award credits to tax exempt bond projects. Competitive cycle awards are recommended by outside Advisory committee.
(5) Additional areas of staff discretion as stated in RS Manual.
(6) Notice to be provided to Board at following meeting.
(7) If at the time of the approval, the borrower's outstanding obligations to MFA and commitments by MFA exceed $5 million (measured in commitments) , approvals by Policy Committee, Committee and Board will be required regardless of the current or proposed increased loan approval amount. If at the time the original loan approved by the Board authorizes staff to increase the loan by up to 10%, an increase within this amount would not need to go back to Committee or the Board for approval regardless of whether total outstanding obligations to MFA and MFA commitments exceed $5 million.
(8) By Statute HTF and LTTF awards are recommended by outside Advisory Committee.
(9) Excluding RFP for certain professional services including underwriter, counsel, sub-servicer, lobbyist, trustee, and auditors, all of which require approval by the Board.
(10) If staff-authorized increase causes project to exceed borrower limits for program or dollar authorization amounts of staff, and board and board committee did not review previously, Board and Committee review will be required to approve increase.
(11) Excludes legislative initiatives, all of which require Board approval.
(12) MFA's share of the risk on these loans is typically 10%; therefore, the amounts authorized for Executive or Deputy Director and Policy Committee would typically represent risk to MFA of only $25,000 and $100,000 or $200,000, respectively.
~~(13) Excluding Inducement Resolutions and those not originated by staff which require only Board approval.~~
~~(14) Excluding Bond Resolutions~~
(13) Excluding formula funding and recurring funding sources.
(14) DOE Formula takes into account census population, poverty rates, heating/cooling days, New allocations with new funding.
(15) Per Agency Amounts/limits. New funds or additional funds.(any source) that will NOT be allocated based on DOE formula.
(16) Per Agency Amounts/limits on a per project basis
(17) Final REO losses are to be reported to the Board upon final disposition.
(18) A member of Management has the authority to negotiate sales terms and final disposition.
(19) Presentation to Board not requiring Board Action.
(20) Applies to the New Mexico Affordable Housing Charitable Trust

Tab 6

New Mexico Mortgage Finance Authority 344 Fourth St. SW, Albuquerque, NM 87102
tel. 505.843.6880 *toll free* 800.444.6880 *housingnm.org*

MFA | Housing New Mexico

MEMORANDUM

TO: MFA Board of Directors

Through: Finance Committee – January 12, 2021

Through: Policy Committee – December 22, 2020

FROM: Dolores Wood

DATE: January 20, 2021

SUBJECT: Employee Manual Revisions

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

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

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

Discussion: Many of the other changes being proposed in this revision are minor in nature. The following is a summary of necessary changes incorporated for consideration:

Page #	Policy	Change
Page 1	Introductory Statement	Language changed to allow executive director the discretion to make unilateral exceptions
Page 12/13	Work Schedules	Revised Telecommuting Policy to reduce waiting period from one year to ninety days and eliminated waiting period for staff who transfer to another position. Also increased number of days an employee can telecommute.
Page 14	Attire	Revised dress code policy to allow staff to dress in a more casual environment in the normal course of business unless individual meetings/appointments dictate professional attire.
Page 22	Remote Access	Added language required multifactor authentication when accessing MFA resources remotely.

Page 25	Redline Compensation Policy	Created a redline policy to address staff who have reached the established maximum rate in their pay range.
Page 30	Employee Educational Assistance	Added clarifying language that allows for MFA to pay for certifications along with course preparation and test fees.
Page 35	Accrued Vacation Time	Increased forfeiture of vacation time maximum from 280 hours to 360 hours for those who have resigned.
Page 39	Voting Time	Revised language to allow staff up to two hours to vote during a scheduled election.

Other minor revisions are redlined throughout the document. The redlined document is included for your review.

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

EMPLOYEE MANUAL

&

POLICIES AND PROCEDURES MANUAL

~~APRIL 2020~~JANUARY 2021

MFA

Housing New Mexico

Employee Manual

Contents

INTRODUCTORY STATEMENT

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

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

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

MFA Mandate, Vision, Mission, Core Values and Employer Statement

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

Vision Statement
All New Mexicans will have quality affordable housing opportunities.

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

Core Values

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

Professional
MFA upholds high 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.

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

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

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

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

The Americans with Disabilities Act (ADA) & ADA Amendments Act (ADAAA)
The ADA of 1990, as amended by the ADAAA, protects qualified employees and applicants with disabilities from discrimination by employers based on their disabilities.

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

A reasonable accommodation may be provided when it enables the employee to perform the essential functions of the job, unless it can be demonstrated that such an accommodation will impose an undue hardship on the conduct of the business at MFA. In determining the extent of accommodations to be made, MFA may consider the business necessity of having employees with certain qualifications in certain jobs, and the financial and administrative costs of making requested accommodations.

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

HIRING POLICIES & PROCEDURES

Hiring Procedures

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

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

Background Checks

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

Employment of Relatives

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

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

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

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

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

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

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

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

TYPES OF EMPLOYMENT

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

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

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

Part-Time Employee without Benefits
An employee who is scheduled to work less than twenty (20) hours per workweek on a regular basis is not eligible for any employee benefits.

Temporary Employee
An employee who is assigned to MFA by a temporary staffing agency. Temporary employees are not eligible for any employee benefits.

Term Employee
An employee who is hired by MFA for a specific amount of time. Term employees may be eligible for employee benefits. The hiring of a term employee and the conditions of the employment must be approved and authorized by the Executive Director.

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

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

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

In addition to the above categories of employees, MFA may, from time to time, use

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

New Employee Orientation

Responsibilities for orientation of new employees are as follows:

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

Human Resources Coordinator's Responsibilities

- Completing all pertinent paperwork
- Entering all required payroll data
- Providing job descriptions
- Providing Employee Manual
- Explaining the employee benefits plans
- Setting a first day agenda
- Photographing new employee and sending to respective supervisor
- Notifying the Facilities Technician for access to building
- Notifying the Information System's department, via work ticket, for computer and phone access

Supervisor's Responsibilities

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

Facilities Technician's Responsibilities

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

Information System's Responsibilities

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

Receptionist Responsibilities

- Explaining copier and fax machine use

GENERAL OFFICE POLICIES

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

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

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

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

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

Calling toll free (877)778-5463, 24 hours a day, 7 days a week
Username: nmmfa
Password: housing
E-mailing www.reportit.net
Username: nmmfa
Password: housing

All reported activities received through the *Report-It* hotline/website, by written or verbal communication, or via telephone will be treated the same and will be promptly investigated by

MFA, which may include engagement of a third-party investigative services provider if deemed necessary. Upon completion of the investigation, MFA will take appropriate action should the reported activities be substantiated and determined to be fraudulent, unethical, illegal and/or in violation of MFA's Code of Conduct.

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

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

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

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

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

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

- Fax machines

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

Business Hours
MFA's regular **business hours** are 8 a.m. to 5 p.m. Monday through Friday.

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

Work Hours and Flexible Work Schedules

Work Hours – Schedule Options
MFA strives to maintain a work schedule that balances the business needs of the MFA and the personal and family needs of its staff members. ~~To this end,~~Therefore, options have been developed to accommodate most staff needs while maintaining or enhancing MFA business performance.
The standard and official hours of business of the MFA are 8 a.m. to 5 p.m. Monday through Friday. These hours may be extended or changed for the benefit of MFA as directed by the Executive Director. During these hours, all business groups are expected to have sufficient employee coverage to ensure that the group is fully functional. The hours of 9 a.m. to 3:30 p.m. are designated as core hours. Unless otherwise approved, all full-time employees must include these core hours within their set schedules. The basic workweek for full time employees is forty (40) hours.

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

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

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

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

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

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

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

a) Intermittent – may be appropriate on an intermittent, basis for employees who, for example, are working on special projects requiring limited distractions and increased focus, have a short-term medical need to work from home, have weather-related safety concerns, or are experiencing a family care emergency. Intermittent telecommuting must be approved in advance and in writing by the respective Deputy Director.

b) Recurring –can be planned and structured or can be a floating/flexible schedule. Before entering into any recurring telecommuting arrangement, employees and their supervisor, with the assistance of Human Resources, will evaluate the suitability of such an arrangement. Each recurring telecommuting request will be assessed on a case-by-case basis and must be approved in advance and in writing by the employee's immediate supervisor and Deputy Director.

An employee must have satisfactorily completed ~~one year~~ninety (90) days of continuous regular employment and be meeting or exceeding performance expectations. Staff who transfer/promoted to another position must ~~have satisfactorily completed a three-month period in their new role and be meeting or exceeding performance expectations~~consult with their new direct supervisor regarding the telecommuting schedule.
Telecommuting arrangements may be discontinued at any time at the request of either the telecommuter or by MFA.

~~The maximum telecommuting schedule is one day for supervisors and two days for non-supervisory staff per week.~~ Specific days shall be determined by the employee's supervisor in consultation with the employee and any other divisions impacted by the employee's work. In accordance with the current telecommuting policy. ~~Those on a compressed schedule may telecommute two days a week during the week in which they are scheduled for five days and only one day during the week in which they are scheduled for four days a week.~~

~~Exceptions to maximum number of allowed telecommuting days is at the discretion of the deputy directors.~~

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

Attendance
Timely and regular attendance is an expectation and requirement of performance for all MFA employees. To ensure adequate staffing, positive employee morale, and to meet expected productivity standards throughout the organization, employees will be held accountable for consistently adhering to their workplace schedule.
Absences must be arranged with the employee's supervisor as far in advance as possible. If an employee must leave early or take time off during the day, the employee must request prior approval from his/her supervisor. Such absences may be made-up during the workweek unless accrued vacation or sick leave can be appropriately applied. Unexpected absences should be reported to the employee's supervisor no later than thirty (30) minutes before the employee's scheduled start time. If an employee has not reported for work and has not called in to report the absence for that day, this may be considered absent without leave and may be subjected to discipline, up to termination. If an employee has been absent without leave for three (3) consecutive workdays, the employee will be deemed to have abandoned his/her job.

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

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

Lunch
Lunch schedules need to be responsive to meeting the needs of those MFA serves. Supervisors must ensure their departments are covered appropriately so that everyone does not routinely go to lunch at the same time. Non-exempt employees working six (6) hours or more are required to take at least a thirty (30) minute, uninterrupted lunch break for which they are not compensated; provided, non-exempt employees must be completely relieved of all duties during such lunch breaks. Lunches and breaks are not to be taken in conjunction with the beginning of a workday or end of a workday.

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

Attire

Maintaining a professional, business like appearance is very important to the success of MFA. Regardless of the employee's interaction with customers, partners, suppliers, contractors, each employee projects the reputation of the organization. Part of this impression depends on each employee's choice of dress.

All employees, including temporary and contract employees, are expected to dress in a manner suitable to a professional/casual environment. Casual is defined as a comfortable, relaxed version of business attire without compromising professionalism.~~All employees are expected to dress in a manner suitable to a professional office. Human Resources will provide dress guidelines and acknowledgement at the time of hire. Unless otherwise stated by the Executive Director or his or her designee, each Friday will be a casual day, during which jeans and tennis shoes may be worn.~~

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

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

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

Smoking

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

Children in the Workplace

MFA supports a family environment and welcomes brief visits from family members, children and grandchildren. MFA also realizes that from time-to-time situations may arise which require an employee to bring his/her child(ren) to work to accommodate a last-minute need; however, children are not to be brought to the workplace on a regular basis in lieu of childcare. The purpose of this policy is to provide guidelines for an employee bringing his/her child(ren) to work.

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

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

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

Nursing Mothers
MFA complies with state and federal law and provides flexible break time and a clean private space (not a restroom) for a nursing mother to use a breast pump at work. If an employee does not use a regular paid break for the purpose of expressing milk, she will not be paid for this time and no employee will be entitled to overtime for time spent using a breast pump. MFA will not be responsible for the storage or refrigeration of breast milk.

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

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

Religion in the Workplace
MFA will reasonably accommodate an employee's sincerely held religious, ethical or moral beliefs or practices unless doing so would impose an undue hardship on MFA. Employees seeking some type of religious accommodation should contact the Human Resources Director. MFA also prohibits all forms of harassment in the workplace including harassment based on religious beliefs or the lack of such beliefs. Such harassment occurs when an employee is required or coerced to abandon, alter, or adopt a religious practice as a condition of employment. While MFA does not prohibit religious-related events during non-working time, such as during breaks or over the lunch hour, participation in such events must be strictly voluntary and no supervisor or manager can require an employee he/she supervises to attend such events. Interjecting religious activities, such as prayers, into business events during working hours is not permitted.

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

Acceptable Use and Data Security

Software License Compliance
MFA is legally responsible for all software used by employees on MFA computers. Therefore, the installation of all software purchased, or downloaded from the Internet for evaluation or purchase, must be performed and approved in advance by the Information Systems Department.

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

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

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

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

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

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

Users should change passwords on systems external to MFA every three (3) months, or as required, following the guidelines for such external sites. Users should not use the "Remember Password" feature of applications such as web browsers.
Anyone suspecting his/her password may have been compromised must report the incident to Information Services and change all passwords.

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

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

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

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

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

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

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

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

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

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

Clean Desk

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

- Authorized users are required to ensure that all sensitive/confidential information in hardcopy or electronic form is secure in their work area at the end of the day and when they are expected to be gone for an extended period
- Computer workstations must be locked when workspace is unoccupied
- Any restricted or sensitive information must be removed from the desk and locked in a drawer when the desk is unoccupied and at the end of the workday
- File cabinets containing restricted or sensitive information must be kept closed and locked when not in use or when not attended
- Keys used for access to restricted or sensitive information must not be left at an unattended desk
- Passwords may not be left on sticky notes posted on or under a computer, nor may they be left written down in an accessible location
- Printouts containing restricted or sensitive information should be immediately removed from the printer
- Upon disposal restricted and/or sensitive documents should be shredded in the official shredder bins or placed in the locked confidential disposal bins
- Whiteboards containing restricted and/or sensitive information should be erased
- Any portable computing devices such as laptops and tablets should be locked away
- Mass storage devices such as CDROM, DVD or USB drives should be treated as sensitive and secured in a locked drawer
- All printers and fax machines should be cleared of papers as soon as they are printed; this helps ensure sensitive documents are not left in printer trays for the wrong person to pick up

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

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

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

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

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

Misuse of MFA's Internet access includes, but is not limited to:

- Visiting sites that contain obscene, hateful, pornographic, violent or otherwise illegal material
- Visiting gambling sites or web-based email sites
- Sending or posting discriminatory, harassing, or threatening messages or images
- Sending or posting information that is defamatory to MFA, its products/services, employees, associates and/or customers
- Sharing confidential information that may be detrimental to MFA customers, associates, employees or to the professional or economic operation of MFA
- Sending or posting chain letters

- Solicitation of any kind, collection for any purpose, ticket or merchandise sales, or distribution of non-MFA related literature, while the employees are on working time, unless approved by the Executive Director or Human Resources Director
- Downloading, copying or pirating software and electronic files that are copyrighted or without authorization, including but not limited to shareware, executable scripts, music files, and movie files
- Using the Internet to access and play games
- Participating in any non-MFA related chat programs

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

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

Internal Controls
A system of written controls for the Information Systems function will be maintained by the Chief Information Officer and reviewed periodically by an independent expert.

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

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

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

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

Roles and Responsibilities of MFA's Communications and Marketing Department

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

Removal of Posts and Edits from MFA's Online Platforms

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

Training

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

Guidelines for Interaction about MFA on the Internet

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

Confidential Information

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

Respect and Privacy Rights

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

~~Potential~~ Discipline ~~of Employees~~

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

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

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

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

Pay Policies and Procedures

Pay Process

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

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

Documentation of Time

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

Overtime Procedures

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

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

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

Compensable Travel Time for Non-Exempt Employees

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

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

- *Travel During Workday* - Time spent by an employee traveling as part of his or her regular job duties, such as travel from the office to an offsite meeting, is work time and will be paid as such.

- *Travel Away from Home* – Travel that keeps an employee away from home overnight is travel away from home. Travel time that takes place within the employee's normal work hours, regardless of the day of week, is treated as work hours. When an employee travels between time zones, the time zone associated with the point of departure will be used to determine whether the travel falls within the employee's normal work hours. Time spent travelling from home to the airport terminal or train station terminal is considered commute time and is not treated as hours worked. Time spent waiting at the terminal until arrival at the destination is compensable when it falls during normal work hours. Employees should strive to time their arrival at an airport terminal so that their wait time before departure is limited to approximately two hours.

Travel Time as Driver/Passenger of Automobile – All authorized travel time spent driving an automobile is treated as work hours, regardless of whether the travel takes place within the employee's normal work hours or outside of the employee's normal work hours. Time spent as a passenger in an automobile is not automatically treated as work hours. Travel as a passenger in an automobile is treated the same as all other forms of travel.
In order to manage overtime within approved budget, supervisors have the discretion to adjust a non-exempt employee's work schedule during the workweek in which compensable travel time occurs so that the employee's total work hours during that workweek will not exceed forty (40) hours.

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

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

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

General Rules Applying to All Travel
If a non-exempt employee is offered the most economical public transportation, but asks for and receives permission to drive instead, MFA may only compensate the employee for the time to travel on the public transportation offered. Consistent with the above rules, all travel must conform to MFA's travel policies, as set forth in MFA Policies & Procedures Manual, and an effort must be made to travel by the most economical means possible considering overtime, cost of transportation, and available options.

Redline Compensation Policy

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

Bonus in Lieu of Merit Increase

MFA believes that it is in the best interest of both the organization and employees to recognize the efforts and contributions of redlined staff; therefore, it is MFA's intention to award a merit increase to redlined employees in the form of a bonus.

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

Any such bonus will be paid out in equal increments at the end of each fiscal quarter for the first three quarters of the fiscal year.

SUMMARY OF EMPLOYEE BENEFITS

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

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

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

Flexible Spending Accounts
All full-time and part-time employees working 20 hours, or more are eligible to participate in MFA's Flexible Spending Account program on the first day of employment. MFA allows eligible employees to set aside money in a flexible spending account for healthcare and related costs and/or for dependent care, on a pre-tax basis. Eligible employees may set aside an amount up to the allowable maximum for healthcare and related costs, and up to the allowable maximum amount for dependent costs.

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

Short- and Long-Term Disability Insurance
All full-time and part-time employees working 30-hours or more become eligible for Short and Long-Term Disability Insurance on the first day of employment. Short- and Long-Term Disability Insurance is a benefit provided to eligible employees and paid for by MFA.
Short term benefits begin on the 15th day of disability and employees receive 70% of the employees predisability earnings. Employees may choose to supplement the additional 30% with sick or vacation accruals.

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

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

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

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

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

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

Ability Assist
Sponsored by The Hartford
www.guidanceresources.com
1-800-964-3577
Company Code: HLF902

The Solutions Group
Sponsored by Presbyterian Health Insurance
1-866-254-3555 or 505-254-3555

Flyers for both plans can be found in MFA's break room.

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

401(k) Retirement Plan
MFA has adopted a 401(k) Plan to provide eligible employees the opportunity to save for retirement on a tax-advantaged basis. Detailed information concerning the terms and conditions

of the 401(k) Plan is contained in the Plan Highlights, which is available from the Human Resources Director or Bank of Oklahoma.

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

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

Automatic Deferral Increases
Salary deferrals will be automatically increased by 1% every year in January, up to a salary deferral percentage of 8% of compensation. The Participant may opt out of automatic deferral increases by signing on to www.startright.bokf.com and revising the contribution election in their personal 401(k) account.

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

MFA will true-up for those who deferred the maximum deferral under IRC 402(g), but did not receive Matching Contributions because of the timing of deferrals. As chosen by the Employer this true-up can be made on a per pay period basis or at year end. MFA will not give a true-up to a Participant who starts and stops his or her deferrals throughout the year, if they did not make the 3% deferral minimum each pay period.

Employer Non-Elective Contributions
MFA will make a "non-elective" contribution to the 401(k) Plan equal to eleven percent (11%) of the eligible compensation of all Plan participants eligible to share in allocations. MFA's non-elective contribution is contributed on a biweekly basis.

Loans
The Plan Documents of the New Mexico Mortgage Finance Authority 401(k) Plan offer the option of an employee taking up to two (2) loans from his/her retirement account. Any employee thinking about borrowing from his/her 401(k) plan should consider all options carefully.

Participants are allowed to borrow money from the Plan based on the following limitations (see the Plan Loan Procedures for additional information):

- Minimum amount - $1,000.00.
- Maximum amount - 50% of vested account balance not to exceed $50,000 (minus the difference between the highest outstanding balance of loans in the past 12 months and the outstanding balance of loans from the Plan on the date the loan is made).
- The duration of the loan will be limited to five years unless it is for purchase of primary residence.
- The interest rate will be based on National Prime plus 2%.
- Only two outstanding loans will be permitted at any time.
- Loan origination fee - $100.00.

For additional information, an employee should contact the Human Resources Director.

Vesting
An employee's "vested percentage" of the matching and non-elective contributions made to the 401(k) Plan by MFA is based on "Years of Service." To earn a "Year of Service," an employee must be credited with at least one thousand (1,000) hours of service during a Plan Year. An employee's vested percentage is determined according to the following schedule:

Vesting Schedule

Less than Two Years	0%
Two Years but less than three	25%
Three Years but less than four	50%
Four Years but less than five	75%
Five Years or more years	100%

457(b) Deferred Compensation Plan
MFA also has adopted a 457(b) Plan, which allows eligible employees to set aside money for retirement on a pretax basis by entering into a salary reduction agreement with MFA. Detailed information concerning the terms and conditions of the 457(b) Plan is available from the Human Resources Director or Bank of Oklahoma**.**

An eligible employee for purposes of the 457(b) Plan means an employee who has made in any prior year, salary reduction contributions to MFA 401(k) Plan equal to the IRC 402(g) limit.

- Under the 457(b) Plan: Employees may elect salary reduction amounts up to the IRC 402(g) limit.
- Only employee contributions are allowed unless otherwise stated through Board action.
- All employee contributions in the 457(b) Plan are one hundred percent (100%) vested.

In case of conflict between this Employee Manual or any summary of the 401(k), 457(b) Plans or any other benefit plans, the Plan Documents will govern.

Employee Educational Assistance
MFA encourages continuing education for eligible employees for specific job-related course work or employee education considered by Deputy Directors to be in the best interest of MFA.

Full-time employees with satisfactory work and attendance standards who have completed one (1) year of employment with MFA are eligible to participate provided that they are not receiving assistance or a scholarship from any other source. Those employees wishing to be reimbursed by MFA for attending and completing job-related college or trade school level courses must first obtain their manager’s and respective Deputy Director’s approval and then forward those approvals to the Human Resources Director for final approval. All approvals must be obtained in advance and should be submitted during the budget process.

Tuition reimbursement for college or trade school level courses will not exceed standard semester credit hour rates charged by a state university in New Mexico. Tuition reimbursement for approved courses is limited to the following number of credit hours per fiscal year:

- Following one year of employment, nine (9) credit hours per fiscal year;
- Following three years of employment, twelve (12) credit hours per fiscal year; and
- Following five years employment, fifteen (15) credit hours per fiscal year.

Employees will be reimbursed for a percentage of the registration fee, technology fee, facility fee, tuition, textbooks, and related courses work fees, after submitting receipts and evidence of successful completion of the approved course or class as follows:

- With a grade of “A or B”: one hundred percent (100%) reimbursement.
- With a grade of “C”: Ninety percent (90%) reimbursement.
- Employees receiving a grade of “C-” or below will not be eligible for reimbursement of registration fees, tuition or textbooks.

Textbook expenses will be reimbursed up to one hundred dollars ($100) per book. The cost of other course materials will not be reimbursed.
An employee who has given notice to separate employment will not be eligible for tuition reimbursement.

Part-time employees will be reimbursed on a prorated basis determined by average hours worked in a calendar quarter.

MFA will pay for successful completion of job-related training, ~~and/or~~ professional development, profession related certifications and associated preparation courses and any testing fees for up to two attempts of the same test.~~.~~ Prior approval from direct supervisor and Deputy Director is required.

Mass Transit
MFA fully subsidizes the cost of bus passes and Rail Runner passes for use solely by MFA employees. All employees are eligible to receive mass transit passes or subsidies. Bus passes

may be obtained from Human Resources upon request. Rail Runner passes must be purchased by employees for reimbursement at a later date.

Costco/Sam's Club Reimbursements
All full-time employees are eligible for reimbursement for the annual cost of basic membership to either Costco or Sam's Club.

Seminars and Conferences
All employees are eligible to attend business-related seminars and conferences upon recommendation by their supervisor and approval by the respective Deputy Director. Employees reporting to the Executive Director must obtain Executive Director approval. MFA will reimburse eligible employees for expenses incurred in connection with attendance at recommended and approved business-related seminars and conferences. Registration fees, travel and lodging expenses will be paid by MFA with prior supervisor approval.

Compensable Time at Seminars and Conferences (non-exempt employees)
On occasion, luncheons and social hours are conducted in conjunction with a conference or seminar. Generally, regular meal times are **not** compensable and attendance at a luncheon or social hour by a non-exempt employee is considered voluntary. Therefore, when a non-exempt employee attends a conference or seminar (or a monthly association luncheon or similar activity), his/her time during the lunch or social hour is not compensable.

Exception: If a non-exempt employee's attendance at a luncheon or social hour or similar activity is required by MFA, then the employee's time is compensable.

Incentive Compensation Plan

Performance Evaluations
The goal setting and performance evaluation process is intended as a means for discussing, planning and reviewing the performance of each employee. Quarterly coaching and annual performance evaluations are designed to:

- Clearly define responsibilities, provide criteria by which performance will be evaluated, and suggest ways in which performance can be improved.
- Identify employees with potential for advancement.
- Help managers distribute and achieve department and company goals.
- Provide a fair basis for possible Merit Increases and Annual Awards.

Performance evaluations will be conducted on an annual cycle corresponding to the fiscal year end. Employees will receive a performance evaluation and new goals in November of each year. No performance evaluation will change the employment status of any employee which, at all times, shall remain at-will and no evaluation will guarantee that an employee will advance with MFA.

Merit Increases
Merit Increases are ***not*** guaranteed. They are a compensation tool based on company performance, available budget, and individual performance. Merit Increases, if awarded, will be reflected no later than first payroll cycle of December following the award.

All employees are eligible to be considered for Merit Increases; provided that they also satisfy the following criteria:

- Employees must have been hired on or before March 31st of the year in which the Merit Increase is awarded.
- Employees must be employed on the date the Merit Increase is awarded.

During the first-year transition period and/or the first year of employment Merit Increases will be pro-rated over the evaluation period through the first payroll cycle in which merit is awarded of any given year.

Spot Incentive Awards
MFA's Spot Incentive Program is designed to provide one-time awards for exemplary performance to eligible employees. All employees are eligible to be considered for a Spot Award, with the following limitations: Employees must be employed on the date the Spot Award is paid out. The Spot Award period runs from October 1st of any given year through September 30th of the following year. Spot Awards will be paid out during the payroll cycle in which approvals are obtained.

- Spot Awards reward outstanding individual performance on a case-by-case basis.
- Spot Awards provide recognition for exemplary employee actions on a case-by-case basis.
- Spot Awards recognize contributions to the organization.

- Spot Awards may be granted at any time throughout any given fiscal year.

Spot Awards are not guaranteed but are recommended by the supervisor and must be approved by the Department Director, Deputy Director, Human Resources Director and the Executive Director.

Annual Incentive Awards

Annual Incentive Awards are based on the Strategic Plan and budget as approved by MFA's Board of Directors. MFA's Annual Incentive Program is designed to provide incentive compensation for eligible employees by rewarding and motivating staff as staff performance leads to achievement of company-wide goals. All full-time employees and part-time employees with benefits are eligible to be considered for an Annual Incentive Award.

Each member of senior management will be allotted a percentage of the Annual Incentive pool based on total eligible salaries within his/her department. The supervisor will recommend payout percentage for each eligible employee within his/her department. Final incentive awards are approved by the deputy director and executive director. Twenty-five percent (25%) of total incentive compensation earned after taxes will be allocated to each eligible employee on a pro rata basis relative to the total company's gross payroll for the fiscal year. Seventy-five percent (75%) of total incentive compensation earned after taxes will be allocated to department directors on a pro rata basis relative to their employees' share of the total company's gross payroll for the fiscal year to serve as a discretionary incentive compensation pool. An employee's total annual incentive compensation equals the sum of both the twenty-five and seventy-five percent components. Total annual incentives will not exceed ten percent (10%) per employee per year.

An additional two percent (2%) incentive pool will be allocated for distribution to the deputy directors and the Executive Director.

All employees are eligible for Annual Incentive Awards, provided that they also satisfy the following criteria:

- All full-time and part-time Employees must have been hired on or before June 30th of any given year.
- Employees must be employed on the date the Annual Incentive Award is paid out.
- Annual Incentive Awards are granted at the manager's discretion and must be consistent with overall individual performance evaluation and time worked during the evaluation period.

The Annual Incentive Award period runs from October 1st of any given year through September 30th of the following year. Annual Incentive Awards will be paid out no later than the first payroll cycle in December in any given year.

- Annual Incentive Awards are not guaranteed but are awarded based on contributions to the achievement of company-wide goals, available budget, and individual performance.
- Annual evaluations are the basis for proposed Annual Incentive Awards.

During the first-year transition period and/or the first year of employment Annual Incentive Awards will be pro-rated for the evaluation period through the end of the fiscal year. After the transition period and/or first year of employment all employees will be on the same Annual Incentive Awards schedule.

A full copy of the Incentive Compensation Plan can be found on MFA's Intranet.

Changes, modifications or exceptions to the Incentive Compensation Policy must be approved by MFA's Board of Directors.

LEAVE WITH PAY

Vacation Leave

Full-Time Employees
Vacation leave accrues on a biweekly basis. Full time employees accrue vacation leave based on years of service as follows:

- The first two (2) years of employment
  - Twelve (12) days per year (accruing at 3.69 hours per pay period)
- After the completion of two (2) years and through seven (7) years of employment
  - Sixteen (16) days per year (accruing at 4.92 hours per pay period)
- After the completion of seven (7) years and through fifteen (15) years of employment
  - Twenty-one (21) days per year (accruing at 6.46 hours per pay period)
- More than fifteen (15) years of employment
  - Twenty-five (25) days per year (accruing at 7.69 hours per pay period)

The Executive Director has authorization to allow director level and above positions to accrue vacation leave up to the maximum available under the vacation leave policy.

Part-Time Employee with Benefits
All part-time employees with benefits are eligible for vacation time. Employees will accrue vacation at a pro-rated amount that is determined based on the number of hours regularly scheduled to work.

Accrued Vacation Days
A maximum of thirty-five (35) accrued vacation days (two hundred and eighty (280) hours) may be carried forward from one fiscal year to the next. Any accrued vacation leave in excess of 280 hours that is not used before the fiscal year end (September 30th) will be forfeited. Upon resignation or termination of employment, employees will receive pay for any accrued unused vacation leave ~~(up to 280 hours).~~ up to 360 hours.

Use of Vacation Leave
Employees begin to accrue vacation leave with the first pay period after date of hire and may use vacation leave after one (1) day is accrued. Accrual amounts are noted on pay stubs each pay period. Vacation can be taken only with the supervisor's consent and may be taken in quarter hour increments. Requests will be considered based on work demands and staffing needs, and consent may be withheld based on those and other factors that affect the conduct of MFA’s business.

Employees are encouraged to request vacation leave that exceeds two (2) days as far in advance as possible. If an employee wishes to take vacation time that exceeds the employee’s accrued vacation leave, approval must be obtained in advance from the respective Deputy Director, or the Executive Director if appropriate. If approved, the excess vacation time will be taken without pay. Accrued sick leave may not be used in lieu of vacation leave.

Paid Personal Day
Full-time employees are eligible employees that may take one (1) paid 8 (eight) hour personal day each fiscal year after completing ninety (90) days of employment. If personal days are not used during the fiscal year, they will be forfeited. Personal days are not accrued and therefore are not paid out at time of resignation or termination. Personal days can be taken only with the supervisor's consent. Requests will be considered based on work demands and staffing needs, and consent may be withheld based on those and other factors. Employees on a compressed work week will need to request an additional hour of vacation to complete a 9 (nine) hour workday.

Part-Time Employee with Benefits
All part-time employees with benefits are eligible for a paid personal day. Part-time employees will earn a personal day at a pro-rated amount that is determined based on the number of hours regularly scheduled to work.

Paid Sick Leave

Full-Time Employees
Sick leave is accrued on a biweekly basis beginning with the first pay period after date of hire. Full-time employees accrue thirteen (13) days of sick leave per year, at the rate of four (4.00) hours per pay period. Accrued sick leave may be carried over from one fiscal year to the next.

Part-Time Employees with Benefits
Sick leave is accrued on a biweekly basis beginning with the first pay period after date of hire. All part-time employees with benefits are eligible for sick time. Eligible employees will accrue sick time at a pro-rated amount that is determined based on the number of hours regularly scheduled to work.

Use of Sick Leave
Employees may begin to use sick leave after one (1) day is accrued. If an employee is going to be absent because of sickness, the employee must contact MFA by no later than thirty (30) minutes before the employee’s scheduled start time and should make every effort to speak directly to his/her immediate supervisor. If the supervisor is not available, the employee should make every effort to speak directly to the manager next in the chain of command. Leaving messages with co-workers may result in unexcused absences and leave without pay.

Sick leave is to be used in cases of employee illness or illness in the employee's immediate family (spouse, children, stepchildren, mother, father, mother-in-law, father-in-law, grandparents, and grandchildren) or anyone residing in the employee's household.

Sick leave may be used for any medical purpose, e.g., doctor and dentist appointments. A doctor’s statement may be required for approval of sick leave for absences of three (3) or more consecutive days, or more than five (5) absences in a rolling twelve (12) month period. Employees requesting time off due to the illness of a child may be asked to provide a notice from the child’s school for absences of three (3) or more consecutive days, or more than five (5) absences in a rolling twelve-month period.

Sick time that exceeds accrued sick leave will be taken without pay unless an alternative arrangement (e.g., the transfer of sick leave by a fellow employee to assist the sick employee) is approved at the discretion of the Executive Director or his/her designee. Accrued vacation leave also may be used to cover sick time in lieu of leave without pay.

Employees are encouraged to use sick leave for medical purposes, however employees who do not need to use sick leave will accrue four (4) additional hours of vacation leave time during the fiscal year for every six (6) months worked, if during that six (6) month period, sick leave is not used.

Employees may choose to be paid in cash for accrued unused sick leave in excess of four hundred (400) hours up to a maximum of one hundred twenty (120) hours in the first full pay period in January and/or July. The hours will be paid at a rate equal to fifty percent (50%) of the employee's hourly wage. Immediately prior to retirement from employment, employees will be paid for accrued sick leave in excess of four hundred (400) hours (two hundred (200) hours maximum) at an hourly rate equal to fifty percent (50%) of their hourly wage. Employees will be solely responsible for any tax consequences of such a sellback of accrued sick leave.

Accrued unused sick leave will not be paid to an employee upon termination from MFA.

Transfer of Sick Leave

MFA allows an employee to transfer a portion of his/her accrued sick leave to assist a fellow employee who has a serious medical condition. Transfer of sick leave is subject to the following conditions and limitations:

- The ill employee must have exhausted all of his/her own accrued sick and vacation leave prior to obtaining a transfer of sick leave from another employee.
- An employee may not transfer more than forty (40) hours of sick leave in any fiscal year.
- Sick leave may not be transferred from a subordinate to an immediate supervisor.
- The transferring employee must have a minimum of forty (40) hours of sick leave remaining after the transfer.
- Transfer of sick leave will only be available for use during the waiting period of Short-Term Disability.
- Transfer of sick leave can be transferred to an employee that is experiencing a qualifying event that does not involve the employee. (i.e., taking care of child or parent).
- The donor and the recipient must complete a Sick Leave Donation/Recipient Request form.
- Any unused sick time that was donated will be transferred back to the donor.
- Donated hours will be transferred to the recipient as needed on a per pay period basis.
- The Human Resources Director must approve the transfer request.
- The Human Resources Director will post the request for donations on MFA's intranet. Employees should not solicit donations on their own.

Transferred sick leave will run concurrently with the amount of Family and Medical Leave (FMLA) of Absence available to an employee under the FMLA policy below, arising out of the same illness or medical catastrophe.

Forty (40) Consecutive Hour Leave
Certain employees are required to take forty (40) consecutive business hours of leave during each full fiscal year following their first twelve (12) months of employment. Any forty (40) consecutive business hours of leave taken will be recorded regardless of how many total leave hours are taken within a fiscal year. All types of leave identified in this Manual, including training conducted away from MFA, may be used to meet the forty (40) consecutive business hour leave requirement except holidays. Waivers to this policy may be granted as necessary and must be approved sixty (60) days in advance by the Executive Director.

A full copy of the Consecutive Hour Leave Policy can be found on MFA's Intranet.

Paid Holidays
Eligible employees are entitled to pay for holidays observed by MFA. Full-time employees are eligible for eight (8) hours of pay on day of holiday. Part-time employees with benefits are eligible for holiday pay at a pro-rated amount that is determined based on the average amount of hours regularly scheduled to work per normal workweek. Employees on unpaid leave will not be eligible to receive holiday pay. Employees on a compressed work week will need to request an additional hour of vacation to complete a 9 (nine) hour workday.

Holidays Observed
At the beginning of each calendar year, a list is published detailing paid holidays observed by MFA and their exact dates for that year.

The Holidays that are observed by MFA are:

- New Year's Day
- Martin Luther King Day
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Indigenous Peoples Day
- Thanksgiving Day
- The day after Thanksgiving is taken in lieu of Veteran's Day
- Christmas Day
- Personal Day (please see Paid Personal Day policy above)

Working on an MFA Paid Holiday
Working on an MFA paid holiday is discouraged and prohibited unless prior approval is obtained from the respective Deputy Director and/or Executive Director, if applicable.

> **Exempt Employees**: If it is necessary and in the best interests of MFA to work on a paid holiday, then the employee will be granted floating time off equivalent to the actual number of hours worked on the holiday, which should be taken within the calendar year that the holiday is worked.

Non-Exempt Employees: Working on a paid holiday generally is prohibited if it will result in the employee working more than forty (40) hours in a workweek; however, if the respective Deputy Director and/or Executive Director determines that it is in the best interests of MFA for a non-exempt employee to work on a paid holiday, then the employee will be granted floating time off equivalent to the actual number of hours worked on the holiday. In addition, if the hours worked by the non-exempt employee on the holiday result in the employee working more than forty (40) hours in a workweek, the employee will receive overtime compensation, at the rate of one and one-half times their regular rate of pay, for each hour of overtime worked in that workweek.

Paid Administrative Leave

The Executive Director or his/her designee may authorize administrative leave with pay, for a reasonable amount of time, due to office closures, under unusual circumstances, or when it is in the best interests of MFA to do so.

Bereavement Leave

Full-time employees are eligible for bereavement leave. Bereavement leave is leave with pay for absences due to the death of the employee's spouse, domestic partner, child, stepchild, child-in-law, mother, father, stepmother, stepfather, mother-in-law, father-in-law, grandparents, grandchildren, brother, sister, or anyone residing in the employee's household, or as approved by the Executive Director on a case-by-case basis.

Part-Time Employee with Benefits

All part-time employees with benefits are eligible for bereavement leave. Part-time employees will be paid bereavement leave at a pro-rated amount that is determined based on the number of hours regularly scheduled to work.

Bereavement Leave Duration

Approval from the employee's supervisor must be obtained for the requested duration of the leave. Up to four (4) days or thirty-two (32) hours can be granted to an employee per bereavement occurrence. Up to three (3) additional days or twenty-four (24) hours can be granted if out-of-state travel is necessary. Accrued vacation may be used for any additional time an employee takes in connection with a bereavement occurrence.

Voting Time

MFA encourages all employees to vote at each scheduled election. ~~Employees whose workdays begin within two (2) hours of the polls opening and end less than three (3) hours before polls close are entitled up to two (2) paid hours of leave to vote.~~ All employees who are registered voters are entitled to paid time to vote for up to two hours. Scheduling of voting time should be arranged with the employee's immediate supervisor.

Jury Duty/Subpoenas

MFA recognizes that employees who are called to serve on jury duty or subpoenaed as a witness have a legal obligation to do so. MFA provides paid leave to eligible employees for the time necessary to comply with those legal obligations. Full-time employees are eligible for paid administrative leave for jury duty and to appear as a witness in response to a subpoena.

The employee must notify his/her supervisor immediately upon receipt of notice of impending jury duty or required appearance in response to a subpoena before a federal or state grand jury or court or a federal or state agency.

A copy of the notice of jury duty or subpoena must be submitted to the Human Resources Director for the employee's personnel file. When a full-time employee is called for jury duty or to appear as a witness in response to a subpoena before a federal or state grand jury or Court or a Federal or State Agency, the employee will be compensated for his/her regular work schedule. The employee must turn in a timecard receipt to Human Resources showing attendance in order to be compensated. An employee who is subpoenaed in his/her capacity as an employee of MFA will be compensated for his/her regular work schedule, to include overtime pay if applicable.

Employees who are dismissed early from jury duty should return to work if four (4) or more hours remain in the regularly scheduled workday or use accrued vacation time.

For an employee who is a plaintiff or a defendant in a lawsuit unrelated to his/her employment by MFA, accrued vacation leave may be used for time off from work required for the litigation, and/or the employee may request leave without pay which must be authorized by the Executive Director or his/her designee.

Attendance fees received for jury duty or witness fees received in connection with a subpoena must be remitted to MFA's Human Resources Director. Travel reimbursement received for jury duty must be remitted to MFA if the court destination is in the Albuquerque downtown area.

Parents with School Aged Children
MFA will allow up to four (4) hours of paid leave for the fall semester and up to four (4) hours of leave in the spring semester to allow parents, aunt, uncle, stepparents, grandparents, brother, sister, or anyone residing in the employees' household, or as approved by the Executive Director on a case-by-case basis, that have school aged children to attend parent-teacher conferences and/or meetings.

Employees will be required to complete a Parent Teacher Conference form and approval of leave needs to be approved by the Supervisor, Human Resources Director and Executive Director and must be turned into payroll for processing.

Inclement Weather
If MFA decides to close the offices due to inclement weather, all employees will be contacted via text, email and/or a phone call from MFA's alerting system. Time for that day will be charged to paid administrative leave. If the weather conditions are too dangerous, such that an employee cannot travel to work, the employee may stay home after notifying his/her supervisor as required by the attendance policy and call-in procedures. Vacation time or personal days must be used to cover the absence, otherwise the time off will be unpaid. Delays and office closings

occurring on a day that an employee is telecommuting will not apply to that employee's work schedule because the employee will not have to commute.

It is at the employee's discretion to adhere to weather related office closures.

Office Closure
If MFA decides to close the office due to an unforeseen event, all employees will be contacted via text, email and/or a phone call from MFA's alerting system. This time will be charged to paid administrative leave. Lunches and breaks are not to be taken in conjunction with the beginning of a workday or end of a workday. Office closings occurring on a day that an employee is telecommuting will not apply to that employee's work schedule because the employee will be working from home.

Leaves of Absence

Family and Medical Leave Policy
Eligible employees may be entitled to a leave of absence in accordance with the Family and Medical Leave Act (FMLA). Employees who are ineligible for leave under the FMLA may nonetheless be granted unpaid medical leave of a definite duration, if necessary, as a reasonable accommodation under the Americans with Disabilities Act (ADA). This policy is intended as a guideline and it is not intended to provide employees with greater rights than they are afforded under the FMLA or the ADA. All terms used in this policy are defined the same as they are defined in the FMLA and ADA and their implementing regulations.

Eligibility for FMLA Leave
FMLA leave is available to eligible employees. An eligible employee must:

- Have been employed by MFA for at least twelve (12) months (which service need not be consecutive);
- Have been employed by MFA for at least twelve hundred and fifty (1,250) hours of service during the twelve (12) month period immediately preceding the commencement of the leave; and
- Be employed at a worksite where fifty (50) or more employees are located within seventy-five (75) miles of the worksite.

Basic FMLA Leave Entitlement
Eligible employees are entitled to take up to 12 weeks of unpaid FMLA leave in a 12-month period for the following circumstances:

- During the 12 months following the birth of a natural child in order to care for that child;
- During the 12 months following the placement of a child with an employee for adoption or foster care; or
- For the serious health condition of the employee or to care for the employee's spouse, domestic partner, child (biological, adopted or foster children, stepchild, legal ward, or a child of a person standing *in loco parentis*), or parent (biological or who stands- or stood *in loco parentis*) who has a serious health condition.

Servicemember Leave Entitlement
Eligible employees with a spouse, domestic partner, son, daughter, or parent on active duty or call to active duty in the Armed Forces, National Guard, or Reserves who are deployed to a foreign country may use their 12 weeks of FMLA leave entitlement to address certain qualifying exigencies. Qualifying exigencies include: (1) short-notice deployment (*i.e.*, seven days or less of notice); (2) military event and –related activities; (3) arranging for alternative childcare; (4) financial and legal arrangements; (5) counseling; (6) rest and recuperation; (7)- post-deployment activities; and (8) any other event that the employee and MFA agree is a qualifying exigency.

An eligible employee– who– is the spouse, son, daughter, parent, or next of kin of a covered servicemember is also entitled to take up to 26 work weeks of FMLA leave during a 12-month period to care for the servicemember who incurred a serious injury or illness in the line of active duty in the Armed Forces. The combined total leave in any single applicable 12-month period for servicemember family leave and any other qualify FMLA leave is 26 workweeks, although servicemember family leave does not limit the availability of FMLA leave.

Intermittent Leave and Reduced Leave Schedules
An employee with a serious health condition or with a spouse, parent, or child with a serious health condition, or an employee on servicemember family leave to care for a servicemember may be entitled to take FMLA leave on an intermittent or reduced leave schedule. MFA may require an employee who chooses this option to transfer temporarily to an alternative position which better accommodates MFA’s workflow. The employee will receive equivalent pay and benefits during the temporary transfer.

FMLA Leave Counting
FMLA leave will be counted on a “rolling” 12-month period measured backward from the date an employee uses such leave. In other words, each time an employee takes FMLA leave, the remaining FMLA leave entitlement would be the balance of the 12 weeks (or 26 weeks, if applicable0 that has not been used during the immediately preceding 12 months.

No Work While on Leave
Accepting another job while on FMLA leave or any other authorized family or medical leave of absence is grounds for immediate termination, to the extent permitted by law.

Use of Paid Leave and Continuation of Benefits
Employees may be required to use accrued sick leave for any part of an unpaid FMLA leave. If an employee has exhausted all of his/her accrued sick leave while on FMLA leave, the employee may elect to use accrued vacation for the remainder of the unpaid FMLA leave. The use of accrued sick leave and/or accrued vacation leave while on FMLA leave does not extend the duration of the FMLA leave allowed.

Health and life insurance coverage will be continued for employees on leave on the same terms that such coverage would have been provided if the employee had continued employment. If the employee fails to return to work from FMLA leave, MFA may recover premiums paid for maintaining the employee’s health coverage.

Restoration of Employment and Benefits
If the employee returns to work within 12 weeks following FMLA leave (or 26 weeks, if applicable), the employee will be reinstated to his or her former position or to an equivalent position in terms of pay, benefits, status, and seniority. The employee’s restoration rights are the same as they would have been had the employee not been on leave. If the position would have been eliminated or the employee would have been terminated but for the leave, the employee does not have the right to reinstatement upon return from leave. If the employee fails to return to work by the previously agreed-upon date, in the absence of further communication, the employee will be considered to have abandoned his or her job.

If the employee is unable to return to work upon the exhaustion of the employee's FMLA leave for his or her own serious health condition, MFA will engage in the interactive process to determine whether the employee is a qualified individual with a disability and whether additional leave or some other reasonable accommodation can be provided. If no reasonable accommodation can be made or reasonable accommodation would result in an undue hardship for MFA, then the employee who fails to return to work from FMLA leave will may be medically separated.

Notice and Certification Requirements
For foreseeable FMLA leaves such as births or adoptions and planned medical treatments, employees are required to give 30 days of advance notice. For unforeseeable FMLA leaves such the onset of a serious medical condition of the employee or a family member, employees are required to provide as much advance notice as possible under the circumstances. The failure to give advance notice when required may result in the denial of the requested FMLA leave.

Within 5 days after the employee requests leave or after MFA learns that leave already taken may be for an FMLA-qualifying reason, MFA will provide written notice stating whether the employee is eligible for FMLA leave and, if not eligible, provide at least one reason why not. MFA will also provide a written notice stating whether FMLA leave is available, how much leave has been designated as FMLA leave, and how much leave remains. For a leave of unspecified duration, MFA will update the notification every 30 days as to how much leave has been designated as FMLA leave and how much available FMLA leave remains.

For requested FMLA leave for a serious health condition of the employee or a family member (including a covered servicemember's serious injury or illness), the employee will be required to have a qualified health care provider complete the Certification of Health Care Provider Form for Family and Medical Leave. The purpose of the Certification is for the health care provider to certify the employee's own serious health condition, the family member's serious health condition, or the covered servicemember's serious injury or illness. The Certification for the serious health condition of a family member or covered servicemember should further indicate the need for the employee's attendant care for the family member or for the covered servicemember. MFA may require a second or third opinion, periodic reports on status and intent to return to work, and/or a fitness-for-duty report to return to work. Failure to timely provide requested documentation may result in the denial or delayed approval of requested FMLA leave. Documentation relating to the employee's or family member's medical condition will be held in strict confidence and maintained n the employee/s medical records file.

Military Leave of Absence
MFA is required under the Uniformed Services Employment and Reemployment Rights Act (USERRA) and state law to provide enhanced leave rights and job protections for employees absent for military service.

Eligibility: Every employee who is a member of the uniformed services is eligible for military leave of absence regardless of length of employment or part-time status, with the exception of workers employed for brief, non-recurrent periods.

USERRA applies to employees who are members of the uniformed services of the United States, which include the Army, Navy, Air Force, Marine Corps., Coast Guard, and their reserves; the Army and Air National Guards, including periods of training; the Public Health Service commissioned corps; and other categories that may be designated by the President in times of emergency.

A military leave of absence includes voluntary or involuntary active duty, active duty for training, inactive duty training, and full-time National Guard duty. It also includes any absence needed for an examination to determine whether a person is fit to perform military duty.

Request
Unless the giving of advance notice is impossible, unreasonable, or precluded by military necessity, an employee who requests military leave of absence must submit a copy of the military orders or other official documentation, to the employee's supervisor, for approval by the respective Deputy Director, or the Executive Director if appropriate. Employees must give written or verbal notice of the need for military leave as far in advance as is reasonable under the circumstances, preferably at least thirty (30) days in advance of the start of the military leave.

Nature of Military Leave
An employee’s salary will not continue during a military leave, with one exception: if an employee is a member of an organized reserve unit of the armed forces, MFA will give the employee up to fifteen (15) working days of military leave with pay annually (based on a military training year) in addition to other authorized unpaid leave when the employee is ordered to active-duty training or for the purpose of attending officially authorized training or instruction.

An employee may request to use any vacation or sick leave they have accrued to cover all or part of their military leave. Health benefits coverage will continue for thirty-one (31) days as long as the employee pays their normal portion of the cost of benefits during that period. For leaves lasting longer than thirty-one (31) days, an employee will be eligible to continue health benefits under COBRA and will be required to pay the total cost of their health benefits if they wish to continue benefits.

Reemployment Rights
To be entitled to reemployment rights, an employee on military leave must report back to work or apply for reemployment at MFA according to the following schedule:

- If the military leave was less than 31 days, the employee must return to work the next regularly scheduled workday following completion of his/her military service and the expiration of eight (8) hours after a time for safe transportation back to his/her residence.

- If the military leave was 30 days to 180 days, the employee must apply for reemployment with MFA no later than 14 days following the completion of his/her military service.

- If the military leave was 181 or more days, the employee must apply for reemployment with MFA no later than 90 days following the completion of his/her military service.

An employee's failure to reapply for reemployment within these deadlines may result in the employee being denied reemployment at MFA following his or military service.

Upon application for reemployment, the employee will be required to provide MFA with military discharge documentation to establish the timeliness of the application for reemployment, the duration of the military service, and his/her honorable discharge. Upon return from military leave, an employee will be reinstated with the same seniority, pay, status, and benefit rights that they would have had if they had worked continuously. If service was for less than ninety (90) days, the employee will be restored to the same job. If service was longer than ninety (90) days, the employee must be restored to his/her their same job or another job of like seniority, status, and pay, the duties of which the employee qualified to perform.
If an employee was a participant in MFA's 401(k) and/or 457(b) retirement plans at the time they left for military duty, they will be permitted to make additional contributions to the plan(s) as of their reemployment date.

Rights for reemployment and benefits depend upon satisfactory completion of military service. MFA is not required to reemploy a returning employee if the employee fails to apply for reemployment in a timely manner; if MFA's circumstances have so changed as to make reemployment impossible or unreasonable; if reemployment would pose an undue hardship upon MFA; if the employee's employment prior to the military leave was for a brief, non-recurrent period and there was no reasonable expectation that the employment would have continued indefinitely or for a significant period; or if the employee was separated due to a dishonorable or bad conduct discharge or under less than honorable conditions.

Paid Parental Leave Policy

Purpose

The New Mexico Mortgage Finance Authority (MFA) will provide eligible employees with paid parental leave. The purpose of paid parental leave is to provide parents with time to care for and bond with their new child(ren). Eligible employees as defined in this policy will be provided twelve (12) workweeks of fully paid parental leave following the birth, adoption of a child. This policy will run concurrently with leave taken the Family and Medical Leave Act (FMLA), as applicable.

New Mexico Mortgage Finance Authority will provide up to 12 weeks of paid parental leave to employees following the birth of an employee's child or the placement of a child with an employee in connection with adoption or foster care.

Eligibility

To be eligible for paid parental leave, employees must meet the following criteria:

- Be a full-time, regular employee.
- Have been employed with MFA for at least 12 consecutive months prior to the start of the paid parental leave, excluding any temporary and term employment.
- Have given birth to a child or be a spouse or domestic partner of a woman who has given birth to a child, (an affidavit for domestic partnership must be on file with human resources at the time leave is requested) or
- Have adopted a child (the child must be age 17 or younger).

- Children brought into the household due to marriage or domestic partnership would not be a qualifying event for paid parental leave.

Duration and Timeframe of Paid Parental Leave
- Eligible employees will receive a maximum of 12 weeks of paid parental leave for the birth, adoption of a child or children in the six-month time frame immediately following the birth or placement.
- All paid parental leave must be taken during the first 6 months following the birth, adoption, or foster care placement of the child. Parental leave not utilized within the six6-month period or any unused paid parental leave will be forfeited.
- Eligible employees may utilize one term of paid parental leave (up to 12 weeks) per birth or adoption event.
- Employees must take paid parental leave in one continuous period of leave.
- Paid parental leave taken under this policy will run concurrently with leave under the FMLA, any leave taken under this policy will also be counted toward the 12 weeks of available FMLA leave.
- If both parents or domestic partners work for MFA, each parent or domestic partner is eligible to receive paid parental leave under this policy.
- Paid parental leave may not be donated to any other employee.

Pay and Benefits During Parental Leave
- Each week of paid parental leave is compensated at regular, straight-time weekly pay.
- Paid parental leave will be paid on a bi-weekly basis on regularly scheduled pay dates.
- If a holiday occurs while the employee is on paid parental leave, it will be paid as holiday pay; however, it will not extend the total paid parental leave entitlement.
- Employees will continue to accrue vacation and sick time during paid parental leave.
- Upon termination of the employment at MFA, he or she will not be paid for any unused paid parental leave for which he or she was eligible.

Requests for Paid Parental Leave
- The employee will provide his or her supervisor and the human resource department with notice of the request for leave at least 30 days prior to the proposed date of the leave (or if the leave was not foreseeable, as soon as possible).
- The employee must complete the necessary HR forms and provide all documentation as required by the HR department to substantiate the request.

New Mexico Mortgage Finance Authority reserves the right to interpret this policy, or to modify it as business needs dictate with or without notice.

Personal Leave of Absence/Leave without Pay

The Executive Director or his/her designee may authorize a personal leave of absence with or without pay, for a reasonable amount of time, under unusual circumstances when it is in the best interests of MFA to do so. Employees requesting a personal leave of absence without pay for eight (8) hours in a pay period or more must submit a completed Personnel Action Form. The granting of a personal leave of absence without pay for more than eight (8) hours is solely within the discretion of the Executive Director or his/her designee.

Except as otherwise described in MFA's Vacation and Sick leave "Use" policies, appropriate accrued vacation and/or sick leave must be exhausted before applying for personal leave or leave without pay.

Reinstatement
Reinstatement following an unpaid personal leave of absence is not guaranteed. Management will attempt to reinstate an employee returning from a personal leave of absence into the employee's former position or, if that is not available, a comparable position. If the employee's former position is not available, Management will consider the employee for any available position for which he or she is experienced and qualified.

Educational Leave
Full time employees are eligible to request educational leave with or without pay for training related to their position with MFA. The granting of educational leave of absence is solely within the discretion of the Executive Director or his/her designee.

Domestic Abuse Leave
An employee may take up to fourteen (14) days or 112 hours per calendar year to:

- Pursue an order of protection or other judicial relief from domestic abuse;
- Meet with law enforcement officials, consult with attorneys or district attorneys' victim advocates, or attend court proceedings related to domestic abuse of themselves or a member of their family.
- Domestic abuse leave is unpaid unless an employee chooses to use accrued sick or vacation leave.

Definition
"Domestic Abuse" for purposes of this policy means an incident of stalking or sexual assault whether committed by a household member or not, or any incident by a household member against another household member consisting of or resulting in:

- physical harm
- severe emotional distress
- bodily injury or assault
- a threat causing imminent fear of bodily injury by any household member
- criminal trespass
- criminal damage to property
- repeatedly driving by a residence or workplace
- telephone harassment
- harassment; or
- harm or threatened harm to children

Notice
In an emergency, employees needing domestic abuse leave must notify MFA within twenty-four (24) hours of starting the leave. Otherwise, employees needing domestic abuse leave must provide as much notice as possible in the circumstances. Notification can be given to the employee's supervisor/manager, the Human Resources Director, respective Deputy Director or Executive Director.

Verification
Employees must provide MFA with verification of the leave as soon as verification is obtained. The verification may be a police report indicating that the employee or a member of the employee's family was a victim of domestic abuse; a copy of an order of protection or other court evidence produced in connection with an incident of domestic abuse; or a written statement from the employee's attorney, district attorney's victim advocate, or prosecuting attorney stating that the employee, employee's child, or a child for whom the employee is a guardian appeared or is scheduled to appear in court in connection with an incident of domestic abuse.

Confidentiality
MFA will keep all information regarding domestic abuse leave strictly confidential, including the fact that the employee or employee's family member was involved in a domestic abuse incident; that the employee requested or took domestic abuse leave; and the verification provided by the employee. No information regarding domestic abuse leave will be kept in personnel files. MFA will disclose information related to domestic abuse only when the employee consents, or when a court or administrative MFA orders such disclosure, or when such disclosure is otherwise required by federal or state law.

No Retaliation
MFA will not penalize or retaliate against an employee for requesting or taking domestic abuse leave. MFA will not withhold benefits coverage from an employee during the time they are on domestic abuse leave. Time taken for domestic abuse leave will not be included in calculating eligibility for benefits.

Safety, Violence, Security, and Drug and Alcohol-Free Workplace

Safety
It is the intent of the MFA Board Directors and Management to ensure a safe, productive work environment and to protect all employees and MFA property from harm. Safety is the responsibility of all employees. Every effort should be made to develop safe working conditions.

For the safety of MFA's employees and visitors the following rules apply:

- Restrooms are for use only by MFA employees and visitors who have legitimate business reasons for being on the premises.
- All visitors, including family and friends of employees, and business associates, will be required to remain in the lobby until the appropriate employee is notified and physically greets the visitor.
- All visitors must sign in at the reception desk and must be escorted to the appointed destination.
- At the conclusion of meeting, all visitors must be escorted back to the reception desk to sign out

If anyone becomes aware of a potential hazard, it must be reported to Management or to the employee's supervisor immediately.

Work-Related Injuries and Illnesses
Federal law requires that MFA keep records of all accidents and illnesses that occur during the workday. State law also requires that employees report any injury or illness sustained on the job, no matter how minor it may be. Employees must inform Human Resources immediately and complete an accident report no matter how minor the injury may appear. If an employee fails to report an injury, his or her right to collect workers' compensation payments and health benefits may be jeopardized.

If anyone becomes aware of a potential hazard, it must be reported to Management or to the employee's supervisor immediately.

Restraining Orders
Employees are required to inform their direct supervisor if they have obtained a court-ordered restraining order against any person. A copy of the restraining order must be provided to Human Resources as soon as it is issued by a court.

Use of Personal and MFA-Issued Cell Phones
The use of personal or MFA-issued cell phones while at work may present a hazard or distraction to the user and/or co-employees. This policy is meant to ensure that cell phone use during work hours is safe, does not disrupt business operations, and is consistent with other policies regarding MFA property.

Employees whose job responsibilities include regular or occasional driving and who use a cell phone for business are expected to use caution while driving. Cell phones may **not** be used for MFA business purposes while driving **unless** they are equipped with a hands-free device or built-in speakers that allow for hands-free use. Text messaging is prohibited while driving during work hours.

Under no circumstances are employees allowed to place themselves at risk when using cell phones to fulfill business needs. Employees who are charged with traffic violations resulting from the use of their phone while driving will be solely responsible for all fines that result from such actions. Employees in possession of company equipment such as cellular phones are expected to protect the equipment from loss, damage or theft.

Employees in violation of this policy will be subject to disciplinary action, including termination.

Building Access

MFA strives to provide exceptional customer service. This includes having walk in customers for the full ranges of programs provided on a regular basis. MFA's customer service policies and MFA's location bring with it some risks. Staff must be vigilant when entering the building to ensure no one, other than MFA staff, enters the building with them unless they have been identified and are escorted to the receptionist desk.

Violence

MFA seeks to provide a safe workplace for all employees. Violence of any kind will not be tolerated at MFA. Violence, causing physical harm to another, or threats of violence and/or the possession of a firearm in the MFA building is prohibited and will result in disciplinary action, up to and including termination of employment. Refusal to permit inspection for the presence of a firearm in MFA workspace, or refusal to participate in an investigation into workplace violence may also result in disciplinary action, up to and including termination of employment.

The procedures outlined below should be followed if employees of or visitors to MFA become violent or threatening:

- Any employee who feels he/she is in imminent danger, should call 911, otherwise;
- Call the receptionist at extension 2201. He/she will follow the emergency response procedures.
- Remain calm so as not to heighten the situation.
- Do not physically try to calm the situation or restrain the individual.
- Forward harassing or threatening phone calls to the Human Resources Director.

Security

MFA is closed and secured at all times other than business hours.

If the building is entered at times other than business hours, the building security alarm will activate. At this time, the alarm company will attempt to contact MFA office by telephone. If no one answers the telephone and/or the security code is not given, the security company will assume a breach of security and the police will be called.

Every attempt should be made to use care in entering and leaving the building without accidentally setting off the alarm. Employees must immediately notify their supervisor or the Facilities Technician in cases of accidental alarm activation.

Drug and Alcohol-Free Workplace
MFA will not tolerate the use, sale, manufacture, distribution, purchase, and/or possession of illegal controlled substances or alcohol during work hours or in its workplace, inspection sites, office rental vehicles, and personal vehicles when mileage is reimbursed by MFA. Being under the influence of alcohol/drugs while at work or consuming drugs/alcohol while on breaks or lunch is not permitted. Receiving a DUI (Driving under the Influence) citation will not be tolerated and may result in termination of employment. A full disclosure to immediate supervisor who is required to report to respective Deputy Director or Executive Director and Human Resources Director is required within twenty-four (24) hours of receipt of such violation and or citation.

Disclosure is required for prescription medications that may cause impairment. Human Resources will maintain the confidentiality of such information on a strict need-to-know basis.

MFA wants to continue to provide a safe and healthy work environment for employees and clients that is free from drugs and alcohol. The following policy is in furtherance of that goal.
MFA prohibits:
- The use, possession, solicitation for, or sale of narcotics or other illegal drugs, alcohol, or prescription medication without a prescription on MFA premises
- Being impaired or under the influence of legal or illegal drugs or alcohol away from MFA premises while on a work assignment if such impairment or influence adversely affects the employee's work performance, the safety of the employee or of others, or puts at risk MFA's reputation
- Being impaired or under the influence of legal or illegal drugs or alcohol during any MFA-sponsored event, or event in which MFA participates, and regardless of whether the employee is still considered to be working, if such impairment or influence adversely affects the employee's work performance, the safety of the employee or of others, or puts at risk MFA's reputation
- Possession, use, solicitation for, or sale of legal or illegal drugs or alcohol away from MFA premises, if such activity or involvement adversely affects the employee's work performance, the safety of the employee or of others, or puts at risk MFA's reputation
- The presence of any detectable amount of prohibited substances in the employee's system while at work, while on the premises of MFA, or while MFA business. "Prohibited substances" include illegal drugs, alcohol, or prescription drugs not taken in accordance with a prescription given to the employee

MFA may ask an employee to submit to a drug and/or alcohol test at any time under any of the following circumstances:

Reasonable Suspicion Testing
"Reasonable suspicion" exists when an employee exhibits patterns of behavior that suggest impairment from drug or alcohol use or when job performance or safety is affected. An employee may be requested to take a drug test or alcohol test if management officials or supervisors have reasonable cause to believe that the employee's faculties are impaired while at work due to drug or alcohol use. For purposes of this policy, actions by an employee which will support "reasonable; suspicion" drug or alcohol testing include, but are not limited to, unauthorized leave from work areas; excessive tardiness when returning from breaks or meal periods; accidents on the job; evidence of

drugs or alcohol on or about the employee's person or in the employee's vicinity; and significant swings on normal behavior, morale, or level of productivity. Reasonable suspicion testing will be preceded by the supervisor completing a Reasonable Suspicion Checklist in a form provided by Human Resources.

Drug and alcohol tests will be done by a certified private laboratory selected by the MFA and this laboratory will ensure that split samples are taken so that retesting can be done if requested by the employee. Positive test results may result in the termination of employment. If an employee is tested for drugs or alcohol outside of the employment context and the results indicate a violation of this policy, or if an employee refuses a request to submit to testing under this policy, the employee also may be subject to appropriate disciplinary action, up to and possibly including termination of employment. In such a case, the employee will be given an opportunity to explain the circumstances prior to any final employment action becoming effective.

MFA maintains an Employee Assistance Program (EAP) under which employees may seek assistance. In the event of a positive drug or alcohol test, however, a referral to the EAP may or may not be available under the circumstances.

Any employee violating this policy will be subject to disciplinary action up to and including termination of employment. In lieu of termination, MFA may grant the employee a leave of absence to participate in and successfully complete a drug/alcohol abuse assistance program or rehabilitation program approved by a federal, state or other appropriate agency.

The employee will not be permitted to return to work until certification is presented to the Human Resources Director that the employee is capable of performing their job. Failure to cooperate with an agreed-upon treatment plan may result in disciplinary action to include termination.

Participation in a treatment program does not insulate an employee from disciplinary action for violations of this or other MFA policies. An employee who has been arrested for a violation of a criminal drug statute that occurred during work hours is required to notify MFA no later than five calendar days after such conviction. MFA will make a determination on a case-by-case basis whether to terminate the employee or place the employee on unpaid administrative leave pending the outcome of the criminal charges against the employee.

STANDARDS OF CONDUCT & DISCIPLINARY ACTION

Groups of people who work together for any purpose require certain guidelines regarding their conduct and relationships. MFA expects employees to conduct themselves in an honest, polite, respectful and professional manner at all times, which includes being well-mannered and respectful to one another, as well as to visitors, customers, associates and partners of MFA.

Misconduct
As previously stated, employment with MFA is at will and either the employee or MFA may terminate the employment relationship at any time, for any or no reason, and with or without advance notice. Although Management may attempt to help employees correct their behavior through progressive discipline or other means, immediate termination is always an option. Although there is no way to identify every possible violation of standards of conduct that might rise to the level of misconduct, the following is a partial list of examples that will result in discipline, up to and including termination:

- Fighting or other disorderly conduct.
- Loud and/or disruptive behavior.
- Theft from MFA or a co-worker.
- Dishonesty of any kind.
- Failure to complete or falsification of any document or record, including hiring and timekeeping records including Personnel Activity Reports.
- Unauthorized use or disclosure of MFA's confidential information and/or records, such as salary information, or other confidential information, which may become available to the employee during employment.
- Violation of MFA’s Confidentiality Agreement.
- Deliberate conflict of interest.
- Willful destruction or negligent abuse, waste, or theft of MFA property or the property of a co-worker.
- Any use of illegal drugs or abuse of prescription drugs, or being under the influence of alcohol, during working hours or on MFA premises.
- Possession of any weapons or firearms on MFA premises.
- Threatening, intimidating, bullying, defaming, or coercing others by word or action.
- Engaging in discrimination, including sexual or other harassment, of an MFA employee or any visitor, customer or person providing services to MFA.
- Violation of any safety, security, or health rules.
- Engaging in any actions prohibited by the Fair Housing Amendments of 1988.
- Insubordination (including refusal to accept a job assignment or to acknowledge a written counseling).
- Failure to perform job responsibilities.
- Not performing at an acceptable level of competency.
- Repeated absenteeism and/or tardiness.
- Unauthorized use or misuse of MFA property (for example, unauthorized use or misuse of MFA's computers or E-mail).
- Unauthorized soliciting, collecting contributions or distribution of literature for any purpose on MFA premises.

Disciplinary Action

Management in its sole discretion determines what disciplinary steps or action may be appropriate to address employee behavior and/or performance problems. Disciplinary action may take different forms, depending upon the specific facts and circumstances, including, but not limited to, the following:

- Oral counseling, which may or may not be documented in writing.
- Written counseling signed by the employee's supervisor and acknowledged by the employee and placed in the employee's personnel file after consultation with the employee.

Additional disciplinary steps that may be taken, depending upon the seriousness of the behavior or performance problem being addressed, including but are not limited to the following, which may be taken only with the approval of the Executive Director:

- Delay in expected salary adjustments.
- Evaluations other than annual.
- Suspension without pay.
- Performance and/or conduct improvement plan.
- Demotion.
- Termination.

Not all of foregoing steps may be required to correct instances of inappropriate employee behavior, poor performance or misconduct, nor are these steps required to be taken in the order in which they are listed. Because of the at-will nature of employment at MFA, employment may be terminated by MFA or the employee, at any time, for any reason or for no reason, with or without advance notice and with or without disciplinary steps having first been followed.

Disagreements with Supervisors

While MFA strives to maintain pleasant and effective working conditions, it recognizes that misunderstandings and disagreements between employees and their supervisors may arise. In such cases, and in cases where disciplinary action has been taken with which an employee is dissatisfied, the following procedures will generally be followed:

- The employee should first discuss the problem or disciplinary action with his/her supervisor.
- The supervisor will make a decision about the problem or disciplinary action based on discussions with the employee.
- Every effort should be made to resolve problems or conflicts with the immediate supervisor prior to utilizing the chain of command.
- If the employee does not agree with the decision of the supervisor, the employee should consult with the next level of management.
- The next level of management will confer with all parties and make a decision about the problem or corrective action.
- If the employee does not agree with the decision the employee should consult with the Human Resources Director.
- The Human Resources Director will confer with all parties and then make the final decision about the problem or corrective action, unless the disagreement involves the Human Resources Director, in which event the Executive Director or his/her designee will make the final decision.

ANTI-DISCRIMINATION AND HARASSMENT POLICY

Objective

MFA is committed to maintaining an employment environment in which all individuals are treated with respect and dignity. Each individual has the right to work in an atmosphere that promotes equal opportunities and prohibits discriminatory practices and harassment.

Discrimination or harassment on the basis of an individual's race, gender, color, religion, sex, sexual orientation, gender identity, marital status, pregnancy, parenthood, national origin, age, physical or mental disability, serious medical condition, genetic information, status with regard to public assistance, status as a veteran, ancestry, or any other classification protected by applicable federal, state or local law, is strictly prohibited and will not be tolerated by MFA.

This anti-discrimination and harassment policy prohibit any type of discrimination or harassment by any MFA employee against any individual in our workplace, and in other work-related settings such as business trips and social events attended by employees. MFA also will not tolerate any form of discriminatory or harassing behavior against an MFA employee by any non-employees, such as visitors, customers, associates, or persons providing services or products to MFA.

Harassment Defined

Sexual and other harassment are forms of discrimination that are prohibited by Title VII of the Civil Rights Act of 1964 and 1991, and by the New Mexico Human Rights Act.

Harassment refers to unwelcome behavior that is based on a protected characteristic of the person(s) being harassed (e.g., age, sex, religion, national origin, etc.), and that creates an intimidating, hostile or offensive working environment. Harassment in the workplace is demeaning to the person(s) against whom it is practiced and destroys the fair and harmonious working environment essential to the continued success of MFA.

Prohibited harassment may take many forms, including, but not limited to, the following:

- Harassing or discriminatory remarks or actions against an individual or group on the basis of their race, gender, color, religion, sex, sexual orientation, gender identity, marital status, pregnancy, parenthood, national origin, age, physical or mental disability, serious medical condition, genetic information, status with regard to public assistance, status as a veteran, ancestry or any other characteristic protected by law.

- Crude/vulgar language, sexual advances or other verbal, visual, or physical conduct of a sexual nature, intimidation, baiting, hazing, bullying, banter/teasing, spreading rumors, sending or posting offensive or lewd materials (including pictures, sayings or cartoons), ridicule, hostility and threats or acts of violence.

- Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

  A. submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;
  B. submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting the individual; or
  C. such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

REPORTING DISCRIMINATION OR HARASSMENT

Employee Responsibilities:

- All employees are equally responsible and accountable for maintaining a workplace that respects the dignity and rights of their fellow employees and the customers they serve.
- Employees are encouraged to be supportive of one another and sensitive to remarks and actions that can be personally harmful and/or disruptive to others in the workplace.
- Employees who believe they are being discriminated against or harassed are encouraged to firmly and promptly inform the offender that his/her behavior is unwelcome, harmful, or offensive. Some offenders may be genuinely oblivious to the effect of their words or conduct on other people and might be willing to change if they knew they were hurting or offending someone. However, MFA recognizes that power and status disparities between an alleged harasser and a target or other circumstances may make such a confrontation difficult or impossible in some instances.
- Any employee who is aware of or who has experienced an incident of discrimination or harassment should report the matter immediately to his/her supervisor or any member of Management to minimize the risk of repeat incidents or retaliation by the offender.
- If the supervisor is the offender, report the incident to Management. If Management is the subject of the report, the employee should inform the Human Resources Director.
- Reports of discrimination or harassment, whether oral or written, should include an accurate, detailed description of the objectionable behavior, including date(s), time(s), and place(s) of the alleged discrimination or harassment, and should identify any other individuals who may have witnessed or heard the offensive conduct.

Supervisor, Manager and Management Responsibilities:

- Supervisors, managers and Management must serve as positive role models with respect to proper conduct in the workplace.
- Along with their own conduct, supervisors, managers and Management should always be alert in identifying negative behavior among employees, whether intentional or not, that may affect the work environment.
- Supervisors, managers and Management should also encourage employees to discuss and ask questions to become better informed and to bring concerns and observations to the attention of their supervisors for discussion and follow-up, as appropriate.
- In the event that a supervisor, manager or Management becomes aware of a discrimination or harassment incident or complaint, or potential problem situation, he/she should contact the Human Resources Director immediately for guidance in investigating and addressing the problem.
- Supervisors, managers and Management should cooperate fully with efforts to investigate and resolve any complaints of discrimination or harassment.

Investigation of Reports
Investigation of all reports of discrimination or harassment will be undertaken promptly in as discreet and confidential a manner as possible. Cooperation and discretion by all employees contacted during an investigation is required.

If a complaint of discrimination or harassment is substantiated, appropriate corrective action will be taken, depending upon the circumstances. Employees found to have engaged in discrimination or harassment will be subject to appropriate discipline, up to and including termination.

Retaliation
MFA will not tolerate any retaliation against any employee who makes a report of harassment or discrimination or who participates in an investigation of a report or claim of harassment or discrimination. Any employee found to have retaliated against another employee for reporting harassment or discrimination, or for participating in an investigation of discrimination or harassment, will be subject to disciplinary action, up to and including termination.

Harassment by Non-Employees
All MFA employees are entitled to enjoy a workplace free from discrimination, harassment and abuse of any sort, and have a right to perform their job duties without a requirement to endure discrimination, harassment or abuse from any member of the public or any MFA contractor, sub-recipient, or partner. If, in the course of performing her/his job duties, an MFA employee encounters any member of the public, or any MFA contractor, sub-recipient, or partner who speaks to, writes to, or writes about the employee or any other person in a manner that the employee finds offensive or threatening, that employee may terminate all verbal and/or written communication with the person making or writing the offensive or threatening comments. The employee shall immediately notify – verbally and/or in writing - her/his direct supervisor, or if that person is unavailable, a Deputy Director or the Executive Director, of the incident and all relevant information regarding the incident. The employee will have no further obligation to communicate with and or have any other form of contact with the person who made the offensive or threatening comment.

For the purposes of this policy, an offensive comment shall include, but shall not necessarily be limited to, comments regarding membership in a protected classification (based on race, religion, ethnicity, national origin, gender, sexual orientation, gender identity, or perceived sexual orientation or gender identity); disability or perceived disability; physical appearance; or any other comment that a reasonable person similarly situated to the employee would find offensive. A threatening comment shall be interpreted as any comment indicating a suggestion or expression of intent to actively commit some form of physical, mental, or emotional harm to the employee, to another employee, to anyone related to any employee, or to any other person in a manner that would cause a reasonable person similarly situated to the employee to whom the comment was made to feel threatened.

ANTI-BULLYING POLICY

Objective
MFA's objective is to provide a work environment that promotes respect of our employees. MFA believes all employees should be able to work in an environment free of bullying and will not tolerate bullying under any circumstances.

Bullying Defined
Workplace bullying is verbal or nonverbal abusive behavior that is intended to or has the effect of intimidating, offending, degrading and/or humiliating an employee, whether it occurs in a one-on-one situation or in front of other employees, partners, or customers. Some examples of workplace bullying include:

- Verbal abuse, including shouting, using an inappropriate or mocking tone of voice, or using profanity or crude language.
- Exclusion of an employee by not notifying the employee of meetings, opportunities, results, and outcomes directly affecting his/her employment or ability to perform his/her job effectively.
- Belittling behavior, including public remarks or emails that may cause humiliation.
- Interfering with another employee's workplace, materials, and equipment.
- Excessive and/or intrusive surveillance or monitoring of an employee.
- Nitpicking and fault finding without justification.
- Deliberately withholding information vital for effective work performance.

Workplace counseling, providing constructive criticism, managing performance or any other action in accordance with MFA's policies and procedures does not constitute workplace bullying. Differences of opinion, interpersonal conflicts, and problems in working relations are part of working life and do not constitute bullying.

Reporting Bullying

Employee Responsibilities:

- All employees are equally responsible and accountable for maintaining a workplace that respects the dignity and rights of their fellow employees and the customers they serve.
- All employees of MFA shall act responsibly to establish a pleasant working environment free of bullying.
- Employees are encouraged to be supportive of one another and sensitive to remarks and actions that can be personally harmful and/or disruptive to others in the workplace.
- Employees who believe they are being bullied are encouraged to tell the offender directly that his/her behavior is contrary to MFA's anti-bullying policy. Some offenders may be genuinely oblivious to the effect of their words or conduct on other people and might be willing to change if they knew they were hurting or offending someone. However, MFA recognizes that power and status disparities between an alleged bully and a target or other circumstances may make such a confrontation difficult or impossible in some instances.
- Individuals who are aware of or who have experienced an incident of bullying are encouraged to report the matter promptly, to his/her supervisor or any member of Management to minimize the risk of repeat incidents or retaliation by the offender.

- If an employee's supervisor or manager is the offender, the incident should be reported to Management. If Management is the subject of the report, the incident should be reported to the Human Resources Director.

Supervisor, Manager and Management Responsibilities:

- Supervisors, managers and Management must serve as positive role models with respect to proper conduct in the workplace and should always be alert in identifying bullying behavior among employees, whether intentional or not, that may affect the work environment.
- Supervisors, managers and Management should also encourage employees to discuss and ask questions to become better informed and to bring concerns and observations to the attention of their supervisors and managers for discussion and follow-up, as appropriate.
- In the event that a supervisor, manager or Management becomes aware of a bullying complaint, or potential bullying problem, he/she should contact the Human Resources Director immediately for guidance in investigating and addressing the problem.
- Supervisors, managers and Management should cooperate fully with efforts to investigate and resolve any reports of bullying.

Investigation of Reports

Investigation of all reports of bullying will be undertaken promptly in as discreet and confidential a manner as possible. Cooperation and discretion by all employees contacted during an investigation is required.

If a complaint of bullying is substantiated, appropriate corrective action will be taken, depending upon the circumstances. Employees found to have engaged in bullying in violation of this policy will be subject to appropriate discipline, up to and including termination.

Retaliation

MFA will not tolerate any retaliation against any employee who makes a report of bullying or participates in any investigation of a bullying complaint. Any employee found to have retaliated against another employee for reporting or participating in an investigation of bullying will be subject to disciplinary action, up to and including termination.

PERSONNEL FILES AND PERSONAL INFORMATION

Personnel Files
MFA strives to keep accurate, up-to-date employment records on all employees to ensure compliance with state and federal regulations, to keep benefits information up to date, and to make certain that important mailings reach all employees. All information contained in personnel files is the property of MFA and is considered confidential.

Employees must inform MFA of any necessary updates to their personnel file such as change of address, change of telephone and cell numbers, emergency contact information, marital status, number of dependents or military status.

The following types of information and documents may be kept in employee personnel files:

- Employment application
- Personal data, including name and address changes, emergency notification information, and home telephone and cell numbers
- Performance evaluations
- Disciplinary actions
- Salary history
- Payroll deduction authorization forms
- Personnel Action Forms
- Outside information requests
- Signed receipt for MFA's Employee Manual
- Position descriptions
- Training Certificates
- Interview notes, comments received from references.

All current employees will be permitted to review their personnel files at reasonable times with reasonable notice, in the presence of the Human Resources Director, Human Resources Assistant, or the employee's supervisor.

MFA will only verify dates of employment and job titles to outside agencies inquiring by telephone about current or former employees. No other information will be given out about an employee without written authorization from the employee, except what is required as otherwise required by law.

Personnel files may not be physically taken out of MFA offices by anyone. The Executive Director must determine exceptions.

Access to an employee's personnel file is limited to the Human Resources Department, Management, and the employee's immediate supervisor.

Any employee who reveals information from any personnel file in violation of this policy will be subject to disciplinary action, up to and including termination.

Personal Information
Unless requested or required by law enforcement or a valid subpoena, an employee's home telephone number, cell number, or address will not be given externally. It will only be provided internally for business reasons.

The following documents and information will be kept in confidential files, separate and apart from the employee's personnel file: Background Investigations, W-4 Forms, I-9 Forms (Employment Eligibility Verification) and copied identification documents; Worker's Compensation information; employee benefits enrollment forms for health, dental, life insurance, and MFA's retirement plans; any medical information, including disability claim forms; driving records ; and exit interviews.

EMPLOYEE PERFORMANCE EVALUATIONS

Timing of Evaluations and Salary Adjustments
MFA will strive to conduct formal employee performance evaluations on an annual cycle corresponding to the fiscal year end in a format approved by Management. Salary adjustments may occur on an annual basis or more frequently, based on recommendations of the employee's supervisor and with the Executive Director's approval. Any salary adjustments made relative to annual evaluations will generally become effective with the first payroll cycle of December.

All employees (new, transferred, reclassified, promoted, or demoted) may receive quarterly coaching and annual performance evaluations. Annual evaluations will generally take place in the October/November timeframe.

Approval
The employee's direct supervisor is responsible for conducting employee performance evaluations. Managers are responsible for reviewing evaluations with supervisors and recommending salary adjustments. Upon completion of that process, the Deputy Director in the employee's management chain, or the Executive Director if appropriate, reviews all evaluations and recommended salary adjustments.

The Executive Director must approve all salary adjustments. The completed evaluation then becomes part of the employee's personnel file.

Job Descriptions
There are job descriptions for each position in MFA. All new positions must have job descriptions prior to being filled. Maintaining accurate job descriptions is the responsibility of the immediate supervisor. If a major change occurs within a position, the job description should be timely revised to reflect those changes. Job descriptions will be reviewed during the employee performance evaluation period.

Promotions
Movement to a new position with a higher salary range is considered to be a promotion. An employee who is promoted may receive a salary adjustment.

Demotions
Movement to a position in a lower salary range is considered to be a demotion. An employee who is demoted may receive a pay decrease at the time of the demotion. The amount of decrease is dependent upon the pay range of the new position and the current pay of the employee, among other factors.

RESIGNATIONS, TERMINATIONS AND EMPLOYMENT REFERENCES

Resignations
Two (2) weeks' advance notice is requested from a non-exempt employee and thirty (30) days' advance notice, if possible, from an exempt employee wishing to resign from MFA. The resignation should be in writing, specify the last day of work and the reason for resigning, and must be signed and dated by the employee. Although advance notice of resignation is not required, an employee's failure to provide adequate advance notice may result in the employee being deemed ineligible for rehire with MFA.

Any MFA property in the employee's possession must be returned to MFA by the last day of employment.

VOLUNTARY SEPARATION INCENTIVE PROGRAM

Purpose
The purpose of the Voluntary Separation Incentive Program is to implement a separation incentive, as authorized by the Executive Director, to achieve the following organizational objectives:

1. Recruiting: Allow adequate time to advertise and recruit replacement.
2. Alignment: Allow outgoing incumbent to align work required for the role, to include updated desktop procedures and prioritization of duties.
3. Training: Allow for outgoing incumbent to train his or her replacement.
4. Shadow/Support: Ensure the replacement has grasped the fundamentals of the position and provide any additional support as needed.

Eligibility
To be eligible for a separation incentive payout, the employee must formally submit a minimum of three-month written notice and hold a key position.
Key positions include:

- Deputy Directors
- Directors
- Any employee deemed key at the time of departure and as approved by the Executive Director

Incentive Program Payout
To receive the incentive program payout, the employee must successfully complete each of the following three phases:

1. Alignment Phase

2. Training Phase
3. Shadow and Support Phase

At the end of the third phase, the outgoing incumbent may be offered the ability to stay on part time or in a consulting position. Such an offer will be made at the full discretion of the Executive Director. Upon the successful completion of the three phases, the employee will receive a one-time, lump sum bonus payment equivalent to 5% of employee's annual base salary. The Executive Director retains full discretion to determine whether the employee has successfully completed each of the three phases.

Should additional time be needed for recruiting and on-boarding, an additional incentive may be considered by the Executive Director.

Continuation of Benefits
Unless a resigning employee makes other arrangements permitted under certain conditions, all benefit coverage will cease the last day of the month of the effective date of resignation. All resigning employees will be notified of how to continue health, dental and vision insurance coverage through MFA's COBRA provider.

Accrued Vacation and Sick Leave
Vacation leave accrued to the date of termination will be paid up to the maximum allowed as provided in MFA's Vacation Leave policy. Accrued sick leave is not compensable upon resignation of employment.

Retirement Funds
401(k) vested funds under $5000.00 will require a distribution or rollover from MFA's plan. The 457(b) funds may be left in MFA's account; however, the employee will be responsible for the quarterly fees associated with managing the 457(b) account.

Exit Interviews
An exit interview will be scheduled during the employee's last week of employment or may be mailed to the former employee. An employee's refusal or failure to give an exit interview may result in the employee being deemed ineligible for rehire with MFA.

MFA Property
Any MFA property in an employee's possession must be returned to MFA by the effective termination date.

Final Pay
Those employees who voluntarily resign from their position will be paid on the next payroll.

Involuntary terminating employees will be paid within five (5) calendar days following the effective date of termination and can either be picked up by the employee or mailed to the employee's home address, as directed by the employee.

Employment References

Following resignation or termination of employment, MFA will verify only employment dates and positions held when contacted for an employment reference by a prospective employer of a former MFA employee, unless the prospective employer provides a consent and release of liability form signed by the former MFA employee.

All requests for employment references, reference letters and employment verifications must be directed to the Human Resources Director.

Tab 7

PROJECT INFORMATION SUMMARY

Project Name	City	NC, AR, or NC/AR	Total # Units	Sizes	Target AMIs
550 Paseo Apartments	Rio Rancho	NC	240	1-BED, 2-BED, & 3-BED	60% AMI

Total Development Cost	$ 46,011,353	
Borrower	550 Paseo Apartments LLLP	
Management	GSL Properties, Inc.	
Developer	DBG Properties LLC	

YEAR BUILT (AR)	LIHTC ALLOC	4% or 9%
NC	$ 1,719,114	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:	12/01/20	$2,216,343	
	MFA Guidelines	**Loan Request**	**EXCEPTIONS/CONDITIONS/NOTES**
Maximum Loan Amount	$800,000	$750,000	
Rates	0.0% to 3.0%	0.00%	
Loan Fees	NA	NA	
Maximum Loan Term	2 yr construct, 40 yr perm	2 yr construct, 40 yr perm	
Loan Amortization	20 to 80 years	80 years	
Lien Position	Subordinate allowed	2nd lien position	
Affordability Requirements	Min 20 yrs, max 60% AMI	40 yrs, 4 units @ 60% AMI	
DSCR	1.2 to 1.4 to 1 on all must-pay debt	1.15 to 1 increasing to 1.40 by year 15	Slightly below guidelines in first 3 years. DSCR is 1.20 by year 4
Scoring Criteria	NA	NA	

NEW MEXICO HOUSING TRUST FUND LOAN INFORMATION

NUMBER OF NMHTF UNITS: 236

Funds Available as of:	11/30/20	$10,262,802	
	MFA Guidelines	**Loan Request**	**EXCEPTIONS/CONDITIONS/NOTES**
Maximum Loan Amount	$1,500,000	$2,000,000	$2,000,000 construction loan (paid down to $1,000,000 after 24 months at conversion) Loan request exceeds both contruction and permanent period loan limit guidelines by $500,000. Developer originally applied and qualified for a $500,000 National Housing Trust Fund award, but no funds were available in the program.
Rates	1.0% to 5.0%	1.0%	MFA typically underwrites NMHTF loans at a 3% interest rate. However, MFA may award funds as low as 1% as per internal program guidelines and has done so in the past. Additionally, the developer applied and qualified for a National Housing Trust Fund award at a 0% interest rate, but no funds were available in the program.
Loan Fees	NA	NA	
Maximum Loan Term	2 yr construct, 30 yr perm	2 yr construct, 30 yr perm	
Loan Amortization	Mthly during perm	Mthly during perm	
Lien Position	Subordinate allowed	3rd lien position	
Affordability Requirements	Min 20 yrs, max 60% AMI	30 yrs, 60% AMI	
DSCR	1.2 to 1.4 to 1 on all must-pay debt	1.15 to 1 increasing to 1.40 by year 15	Slightly below guidelines in first 3 years. DSCR is 1.20 by year 4

Scoring Criteria	50-100 points	60	

TOTAL DEVELOPMENT COST INFORMATION SUMMARY				
Project: 550 Paseo Apartments		**Total**	**% TDC**	**Cost/GSF***
Acquisition Costs *(land, building acquisition, & other acquisition costs)*	$	1,505,651	3%	$ 6.69
Construction Hard Costs	$	25,000,000	54%	$ 111.14
Other Construction Costs *(contractor O&P, general req, GRT, landscaping, furnishings, etc)*	$	6,981,690	15%	$ 31.04
Professional Services/Fees *(architect, engineer, real estate legal, etc)*	$	1,019,563	2%	$ 4.53
Construction Financing Costs *(interest, insurance, inspections, fees, etc)*	$	4,275,319	9%	$ 19.01
Permanent Financing Costs *(fees, title/recording, etc)*	$	308,500	1%	$ 1.37
Other Soft Costs *(tax credit fees, environmental reports, appraisals, accounting, etc)*	$	255,731	1%	$ 1.14
Syndication-Related Costs *(organization, bridge loan, tax opinion, etc)*	$	75,000	0%	$ 0.33
Reserves *(rent-up, operating, replacement, escrows, etc)*	$	1,070,899	2%	$ 4.76
Developer Fees *(inc consultant fees)*	$	5,519,000	12%	$ 24.54
Total Development Costs (TDC)	**$**	**46,011,353**	**100%**	**$ 204.55**
TDC w/o Land, Reserves & Commercial	**$**	**43,434,804**	**94%**	**$ 193.10**

*Gross square footage: 224,934

CONSTRUCTION SOURCES					
Project:	**550 Paseo Apartments**		**Total**	**% of Total**	**Per Unit**
Construct. Lender - 1st Lien	Private Activity Bonds (issued by Sandoval County)	$	30,000,000	65.2%	$ 125,000
2nd Lien holder	Construction Bridge Loan by TBD Lender	$	2,903,735	6.3%	$ 12,099
3rd Lien holder	MFA HOME Loan	$	675,000	1.5%	$ 2,813
4th Lien holder	MFA NMHTF loan (paid down at closing to perm amt)	$	2,000,000	4.3%	$ 8,333
Grant	DBG Properties LLC - Operating Reserves	$	1,045,899	2.3%	$ 4,358
Deferred Developer Fee	DBG Properties LLC - Deferred Developer Fee	$	5,518,999	12.0%	$ 22,996
Other Source	DBG Properties LLC - Developer Contribution	$	100	0.0%	$ 0
LIHTC Equity	Equity proceeds by TDB Equity Investor	$	3,867,620	8.4%	$ 16,115
	Total Construction Sources	**$**	**46,011,353**	**100.0%**	**$ 191,714**

Check TDC in Development Cost Budget

PERMANENT SOURCES					
Project:	**550 Paseo Apartments**		**Total**	**% of Total**	**Per Unit**
Perm Lender - 1st Lien	Private Activity Bonds (issued by Sandoval County)	$	23,300,000	50.6%	$ 97,083
2nd Lien holder	MFA HOME Loan	$	750,000	1.6%	$ 3,125
3rd Lien holder	MFA NMHTF loan (paid down at closing to perm amt)	$	1,000,000	2.2%	$ 4,167
Deferred Developer Fee	DBG Properties LLC - Deferred Developer Fee	$	5,214,644	11.3%	$ 21,728
Other Source	DBG Properties LLC - Developer Contribution	$	276,230	0.6%	$ 1,151
LIHTC Equity	Affordable Housing Partners, Inc.	$	15,470,479	33.6%	$ 64,460
	Total Permanent Sources	**$**	**46,011,353**	**100.0%**	**$ 191,714**

2020 RENTAL AWARD SUMMARY

Project Name & Address	**550 Paseo Apartments** **US Highway 550 between Safelite Blvd. NE and Paseo Del Volcan, Rio Rancho, NM 87144**			
Proposed Awards	**$750,000**	**HOME**	**Rate**	**0.00%**
	$2,000,000	**NMHTF**	**Rate**	**1.00% Fixed**
Borrower	**550 Paseo Apartments LLLP**, a New Mexico limited liability limited partnership formed in 2020, is owned 0.01% by DBG 550 Paseo Investors LLC, as General Partner, with DBG Properties LLC as its sole member; and 99.99% owned by a to-be-determined investor member.			
Management	**GSL Properties, Inc.** is a privately held New Mexico corporation founded in 1985 with a corporate office located in Portland, Oregon. GSL Properties acquires, develops and manages multifamily apartment communities throughout Oregon, Washington, New Mexico, Colorado, and Nevada. GSL Properties manages approximately 9,000 apartment units of which approximately 7,400 are rent restricted. GSL's management staff is well-trained to manage the specialized requirements of LIHTC compliance and other local housing agency requirements.			
Developer	**DBG Properties LLC** is an affordable housing development firm formed as a New Mexico limited liability company in 2012. The principals of DBG Properties LLC are Walter "Skip" Grodahl and his son, Eric Grodahl. Walter is a development professional with over 31 years of experience in housing development. Eric joined the firm in 2017 and primarily focuses on development opportunities in Colorado and New Mexico. DBG has completed construction and fully leased projects in Oregon, Washington, and New Mexico since its inception, totaling approximately 950 units. DBG is currently under construction with another 750 units across New Mexico, Colorado and Oregon. All DBG's current and completed projects have been for income qualified residents, almost exclusively at or below 60% of median income. The company's first development, Silver Moon Lodge, located in downtown Albuquerque, was completed in December 2014. In 2018, DBG completed and fully leased the Village at Avalon, a 240-unit project in Southwest Albuquerque. In 2019, Ceja Vista Senior Apartments, a 156-unit multifamily project, was approved for a $1,500,000 National Housing Trust Fund award and will begin construction in 2021. Valle de Atrisco, a proposed 240-unit affordable multifamily project in Southwest Albuquerque, was also approved for a $1,830,000 National Trust Fund award and a $500,000 NMHTF award in 2020. DGB's audited financial statements dated FYE 12/31/18 show $5.9M in assets with $3.7M in total liabilities, resulting in a net worth of $2.2M and a debt-to-worth ratio of 1.73 to 1.00. The company had cash-on-hand of $330K, however, operating cash flow was negative for the period. Audited financial statements dated FYE 12/31/19 show $9.3M in assets with $6.3M in total liabilities, resulting in a net worth of $3.0M and a debt-to-worth ratio of 2.09 to 1.00. The company had cash-on-hand of $970K and operating cash flow was also negative for the period. DGB's internally prepared financial statements dated 08/31/2020 show $11M in assets with $7.2M in total liabilities for $3.8M in net worth and a debt-to-worth ratio of 1.92 to 1.00. Cash levels were up at $459K but operating cash flow remained negative. It is important to note that DBG also operates as a construction company. Generally, construction companies fluctuate in revenue and operating expenses, depending on the number of contracts they may have each year.			
Project Type & Size	New Construction of 240-unit multifamily project, with all 240 units (100%) income restricted to households earning 60% or less of Area Median Income (AMI). In addition, at least 25% of all units are reserved for households with children with design elements that serve their needs.			
Project Description	The 550 Paseo Apartments project involves the new construction of a 240-unit multifamily project located in Rio Rancho, NM. The project is located on approximately 11.15 acres and consists of 10 three-story garden-style walk-up residential buildings and one community building for a total gross square-footage of 224,934 square feet. There will be 120 one-bedroom apartment units, 60 two-bedroom apartment units, 60 three-bedroom apartment units. The project's one-bedroom units average 565 net square feet, the two-bedroom units average 930 net square feet, the three-bedroom units average 1,090 net square feet. The 10 residential buildings and 1 community building will be connected through the site with accessible walking paths and landscaped areas that connect the various active and family focused site amenities including a swimming pool, hardscaped patio with shade structure, age appropriate			

	playground equipment, and benches. Perimeter fencing and gated access will also be provided. All units will also include washer/dryer appliances. The design features a contemporary New Mexican aesthetic that transitions between the apartments on the south side. The buildings will incorporate neutral colors, stucco finish and metal sunshades. The project will be well served with access to public transportation, a bike lane and pedestrian path. This project will incorporate the MFA 2020 Mandatory Design Guideline requirements for energy efficiency and necessary requirements to achieve a HERS rating of 54 or below. 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, universal design and building education. A construction waste recycling program, resident manual, maintenance manual, smoke free environment and a recycling program will be implemented. The Novogradac market study, dated 08/31/2020, advises that the subject project is feasible as presented. The report concludes that, after construction, a market will exist for the 240-unit project, 550 Paseo, in Rio Rancho, NM. The project site is located in a mixed-use neighborhood with surrounding land uses in overall average to good condition. All major shopping, employment, and recreational amenities are located within reasonable proximity to the subject site. The site is located just 0.5 miles northwest of a mixed-use retail shopping district featuring commercial/retail uses in good condition. 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. 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.
Affordability Requirements	HOME Requirements: Four units for households earning at or below 60% AMI are restricted to High HOME rents on the following apartment types: Two one-bedroom, one two-bedroom and one three-bedroom for which a Land Use Restriction Agreement (LURA) is to be filed in Sandoval County. The minimum affordability period is 20 years as required by HOME rules 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. NMHTF Requirements**:** Households earning 60% AMI or less, equaling 236 units in the project, for which a Land Use Restriction Agreement (LURA) is to be filed in Sandoval 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.
Repayment and Disbursement	**HOME Loan:** Payments: No payments during construction period, not to exceed 24 months; thereafter 479 equal principal payments (0% interest), maturing in 40 years, based upon an 80-year amortization. All outstanding principal due at the earlier of maturity, refinance or sale of the project. Disbursement: Allow three draws, one at construction closing, one during the construction period, and final disbursement upon submission of a HUD project completion report. **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. Disbursement: Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.

<table>
<tr><td>Special Conditions</td><td colspan="3">

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 2020 and/or 2021 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.

Additional Conditions: HOME Loan

1. Loan to be in second lien position;
2. If other than minimal funds used during construction (i.e. $50,000 or less), DGB Properties LLC must provide a guarantee;
3. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any ER approval conditions must be met.

Additional Conditions: NMHTF Loan

1. Loan to be in third lien position during construction period;
2. DBG Properties LLC must provide a guarantee during the construction period.
3. Walter Grodahl must provide a personal guarantee during the construction period.

</td></tr>
<tr><td>MFA Commitments to Other Projects</td><td colspan="3">

<u>DBG Properties LLC</u>

2013 LIHTC (4%) - Silver Moon – $474,526
2013 NMHTF - Silver Moon –$454,363
2017 LIHTC (4%) - Valle de Atrisco – $1,145,803
2015 LIHTC (4%) - Village at Avalon – $1,261,508
2019 LIHTC (4%) - Ceja Vista – $886,136
2019 NHTF - Ceja Vista – $1,500,000 (approved by Board on 10/16/2020)
2020 NHTF - Valle de Atrisco – $1,647,000
2020 NMHTF – Valle de Atrisco – $500,000

</td></tr>
<tr><td>Total MFA Exposure</td><td colspan="3">Total MFA Exposure: $4,101,363 (excludes loans pending approval) as of 12/01/2020.</td></tr>
<tr><td>Prepared by</td><td>Tim Martinez, Development Loan Manager</td><td>Date</td><td>12/22/2020</td></tr>
<tr><td>Reviewed by</td><td colspan="3">George Maestas, Assistant Director of Housing Development</td></tr>
</table>

Appendix A: Development Cost Budget		
550 Paseo Apartments	**Gross Sq. Footage:**	224,934
Rio Rancho	**TOTAL COST**	**COST/GSF**
ACQUISITION COSTS		
Land Acquisition	$ 1,505,651	$ 6.69
Building Acquisition		$ -
Other: Closing/Title Costs		$ -
SUBTOTAL	**$ 1,505,651**	**$ 6.69**
CONSTRUCTION HARD COSTS		
Demolition		$ -
Accessory Structures		$ -
Site Construction	$ 3,385,642	$ 15.05
Buildings and Structures	$ 21,614,358	$ 96.09
Off-Site Improvements		$ -
Other:		$ -
SUBTOTAL	**$ 25,000,000**	**$ 111.14**
OTHER CONSTRUCTION COSTS		
Contractor Overhead	$ 528,169	$ 2.35
Contractor Profit	$ 1,056,338	$ 4.70
General Requirements	$ 1,584,507	$ 7.04
Construction Contingency	$ 1,408,451	$ 6.26
Gross Receipts Tax (GRT)	$ 2,329,225	$ 10.36
Landscaping		$ -
Furniture, Fixtures, & Equipment	$ 75,000	$ 0.33
Other: Builder's Risk Insurance, P&P Bond, Building Permits		$ -
SUBTOTAL	**$ 6,981,690**	**$ 31.04**
PROFESSIONAL SERVICES/FEES		
Architect (Design)	$ 650,000	$ 2.89
Architect (Supervision)		$ -
Attorney (Real Estate)	$ 45,000	$ 0.20
Engineer/Survey	$ 100,000	$ 0.44
Other : HERS Testing/ Phase 1/2, Geotechnical	$ 224,563	$ 1.00
SUBTOTAL	**$ 1,019,563**	**$ 4.53**
Hazard Insurance	$ 100,000	$ 0.44
Liability Insurance	$ 100,000	$ 0.44
Performance Bond	$ 100,000	$ 0.44
Interest	$ 2,420,929	$ 10.76
Origination\Discount Points	$ 354,390	$ 1.58
Credit Enhancement		$ -
Inspection Fees	$ 50,000	$ 0.22
Title and Recording	$ 100,000	$ 0.44
Legal	$ 50,000	$ 0.22
Taxes		$ -
Other:	$ 1,000,000	$ 4.45
SUBTOTAL	**$ 4,275,319**	**$ 19.01**

Project: 550 Paseo Apartments		
PERMANENT FINANCING COSTS		
Bond Premium	$ -	$ -
Credit Report	$ -	$ -
Origination\Discount Points	$ 10,000	$ 0.04
Credit Enhancement		$ -
Title and Recording		$ -
Legal	$ 50,000	$ 0.22
Pre-Paid MIP		$ -
Reserves and Escrows		$ -
Other:	$ 248,500	$ 1.10
SUBTOTAL	**$ 308,500**	**$ 1.37**
SOFT COSTS		
Market Study	$ 12,500	$ 0.06
Environmental	$ 15,000	$ 0.07
Tax Credit Fees	$ 133,231	$ 0.59
Appraisal	$ 12,500	$ 0.06
Hard Relocation Costs		$ -
Accounting/Cost Certification	$ 25,000	$ 0.11
Other: Soft Cost Contingency, Constr. Mngm	$ 57,500	$ 0.26
SUBTOTAL	**$ 255,731**	**$ 1.14**
SYNDICATION		
Organization	$ 75,000	$ 0.33
Bridge Loan		$ -
Tax Opinion		$ -
Other:		$ -
SUBTOTAL	**$ 75,000**	**$ 0.33**
TDC before Dev. Fees & Reserves	**$ 39,421,455**	**$ 175**
RESERVES		
Rent Up	$ 25,000	$ 0.11
Operating	$ 1,045,899	$ 4.65
Replacement (inc. only if capitalized)		$ -
Escrows/Working Capital		$ -
Other:		$ -
SUBTOTAL	**$ 1,070,899**	**$ 4.76**
DEVELOPER FEES		
Developer Fee	$ 5,519,000	$ 24.54
Consultant Fee		$ -
SUBTOTAL	**$ 5,519,000**	**$ 24.54**
Total Development Cost (TDC)	**$ 46,011,353**	**$ 204.55**
TDC w/o Land, Reserves & Commercial	**$ 43,434,804**	**$ 193.10**

Tab 8

MFA
Housing New Mexico

MEMORANDUM

TO: MFA Board of Directors

Through: Special Policy Committee – January 14, 2021

FROM: Kathryn Turner, Tax Credit Program Officer

DATE: January 15, 2021

SUBJECT: Appointment of Low-Income Housing Tax Credit (LIHTC) Allocation Review Committee (ARC) Members

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Recommendation:
Staff recommends the appointment of Nicole Martinez and Adelmo "Del" Archuleta to the LIHTC ARC.

Background:
The functions of the ARC are set forth in MFA's 2021 Qualified Allocation Plan (QAP), Section IV.F.3. "Allocation Review Committee (ARC)". The Chairman of the Board of MFA will appoint an ARC. The functions of this committee will be to: 1) review the Project rating and ranking results in the staff's proposed award summary, 2) determine whether or not the proposed awards have been made consistent with this QAP, 3) conduct the appeals process and 4) make final award recommendations to the Board of Directors. MFA will notify Applicants of the preliminary status of their Projects with the use of a preliminary Reservation Letter, preliminary waitlist letter or rejection letter, after ARC's approval of the staff's proposed awards and before the appeal process begins. Such letters will be scheduled to be issued approximately 90 days after the Application deadline. Except for appeals as described in Section IV.F.4 below, the provisions of this section are not applicable to tax-exempt bond financed Projects.

Members beyond the MFA Board of Directors Representative, and per the ARC Rules (attached), are expected to be professionals with finance, development, or lending expertise.

Current ARC Members:

1. Rosalyn Nguyen Chafey, Attorney, Presbyterian Healthcare Services (MFA Board of Directors Representative);
2. Bob White, Of Counsel, Robles, Rael & Anaya, P.C.;
3. Patricia Sullivan- Associate Dean, College of Engineering, NMSU;
4. Michael A. D'Antonio- Energy Policy Consultant; and,
5. Lyle Greenberg- formerly with Charter Bank.

Discussion:
The committee is currently comprised of just five members. Given the tight approval timeframe for the LIHTC awards, the small size makes meeting the quorum requirement potentially hard to meet. Staff recommends expanding the committee size to seven members, still below the limit of nine per the ARC Rules (attached).

There are two individuals that are willing and able to participate on the committee:

Nicole Martinez has spent the last 14 years with Mesilla Valley Community of Hope, a non-profit organization dedicated to serving the homeless population in Las Cruces and Dona Ana County. In her current position as Executive Director, Ms. Martinez led a team to provide 40 units of permanent supportive housing through a new development, Desert Hope, which was awarded 2019 Low-Income Housing Tax Credits. (See attached Resume)

Adelmo "Del" Archuleta is the president of Molzen-Corbin, an engineering and architecture firm specializing in infrastructure development across New Mexico. Mr. Archuleta has served on a number of boards including his current board positions with the NM Gas Company, New Mexico First, and the Greater Albuquerque Chamber of Commerce. He has shown a life-long passion for community service and leadership, and a dedication to improving the lives of New Mexicans. (See attached Resume)

Summary:
In order to ease the ability for the Allocation Review Committee to meet the timeline of the LIHTC process and maintain a quorum of members, it is staff's recommendation to expand the committee by two, to make the overall size of the committee seven. Nicole Martinez and Adelmo "Del" Archuleta have both expressed interest and availability, and staff believes they would provide valuable experience, knowledge and backgrounds to the Allocation Review Committee.

MFA Tax Credit Allocation Review Committee (ARC) Rules

MFA's Allocation Review Committee (ARC) was created by the Board of Directors to (1) confirm that program procedures set forth in the Qualified Allocation Plan have been followed during the Allocation Round, and (2) to hear and decide appeals.

MFA's Board of Directors appoints Committee members based on suggestions provided by MFA staff. The Committee is comprised of at least four (4) and no more than nine (9) members, one of which will be a current member of the MFA Board. The remaining members will be comprised of professionals with finance, development, or lending expertise. The Board will renew and/or appoint new members to the Committee as needed due to vacancies. The Committee Chair will be the MFA Board Representative.

The full Committee will meet once per year, for approximately two to four hours. After staff has determined tax credit award recommendations it will make a detailed presentation of the procedures that were followed.

After staff recommendations are reviewed and approved by the ARC, preliminary approval and rejection letters are issued to all Applicants. Letters are mailed to Applicants via US Mail, return receipt requested. These letters describe and begin the appeals process. If needed, the ARC will meet a second time to hear any appeals to the proposed tax credit award scoring.

Because of the limited number of meetings, members will be expected to attend all meetings and attend in person for the appeals hearings (if needed). ARC members are expected to review and be familiar with the annual Qualified Allocation Plan and allocation process and are expected to review materials provided by staff in advance of meetings. From time to time, the meetings may be held outside of Albuquerque. Members of the ARC are eligible for travel reimbursements in accordance with MFA's travel policies and guidelines.

Board Representative and ARC Chair:

- Rosalyn Nguyen Chafey, Presbyterian Healthcare Services, Albuquerque, NM

Current members of the ARC include:

- Michael A. D'Antonio, Albuquerque, NM
- Patricia Sullivan, NMSU, Las Cruces, NM
- Robert White, Robles, Rael, & Anaya, P.C., Albuquerque, NM
- Lyle Greenberg, Albuquerque, NM

Nicole L. Martinez

575-649-8878

hope@zianet.com

Special Skills

- Grant writing
- Budget formation and reconciliation
- Supervisory skills
- Housing Program Development
- Public Speaking
- Consulting

Work Experience

Mesilla Valley Community of Hope, Las Cruces, NM, January 2006 to present.

- **Executive Director,** January 2011 to present. Responsible for all aspects of agency management including budget development and monitoring, grant funding applications and renewals, program compliance, staffing and personnel issues, organizing Board of Directors meetings, and submit and coordinate all work orders for the Alliance (agencies housed at the Community of Hope). Agency Representative for all community outreach involving meetings with City staff and Councillors, chair Alliance monthly meetings, participate in presentations and work with local media to promote agency in the community.

Notable Accomplishments: Oversaw the design and implementation of Camp Hope, a tent city (2011); opened Sue's House Permanent Supportive Housing Program (2012); created the Mano y Mano Day Labor program; facilitated a team to apply (successfully) for LIHTC for Desert Hope Apartments (2019);

- **New Mexico State University and Dona Ana Community College Branch,** August 2005 – May 2007 **Adjunct Professor**

- **Division of Child and Family Services,** August 1999 – May 2003.

Lead Worker.

Education and Certifications

Masters of Social Work, Western New Mexico University, Silver City, NM December 2018;
Recipient: Community Impact Award

Masters of Arts, Sociology, New Mexico State University, Las Cruces, NM Spring 2005.

Bachelor of Science, Sociology, Brigham Young University, Provo, UT, 1999.

- New Mexico Housing Trust Fund Advisory Committee Member; appointed by Governor Michelle Lujan Grisham July 21, 2020-July 21, 2022.

- Licensed Master of Social Work; April 2019.

- Department of Public Health Sciences Advisory Board Member, New Mexico State University, July 2019-current.

- New Mexico Coalition to End Homelessness Co-Chair, 2015-2020.

- Housing Quality Standards Inspector Certification, September 2009.

- SOAR Certification: SSI/SSDI/Medicare Representative, November 2009.

- Certified Manager of Housing, National Center for Housing Management, July 2008.

- Certified Occupancy Specialist, National Center for Housing Management, March 2008.

- EIV clearance for Income Verification from Federal Sources.

- Notary Public.

BIO OF
ADELMO (DEL) ARCHULETA

March 2020

Del Archuleta is a native New Mexican and has devoted his life to giving back to the community and improving the lives of New Mexicans. He is considered one of New Mexico's most committed and humble public servants. For over 40 years, his impact has been profound using his public service, community service and his engineering expertise to benefit others. He is a Civil Engineer and has been the CEO of Molzen Corbin for over 35 years, one of New Mexico's largest and most respected engineering and architectural firms.

HE IS MOST PROUD OF:

- Being able to use his engineering profession to make a difference in the quality of life in communities throughout his home State of New Mexico.
- Serving as a voice for educational reform in the State.
- Having the honor of serving on the Board of Regents and being awarded an Honorary Doctorate by his alma mater, New Mexico State University (NMSU).
- Meeting and learning from other talented and committed individuals through his work on public and private boards.
- Being blessed in raising three outstanding sons and being married to his wife of 44 years, Rebecca Gonzales Archuleta.

DISTINGUISHED AWARDS & HONORS

- In 1996, Del was appointed **by Governor Johnson** to the NMSU Board of Regents where he served two terms as President of the Board. Then, in 2003, **Governor Richardson** appointed Del to serve on the New Mexico K-12 State Board of Education where he was subsequently elected Chairman. In 2013, **Governor Martinez** appointed him to the State Board of Finance and subsequently re-appointed him to serve through 2018.
- Honored with the Governor's "New Mexico Distinguished Public Service Award" for his commitment to his community and bettering the lives of New Mexicans, 2003.
- Recognized by *New Mexico Business Journal* as one of "New Mexico's Most Influential People", 2000.
- Honored with the "National Community Service Award" by the American Consulting Engineers Council, 2000.
- Selected by the New Mexico Society of Professional Engineers "Ingeniero Veterano de Nuevo Mejico" award, the highest State Society award for the lifetime service and achievement, 2011.
- Presented with the "2010 Distinguished Citizen Award" by the Great Southwest Council of the National Eagle Scout Association, 2011.
- Consistently recognized as one of the "100 Power Brokers" by *New Mexico Business Weekly.*

CAREER AWARDS & SUCCESSES

- Awarded Honorary Doctorate from NMSU, 2010.
- Chosen by the NMSU Board of Regents to Chair the NMSU Presidential Search Committee, 2009.
- Honoree for NMSU Distinguished Alumni for the College of Engineering, 2004.
- Served on the Board of Regents for NMSU and elected President of the Board, 1999 and 2000.
- Recipient of Mike Watts Civil Engineering Alumni Award for exceptional achievement for a recent graduate, 1980-81.
- Molzen Corbin ranked as one of the nation's "500 Largest Hispanic-Owned Companies" by *Hispanic Business Magazine* for the past 25 years.
- Recognized by Hispano Chamber of Commerce as "Business of the Year" the organization's highest award, 2001.
- Ranked in New Mexico 100, an annual listing of largest privately held New Mexico companies, for several years.

CORPORATE BOARDS and COMMUNITY SERVICE

Current:

- **Board of Directors for the Greater Albuquerque Chamber of Commerce (GACC)**, *Elected to serve three times as Chairman of the Board of Directors for the GACC, 1999, 2010 and 2014.* Honored with the prestigious "Maxie Anderson" award, 2008. ***Del led the initiative to write the "Every Child" program to help improve the quality of education in New Mexico.***
- Board of Directors**, New Mexico Gas Company**
- Board of Trustees, **UNMH** (University of New Mexico Hospital)
- Board of Directors, **New Mexico First**

Past:

- **Chairman** and Board of Directors, **New Mexico Mutual Board;** 2009-2017
- Board of Directors, **Public Service Company of New Mexico (PNM);** 2003-2016.
- Board of Directors, **Presbyterian Healthcare Services;** 2001-2011
- **Chairman** of the Board, **United Way of Central New Mexico;** 2007-2008
- Board of Directors, **Explora Science and Children's Museum**
- Board of Directors, **Bank of Albuquerque**

PUBLIC SERVICE

- Appointed by Governor Martinez to the State Board of Finance, 2013 and re-appointed for a second term to the State Board of Finance by Governor Martinez, 2015.
- Appointed to "State Board of Education" by Governor Richardson, elected as President, 2003.
- Appointed by Governor Richardson to serve as New Mexico's representative for "Education of States Commission", 2003.
- Appointed by Governor Richardson and Governor Martinez to the "New Mexico Mutual Board of Directors", 2009-2017.
- Selected to serve on the "Employability Partnership of New Mexico" Task Force by Governor Martinez, 2012.

As you can see, Del is motivated to make his community and New Mexico a better place. He achieves these goals by actively participating and leading public service boards and community service organizations.

ADELMO (DEL) ARCHULETA

CHRONOLOGICAL LISTING OF CAREER HIGHLIGHTS

2019 - Appointed to the Board of Trustees of UNMH (University of New Mexico Hospital)

2017 – Elected to the Board of New Mexico Gas Company

2016 – Honored with the New Mexico Humanitarian Award by the Jewish Community Center for enriching the community by exemplary commitment to giving back

2015 – Re-appointed to the State Board of Finance by Governor Martinez

2014 – Re-elected as Chairman of the Board of Directors, Greater Albuquerque Chamber of Commerce

2014 – Elected to the Board of "New Mexico First"

2013 – Selected to Chair the Nomination and Governance Committee of the PNM Board of Directors

2013 – Ranked in New Mexico Private 100, an annual listing of largest privately held NM companies

2013 – Appointed by Governor Martinez to the State Board of Finance

2012 – Ranked in New Mexico Private 100, an annual listing of largest privately held NM companies

2012 – Appointed by Governor Martinez to the "Employability Partnership of New Mexico" Task Force

2012 – Presented the Spirit of Achievement Award by National Jewish Health

2011 – Appointed by Governor Martinez to New Mexico Mutual Board of Directors

2011 – Honored with the New Mexico Society of Professional Engineers "Ingeniero Veterano de Nuevo Mejico" Award – highest State Society award for Lifetime Service and Achievement

2011 – Presented with the "2010 Distinguished Citizen Award" by the Great Southwest Council of the National Eagle Scout Association

2010 – Named one of the "100 Power Brokers" in New Mexico by *New Mexico Business Weekly*

2010 – Presented with an Honorary Doctorate from NMSU

2010 – Individually nominated for the Good Samaritan Counseling Center's "Ethics in Business Award"

2010 – Re-elected as Chairman of the Board of Directors, Greater Albuquerque Chamber of Commerce

2009 – Selected by NMSU Board of Regents to Chair NMSU Presidential Search Committee

2009 – Appointed by Governor Richardson to New Mexico Mutual Board of Directors

2009 – Selected to Chair the Presbyterian Health Services Finance Committee

2009 – Selected to Chair PNM's Public Policy & Sustainability Committee

2008 – Named one of the "100 Power Brokers" in New Mexico by *New Mexico Business Weekly*

2008 – Immediate Past Chairman of the Board of Directors of the United Way of Central New Mexico

2008 – Selected to Chair the Presbyterian Health Services Investment Committee

2008 – Honored with the "Maxie Anderson" Award by the Greater Albuquerque Chamber of Commerce

2007 – Selected as Chairman of the Board of Directors of the United Way of Central New Mexico

Additional Awards and Recognition Continued:

2006 – Selected as Chair Elect of the Board of Directors of the United Way of Central New Mexico

2005 – Selected to serve on the NMSU College of Engineering Dean's Advisory Committee

2004 – Selected as NMSU's 2004 Distinguished Alumni for the College of Engineering.

2004 – Selected to serve on the NM Alliance for Minority Participation (NMAMP) Advisory Board

2003 – Appointed to serve on the Board of Directors for the Bank of Albuquerque (Dec. '03)

2003 – Inducted as an Honorary Member of NMSU's Academy of Civil and Geotechnical Engineers

2003 – Recipient of the Governor's New Mexico Distinguished Public Service Award

2003 – Appointed by Governor Richardson to serve on the Information Technology Commission

2003 – Appointed by Governor Richardson to serve as New Mexico's representative on the Education of the States Commission

2003 – Elected to serve on the Public Service Company of New Mexico's (PNM's) Board of Directors

2003 – Selected to serve on the Board of Directors of the United Way of Central New Mexico

2003 – Appointed by Governor Bill Richardson to the State Board of Education; elected president of the 15-member State Board

2002 – Selected to serve on the Explora Science Center and Children's Museum Board of Directors

2002 – Selected to serve as President of the Board of Directors for Leadership New Mexico for the 2002/2003 program year

2002 – Selected to serve on the Board of Directors for Presbyterian Health Services

2002 – Named one of the "100 Power Brokers" in New Mexico by *New Mexico Business Weekly*

2001 – Individually nominated for the Good Samaritan Counseling Center's "Ethics in Business Award"

2001 – Named one of the "100 Power Brokers" in New Mexico by *New Mexico Business Weekly*

2001 – Recipient of Albuquerque Hispano Chamber of Commerce's "Outstanding Business of the Year"

2000 – "National Community Service Award" Recipient; **American Council of Engineering Co.** (ACEC)

2000 – Recipient of the "Individual Community Service Award" by the ACEC/NM

2000 – Re-elected President of the NMSU Board of Regents for 2000-2001 term

2000 – Named one of "New Mexico's Most Influential People" by *New Mexico Business Journal*

2000 – Named one of the "100 Power Brokers" in New Mexico by *New Mexico Business Weekly*

1999 – Elected Chairman of the Board for the Greater Albuquerque Chamber of Commerce

1999 – Elected President of the NMSU Board of Regents for 1999-2000 term

1999 - Named one of the "100 Power Brokers" in New Mexico by *New Mexico Business Weekly*

1998 - Awarded the "1997 Sam Walton Business Leader Award" as presented at the Greater Albuquerque Chamber of Commerce's Annual Business Recognition Luncheon

1998 - Named one of the "100 Power Brokers" in New Mexico by *New Mexico Business Weekly*

Additional Awards and Recognition Continued:

1997 - Ranked in New Mexico Private 100, an annual listing of largest privately held NM companies

1996 - Appointed by Governor Gary Johnson to the NMSU Board of Regents

1996 - Selected as a "Centennial Distinguished Alumnus" by NMSU's College of Engineering

1996 - Small Business Administration's "1996 Small Business Subcontractor of the Year" award for Region VI, (encompassing Arkansas, Louisiana, Oklahoma, Texas, and NM)

1996 - Los Alamos National Laboratory's "1996 Small Business Subcontractor of the Year"

1995 - Inducted into the Honorary Academy of Civil, Agricultural, and Geological Engineering in the first year of eligibility by NMSU

1994 - Recipient of the Quality New Mexico Piñon Award, an award recognizing an outstanding small business demonstrating consistent delivery of quality services

1994 - Chi Epsilon Civil Engineering Outstanding Alumni Award

1993 - Minority Supplier of the Year Award recipient from Los Alamos National Laboratory, and the Rio Grande Minority Purchasing Council

1990 - Emeritus Faculty Distinguished Alumni Award: Presented by the faculty at NMSU for outstanding achievement

1980/81 - Mike Watts Civil Engineering Alumni Award: Presented by NMSU for outstanding achievement in the field of engineering by a graduate; received within the first year of eligibility

Tab 9

Emergency Housing Assistance Program

Program Overview

On December 27, 2020, President Trump signed into law the Consolidated Appropriations Act of 2021, which included $25 billion for emergency rental and utility assistance to assist households impacted by the coronavirus outbreak. New Mexico is expected to receive $200 million. As the state's housing finance agency, MFA has voiced its willingness to administer the statewide rental assistance portion of the funds.

MFA proposes to provide rental assistance for up to twelve months (or up to 15 months if it is necessary to ensure the household remains stably housed) to New Mexican rental households who:

1. Are at or below 80% of Area Median Income (AMI);
2. Have at least one individual who has qualified for unemployment benefits or has experienced a reduction in household income, incurred significant costs, or experienced other financial hardship due to COVID-19; and
3. Have at least one individual who can demonstrate risk of homelessness or housing instability through a past-due rent notice or eviction notice, unsafe or unhealthy living conditions, or other risks as determined by the grantee.

MFA and/or its contractors (the "MFA Team") will review and qualify applications for assistance and then process payments to landlords. If a landlord does not agree to accept the payment, the MFA Team may make payments directly to the tenant.

Application and Review Process

Applicants will submit an application through a central, secure online portal. Applicants may apply for and receive up to twelve months of rental arrearages and future payments (or up to 15 months if it is necessary to ensure the household remains stably housed) (the "Maximum Allowable Assistance"). Applicants may apply on their own, but if they need assistance, MFA will partner with a variety of public and non-profit agencies to assist applicants with the application submittal process.

Submitted applications will be reviewed by the MFA Team. If an application meets minimum requirements, the MFA Team will reach out to the applicant's landlord to participate in the program. Following the landlord's response, the MFA Team will disburse a payment to the landlord on the applicant's behalf. If the landlord does not respond within seven calendar days or refuses to participate, the MFA Team may disburse a payment directly to the applicant. For the initial payment, the MFA Team will pay for rental arrearages and up to three months of future rent. The MFA Team will ensure the initial payment does not exceed the Maximum Allowable Assistance.

If an applicant does not receive the full Maximum Allowable Assistance as part of the initial payment, the applicant may recertify their income every three months to receive ongoing rental assistance, subject to the availability of remaining funds. However, an applicant may not receive more than the Maximum Allowable Assistance in total.

Geographic Distribution and Marketing

MFA will aim for a statewide geographic distribution of the funds. Though some of the larger local governments will be running similar rental assistance programs, MFA will consider still serving these regions as they have a vast majority of the rental households. MFA plans to coordinate closely with these local governments to ensure the programs do not compete or duplicate benefits at a household level. A communication plan will be developed with the goal of reaching all in need across the state.

Prioritization

MFA is statutorily required to prioritize assistance to households with incomes of no more than 50 percent of AMI and to households in which one or more household member is unemployed and has been unemployed for 90 days. On a monthly basis, MFA will review the amount of assistance requested in its unreviewed applications and the total amount of funding remaining. If the amount of assistance requested is greater than the remaining funding, then MFA will implement the prioritizations described above.

Documentation Requirements and Staffing Structure

MFA expects the Treasury Department to release guidance in the coming weeks as to the programmatic documentation requirements. This guidance will greatly influence MFA's proposed staffing structure and may necessitate additional temporary agency employees and/or contractors. If MFA determines it is necessary to enter into additional contracts that require board approval, MFA will approach the board or delegates in a timely manner.

Use of Funds Timeframe

The Treasury Department will recapture any funds not obligated by grantees as of September 30, 2021 and reallocate/repay those amounts to grantees who, as of that time, have obligated at least 65 percent of their original grant. The amount of the reallocation will be based on demonstrated need as determined by the Treasury Secretary and will be available until December 31, 2021. Grantees must then request an extension of up to 90 days after the end of 2021, subject to approval by the Secretary if additional time is needed.

Administrative Fees

Up to 10 percent of each grantee's funds may be used for administrative expenses attributable to providing assistance under this program, including for data collection, reporting requirements and housing stability services.

Monitoring Process

MFA will monitor any contractors and public/non-profit partners to ensure compliance with federal regulations and other program requirements, such as applicant eligibility. More specific monitoring requirements will be developed once additional Treasury guidance is released.

Tab 10

Staff Actions Requiring Notice to Board
During the Period of December 31, 2020

Department and Program	Project	Action Taken	Comments / Date Approved
Programs Department–State Neighborhood Stabilization Program (NSP)	"Stranded Property" 210 59th Street SW, Albuquerque, NM 87121	MFA advanced funds on behalf of DFA, to pay a settlement to a NSP Developer in the amount of $72,689.06 which includes all closing costs associated MFA obtaining title to the property, and rehabilitation costs. MFA will be reimbursed through the sale of the property and in conjunction with fulfilling the agreement with DFA.	Approved by Donna Maestas-De Vries on 12/02/20
Community Development Weatherization Assistance Program (WAP)	Amendments to Increase Service Provider FSAs to Amount of LIHEAP GSA	Approved the additional funding of $145,078 from The New Mexico Human Services Department (HSD) to be allocated to Southwest Regional and Community Development. This will be used to weatherize an additional 19 homes.	Approved by Donna Maestas-De Vries on 12/14/20
Community Development–Veterans Housing Rehabilitation and Modification Program (VHRMP)	Reallocation of the 2018 VHRMP Program Funding	Approved the reallocation of the 2018 Veterans Housing Rehabilitation and Modification Program Funding from Bernalillo County Housing Department to San Felipe Pueblo Housing Authority.	Approved by Policy Committee on 12/15/20
Servicing	October 2020 Loan Servicing Quality Control Report	Approval of report issued by REDW – No findings.	Approved by Policy Committee on 12/15/20
Housing Development Low Income Housing Tax Credit (LIHTC)	Parkside Village is a 42-unit multifamily rental project located in the rural community of	LIHTC LURA modification to amend the Parkside Village LIHTC LURA by removing both the eventual tenant ownership requirement as described Section 2(l) and lifting the income restrictions on 39 units to 60% AMI on the	Approved by Policy Committee on 12/22/20

Department and Program	Project	Action Taken	Comments / Date Approved
	Clovis, Curry County, NM	condition that an Acknowledgment Agreement is signed by the owner.	
Housing Development Low Income Housing Tax Credit (LIHTC)	Hidden Valley Village, a 60-unit multifamily residential project in Bloomfield, NM	Modifying LIHTC LURA to remove the eventual tenant ownership and associated Tenant Conversion Plan requirement. Modifying LIHTC LURA to lift 40% and 50% AMI rent restrictions to 60% AMI.	Approved by Policy Committee on 12/22/2020
Community Development Housing Opportunities for People With AIDS (HOPWA)	Transfer HOPWA funding from Southwestern Regional to Alianza of NM	Awarded the 2018 remaining Southwestern Regional HOPWA funds in the amount of $7,552 to Alianza of New Mexico.	Approved by Donna Maestas-De Vries on 12/28/20

COVID-19
Staff Actions Requiring Notice to Board
During the Period of December 12 – January 13, 2021

Department and Program	Project	Action Taken	Comments / Date Approved
Policy and Planning, Mortgage Operations, Asset Management and Community Development	Coronavirus Relief Fund Housing and Homelessness Assistance Program	Approval of changes to the framework for implementation of the housing and homelessness assistance program.	Approved by: Delegates – 12/23/2020

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

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

MFA staff Leann McDonald and Amalynda Hill disclosed a potential conflict of interest to the COVID-19 Housing Cost Assistance Program. Both staff members have signed the COVID-19 Housing Cost Assistance Program Notification and Request for Waiver of Conflict of Interest form. Julie and Abigail Infante applied for housing assistance for the months of October and November and are the step-nieces of MFA employee Leann McDonald, who helps implement the program. Amalynda Hill applied for housing assistance for November and December. Ms. Hill is a temporary agency employee hired by MFA to implement the program. Upon initial disclosure of these applications, Leann McDonald and Amalynda Hill have removed themselves from any approval processes for the housing assistance these applicants have applied for.

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

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

MFA is including this disclosure on the MFA Board of Directors meeting agenda for its January 20, 2021 meeting in order to satisfy 24 CFR 570.611(d)(1)(i). This meeting is a publicly advertised meeting, pursuant to MFA's Open Meetings Resolution which requires that notice is published in two (2) newspapers of general circulation in the state, and where members of the public may discuss and comment on this disclosure.

Tab 11

New Mexico Mortgage Finance Authority

Combined Financial Statements

and Schedules

November 30, 2020

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the two-months period ended November 30, 2020

COMPARATIVE YEAR-TO-DATE FIGURES (Dollars in millions):	2 months 11/30/2020	2 months 11/30/2019	% Change Year / Year	Forecast 11/30/2020	Actual to Forecast	Forecast/Target 9/30/21
PRODUCTION						
1 Single family issues (new money):	$55.0	$120.0	-54.2%	$55.0	0.0%	$175.0
2 Single family loans sold (TBA):	$50.9	$21.4	137.9%	$29.2	74.5%	$175.0
3 Total Single Family Production	$105.9	$141.4	-25.1%	$84.2	25.8%	$350.0
4 Multifamily issues (new money):	$0.0	$0.0	0.0%	$0.0	0.0%	$20.0
5 Single Family Bond MBS Payoffs:	$25.8	$10.7	141.1%	$42.3	-39.1%	$254.0
STATEMENT OF NET POSITION						
6 Avg. earning assets:	$1,415.7	$1,338.8	5.7%	$1,384.7	2.2%	$1,381.0
7 General Fund Cash and Securities:	$91.1	$84.3	8.1%	$82.5	10.4%	$86.3
8 General Fund SIC FMV Adj.:	($1.1)	$0.8	-237.5%	$0.0	N/A	$0.0
9 Total bonds outstanding:	$1,147.9	$1,162.0	-1.2%	$1,135.2	1.1%	$1,038.4
STATEMENT OF REVENUES, EXPENSES AND NET POSITION						
10 General Fund expenses (excluding capitalized assets):	$4.0	$3.3	21.2%	$3.5	14.3%	$19.8
11 General Fund revenues:	$5.2	$5.0	4.0%	$4.6	13.0%	$28.4
12 Combined net revenues (all funds):	$1.8	$2.1	-14.3%	$1.4	28.6%	$8.4
13 Combined net revenues excluding SIC FMV Adj. (all funds):	$3.1	$1.4	121.4%	$1.4	121.4%	$8.4
14 Combined net position:	$265.1	$247.5	7.1%	$264.7	0.2%	$271.7
15 Combined return on avg. earning assets:	0.76%	0.93%	-17.8%	0.61%	25.3%	0.61%
16 Combined return on avg. earning assets exluding SIC FMV Adj. (all funds):	1.29%	0.63%	104.8%	0.61%	111.5%	0.61%
17 Net TBA profitability:	2.24%	1.19%	88.2%	1.75%	28.0%	1.75%
18 Combined interest margin:	0.70%	0.94%	-25.5%	0.56%	25.0%	0.56%
MOODY'S BENCHMARKS						
19 Net Asset to debt ratio (5-yr avg):	28.21%	28.78%	-2.0%	29.00%	-2.7%	28.97%
20 Net rev as a % of total rev (5-yr avg):	7.30%	7.53%	-3.1%	10.80%	-32.4%	10.84%
SERVICING						
21 Subserviced portfolio	$1,512.8	$1,197.4	26.3%	$1,490.1	1.5%	$1,666.3
22 Servicing Yield (subserviced portfolio)	0.48%	0.41%	17.1%	0.41%	17.1%	0.41%
23 Combined average delinquency rate (MFA serviced)	9.11%	9.71%	-6.2%	10.00%	-8.9%	10.00%
24 DPA loan delinquency rate (all)	9.43%	10.22%	-7.7%	N/A	N/A	N/A
25 Default rate (MFA serviced-annualized)	0.48%	1.20%	-60.0%	1.30%	-63.1%	1.30%
26 Subserviced portfolio delinquency rate (first mortgages)	18.52%	10.37%	78.6%	N/A	N/A	N/A
27 Purchased Servicing Rights Valuation Change (as of 9/30)	($0.4)	$1.2	-133.3%	N/A	N/A	N/A

Note: Forecast updated as of September 30, 2020 Draft

Legend: Positive Trend | Caution | Negative Trend | Known Trend/Immaterial

SUMMARY OF NEW BOND ISSUES:

Single Family Issues:

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

Multi-family Issues:

$9.7 mm 2020 Series JLG North Multifamily-Refunding (October)
$9.0 mm 2020 Series JLG South Multifamily-Refunding (October)

CURRENT YEAR FINANCIAL TRENDS & VARIANCES:

►Due to decreases in mortgage rates, prepayments are trending higher than last year.

►Federal interest rate policy as a result of the health crisis is driving yields and margins down in comparison to last year at this same time.

►Due to market conditions related to the health crisis, the State Investment Council (SIC) General Fund portfolio continues to experience significant volatility. Valuations decreased $.3 million in October. While these market movements are non-operating in nature, they impact General Fund revenues, combined net revenues and return on average earning assets Just a reminder that the accounting records are one month in arrears due to SIC reporting timeframes.

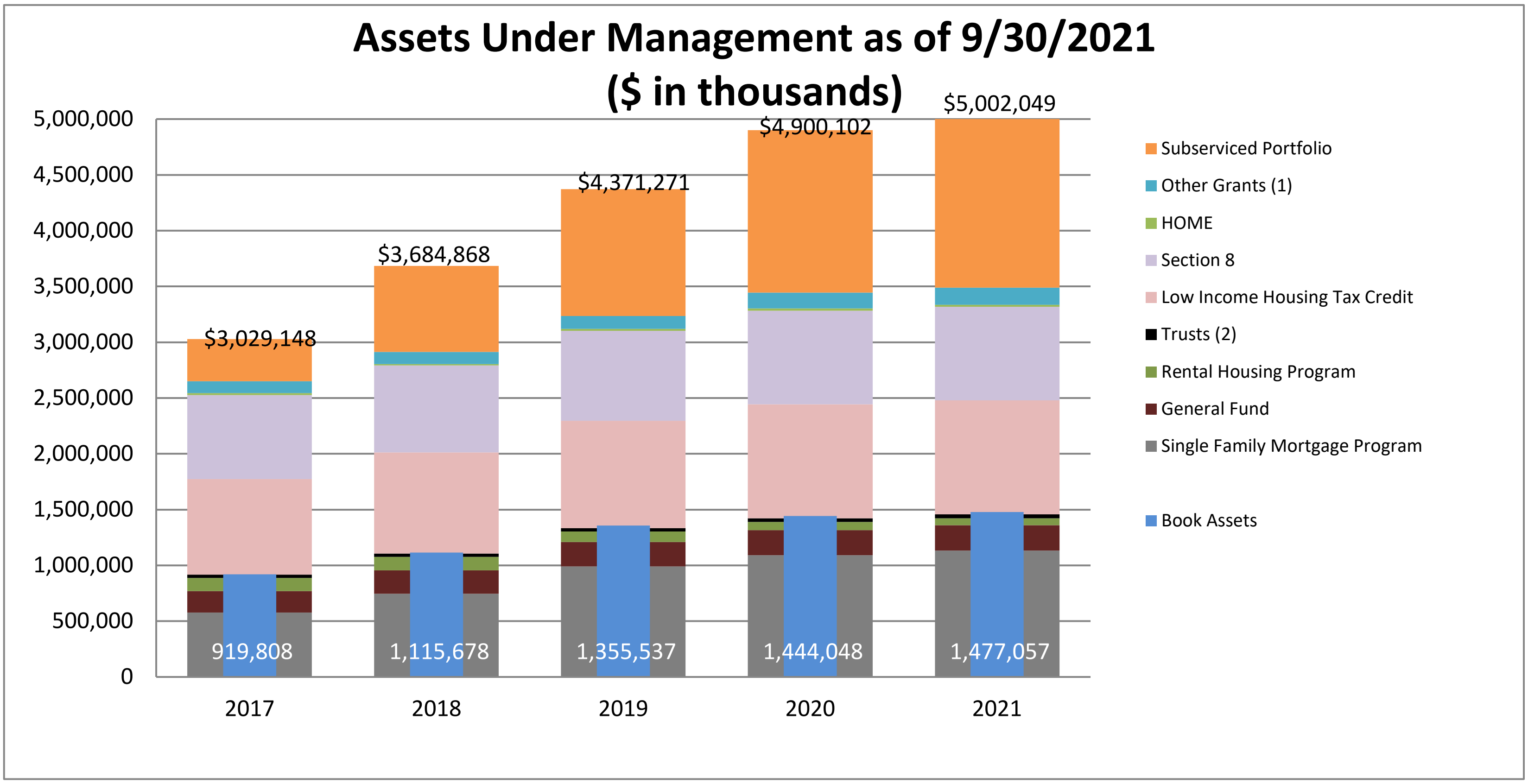
►Incurred approximatley $.5 million in cost of issuance for Single Family Mortgage program bond issuance ($55 million); expense was paid for through bond premium.

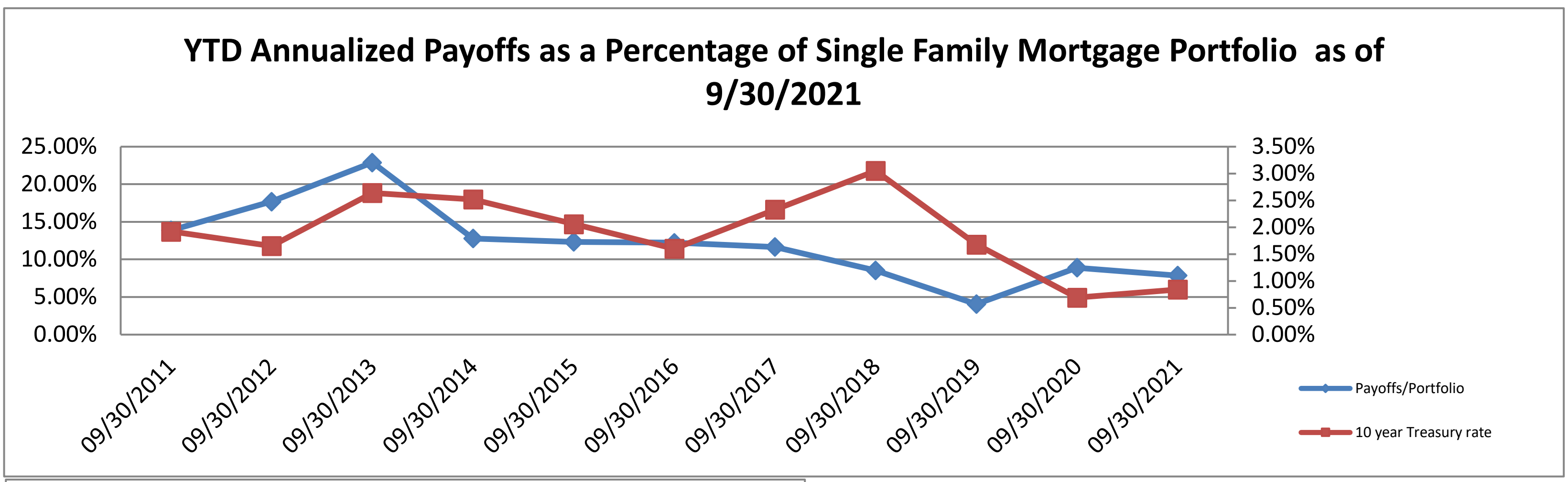
►The subservicing oversight position reports to the Director of Servicing and provides full-time monitoring of loss mitigation activities, collections and foreclosure services provided by MFA's subservicer. They coordinate with the Compliance Officer on risk management strategies and reporting. Staff actively analyzes default trends, quality control reports and portfolio profile characteristics to understand reasons for higher than expected delinquency rates. These delinquencies have an effect on the credit risk associated with MFA's down payment assistance portfolio as well as the financial impacts associated with defaults on the first mortgages themselves. Staff is actively engaged with the subservicer to identify additional delinquency reduction strategies, particularly early intervention strategies to prevent loans from becoming seriously delinquent As risk has increased significantly since the pandemic the management of this portfolio has become even more of a priority. MFA staff is now receiving weekly forbearance information to analyze trends at the portfolio level. MFA's subservicing oversight team is receiving regular and improved reporting to better monitor and reconcile portfolio activities. Additionally, MFA's subservicer has increased staff and implemented improved technology to support forbearance and delinquency trends as well as loss mitigation activity. Communication and reporting have improved significantly over the last five months. The foreclosure moratorium is having an impact on delinquencies as we are unable to move these seriously delinquent loans through the judicial and claims process. Of the 18.52 percent portfolio delinquency rate, 12.03 percent represents delinquent loans in forbearance. As of November 30th, 23 percent of MFA loans on forbearance plans are current. The subserviced portfolio is approx. 85 percent FHA insured loans. The Mortgage Bankers Association quarterly survey as of September 30, 2020 indicates that the delinquency rate for FHA loans nationally is 15.80 percent and for New Mexico 12.80 percent. FHA Single Family Loan Performance Trends for November 2020 show 19.10 percent delinquency (for purchase loans only) up from 11.98 percent in February 2020 reflecting the impact of COVID-19 forbearance agreements.

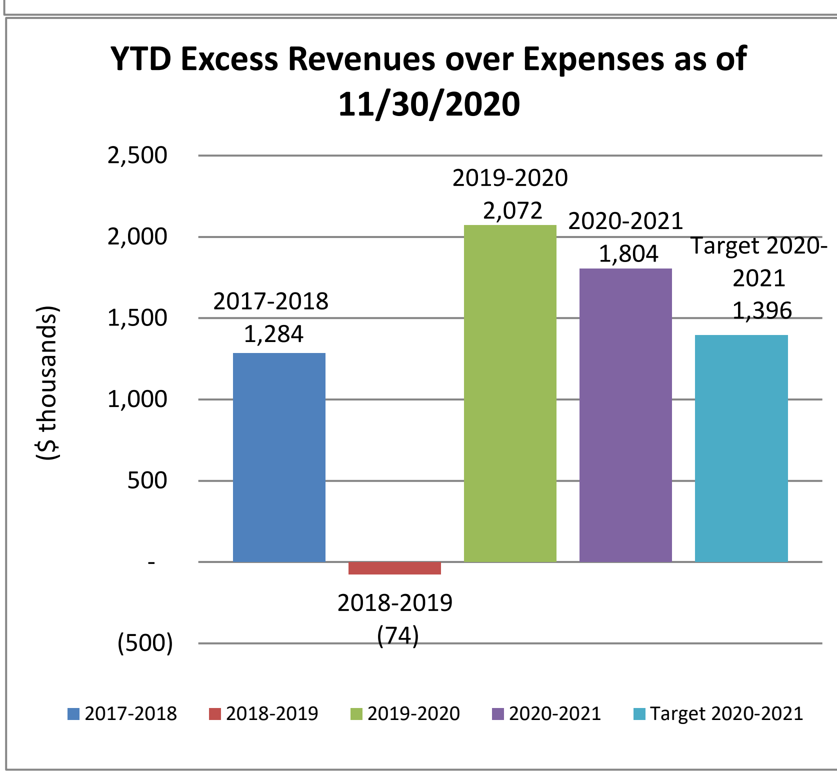
►Fair market value for purchased servicing rights as of September 30, 2020 was $14.4 million, a decrease of approximately ($.4) million under cost. GASB requires MFA to utilize "lower of cost or market" accounting for this asset. Due to significant market flucations associated with the health crisis, MFA recorded this decline in fair value. Current purchased servicing rights are recorded at a cost of $14.8 million. Valuations are obtained on a quarterly basis.

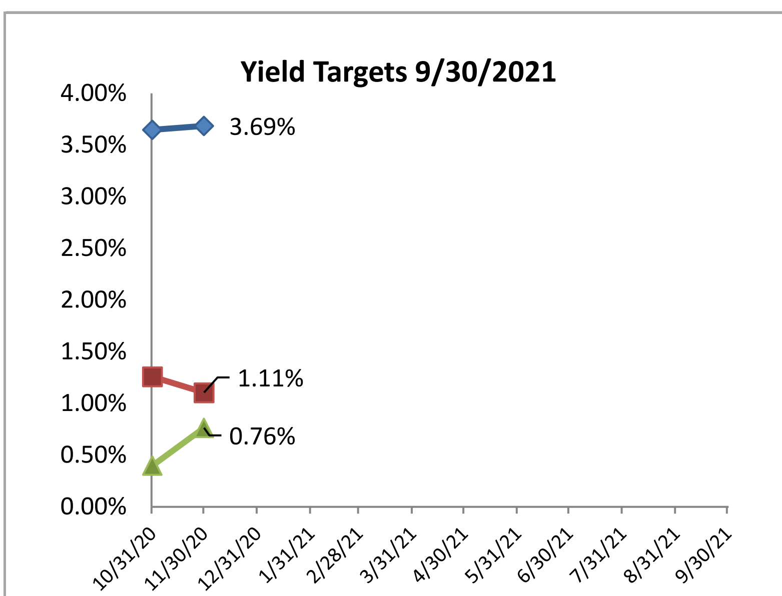
►Based on Moody’s issuer credit rating scorecard, MFA’s 28.21 percent net asset ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA's creditworthiness under stressful circumstances (> 20 percent). The net revenue as a percent of total revenue measures performance and profitability and MFA’s 7.3 percent ratio (5-year average) points to satisfactory profitability with consistent trends (5-10 percent range).

►Moody's Investor Services completed an updated credit opinion on MFA in June 2020. They reaffirmed the Aa3/stable rating. Comments included high asset to debt ratio, good profitability and low risk profile due to mortgage-backed security structure, multifamily Risk Sharing Program and no exposure to variable rate debt. Additionally, Moody's reaffirmed the Aaa/stable rating on the single family indenture in the spring of 2019.









	2020	Target 2021
Loans Effective yield	3.96%	3.50%
Cash & Investments Effective yield	2.03%	2.00%
Rate of Return on Average Earning Assets	1.30%	0.61%

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

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

	YTD 11/30/20	YTD 11/30/2019
ASSETS:		
CURRENT ASSETS:		
CASH & CASH EQUIVALENTS	$41,960	$29,135
RESTRICTED CASH HELD IN ESCROW	9,499	10,959
SHORT-TERM INVESTMENTS	-	-
ACCRUED INTEREST RECEIVABLE	4,380	4,293
OTHER CURRENT ASSETS	3,893	3,062
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	(0)	-
INTER-FUND RECEIVABLE (PAYABLE)	0	-
TOTAL CURRENT ASSETS	59,732	47,449
CASH - RESTRICTED	74,262	142,212
LONG-TERM & RESTRICTED INVESTMENTS	67,481	70,538
INVESTMENTS IN RESERVE FUNDS	-	326
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,056,985	972,475
MORTGAGE LOANS RECEIVABLE	207,522	231,669
ALLOWANCE FOR LOAN LOSSES	(6,252)	(3,845)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	1,517	1,213
OTHER REAL ESTATE OWNED, NET	662	-
OTHER NON-CURRENT ASSETS	-	-
INTANGIBLE ASSETS	14,875	11,615
TOTAL ASSETS	1,476,784	1,473,653
DEFERRED OUTFLOWS OF RESOURCES		
REFUNDINGS OF DEBT	273	365
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	1,477,057	1,474,018
LIABILITIES AND NET POSITION:		
LIABILITIES:		
CURRENT LIABILITIES:		
ACCRUED INTEREST PAYABLE	$12,159	$11,088
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	8,947	8,200
ESCROW DEPOSITS & RESERVES	9,335	10,812
TOTAL CURRENT LIABILITIES	30,441	30,100
BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	1,147,865	1,161,952
MORTGAGE & NOTES PAYABLE	33,509	34,276
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	150	164
TOTAL LIABILITIES	1,211,966	1,226,492
NET POSITION:		
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	1,517	1,213
UNAPPROPRIATED NET POSITION (NOTE 1)	66,544	64,261
APPROPRIATED NET POSITION (NOTE 1)	197,030	182,052
TOTAL NET POSITION	265,091	247,526
TOTAL LIABILITIES & NET POSITION	1,477,057	1,474,018

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

	YTD 11/30/20	YTD 11/30/2019
OPERATING REVENUES:		
INTEREST ON LOANS	$7,846	$7,962
INTEREST ON INVESTMENTS & SECURITIES	329	680
LOAN & COMMITMENT FEES	539	621
ADMINISTRATIVE FEE INCOME (EXP)	2,595	1,188
RTC, RISK SHARING & GUARANTY INCOME	58	10
HOUSING PROGRAM INCOME	14	27
LOAN SERVICING INCOME	1,315	927
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	12,696	11,415
NON-OPERATING REVENUES:		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	(920)	650
OTHER NON-OPERATING INCOME	-	0
GRANT AWARD INCOME	11,024	7,403
SUBTOTAL NON-OPERATING REVENUES	10,103	8,053
TOTAL REVENUES	22,799	19,469
OPERATING EXPENSES:		
ADMINISTRATIVE EXPENSES	3,563	2,893
INTEREST EXPENSE	6,517	6,535
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(369)	(296)
PROVISION FOR LOAN LOSSES	2	8
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	24	23
AMORT. OF SERV. RIGHTS & DEPRECIATION	401	225
BOND COST OF ISSUANCE	494	993
SUBTOTAL OPERATING EXPENSES	10,632	10,380
NON-OPERATING EXPENSES:		
CAPACITY BUILDING COSTS	14	70
GRANT AWARD EXPENSE	10,350	6,946
OTHER NON-OPERATING EXPENSE	-	-
SUBTOTAL NON-OPERATING EXPENSES	10,363	7,016
TOTAL EXPENSES	20,996	17,396
NET REVENUES	1,804	2,072
OTHER FINANCING SOURCES (USES)	-	0
NET REVENUES AND OTHER FINANCING SOURCES(USES)	1,804	2,072
NET POSITION AT BEGINNING OF YEAR	263,288	245,454
NET POSITION AT D 11/30/20	265,091	247,526

(For Informational Purposes Only)
(Thousands of Dollars)

(Note 1) MFA Net Position as of November 30, 2020:

UNAPPROPRIATED NET POSITION:

$ 32,701	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
$ 33,373	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
$ 470	held for New Mexico Affordable Housing Charitable Trust .
$ **66,544**	Total unappropriated Net Position

APPROPRIATED NET POSITION: GENERAL FUND

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

$ 116,629	for use in the Housing Opportunity Fund ($103,929 in loans plus $12,700 unfunded, of which $2,821 is committed).
$ 28,363	for future use in Single Family & Multi-Family housing programs.
$ 1,212	for loss exposure on Risk Sharing loans.
$ 1,517	invested in capital assets, net of related debt.
$ 15,225	invested in mortgage servicing rights.
$ 19,507	for the future General Fund Budget year ending 9/30/21 ($24,495 total budget less $4,988 expended budget through 11/30/20.)
$ 182,453	Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

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

$ 16,094	for use in the federal and state housing programs administered by MFA.
$ 16,094	Subtotal - Housing Program
$ **198,547**	Total appropriated Net Position
$ **265,091**	Total combined Net Position at November 30, 2020

Total combined Net Position, or reserves, at November 30, 2020 was $265.1 million, of which $66.5 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $198.5 million of available reserves, with $91.1 million primarily liquid in the General Fund and in the federal and state Housing programs and 107.4 million illiquid in the programs of the General Fund, have been:

- for use in existing and future programs
- for coverage of loss exposure in existing programs
- to meet servicing requirements, and
- for support of operations necessary to carry out the programs.

MFA's general plan for bond program reserves as they may become available to MFA over the next 30 years is to use the reserves for future programs, loss exposure coverage, servicing requirements and operations.

GENERAL FUND
Fiscal Year 2020-2021 Budget
For the two months ended 11/30/2020

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Revenue							
Interest Income	532,155	1,146,573	1,227,753	7,366,516	81,180	6,219,943	15.56%
Interest on Investments & Securities	104,023	226,138	304,653	1,827,920	78,515	1,601,781	12.37%
Loan & Commitment Fees	20,867	21,180	1,667	10,000	(19,513)	(11,180)	211.80%
Administrative Fee Income (Exp)	2,061,857	3,213,012	1,926,146	11,556,874	(1,286,867)	8,343,862	27.80%
Risk Sharing/Guaranty/RTC fees	6,902	58,179	14,193	85,158	(43,986)	26,979	68.32%
Housing Program Income	3,799	13,919	30,384	1,104,920	16,466	1,091,001	1.26%
Loan Servicing Income	1,041,655	1,315,164	1,145,018	6,870,105	(170,146)	5,554,941	19.14%
Other Operating Income	-	-	-	500	-	500	0.00%
Operating Revenues	3,771,257	5,994,165	4,649,813	28,821,993	(1,344,352)	22,827,828	20.80%
Gain (Loss) Asset Sale/Debt Ex	(346,915)	(751,864)	(76,750)	(460,500)	675,114	291,364	163.27%
Other Non-operating Income	-	-	27	160	27	160	0.00%
Non-Operating Revenues	(346,915)	(751,864)	(76,723)	(460,340)	675,140	291,524	163.33%
Revenue	3,424,342	5,242,302	4,573,090	28,361,653	(669,212)	23,119,352	18.48%
Salaries	444,354	866,023	1,134,359	5,894,885	268,336	5,028,862	14.69%
Overtime	5,008	8,749	4,784	24,877	(3,965)	16,128	35.17%
Incentives	455,303	467,271	96,199	500,152	(371,072)	32,881	93.43%
Payroll taxes, Employee Benefits	292,013	484,745	514,691	2,870,269	29,946	2,385,523	16.89%
Compensation	1,196,677	1,826,789	1,750,033	9,290,183	(76,756)	7,463,394	19.66%
Business Meals Expense	-	-	893	5,360	893	5,360	0.00%
Public Information	11,594	20,656	45,149	270,895	24,493	250,239	7.63%
In-State Travel	-	-	20,481	122,888	20,481	122,888	0.00%
Out-of-State Travel	-	-	32,783	196,698	32,783	196,698	0.00%
Travel & Public Information	11,594	20,656	99,307	595,841	78,651	575,185	3.47%
Utilities/Property Taxes	6,107	12,346	12,358	74,150	12	61,804	16.65%
Leasehold Expense	-	-			-	-	
Insurance, Property & Liability	16,817	33,633	29,118	174,707	(4,515)	141,073	19.25%
Repairs, Maintenance & Leases	98,151	186,094	157,821	946,927	(28,273)	760,833	19.65%
Supplies	1,717	1,669	5,597	33,580	3,928	31,911	4.97%
Postage/Express mail	3,217	5,642	6,137	36,819	494	31,177	15.32%
Telephone	548	528	3,449	20,693	2,921	20,166	2.55%
Janitorial	3,166	6,361	6,713	40,276	352	33,915	15.79%
Office Expenses	129,722	246,273	221,192	1,327,153	(25,081)	1,080,879	18.56%
Dues & Periodicals	4,315	6,985	9,821	58,926	2,836	51,941	11.85%
Education & Training	3,951	5,804	21,897	131,380	16,093	125,576	4.42%
Contractual Services	93,819	194,518	213,154	1,272,421	18,636	1,077,903	15.29%
Professional Services-Program	-	-	6,400	38,400	6,400	38,400	0.00%
Direct Servicing Expenses	757,698	1,120,250	690,356	4,142,137	(429,893)	3,021,887	27.05%
Program Expense-Other	-	-	3,892	23,355	3,892	23,355	0.00%
Rebate Analysis Fees			-	-	-	-	

GENERAL FUND
Fiscal Year 2020-2021 Budget
For the two months ended 11/30/2020

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Other Operating Expense	859,783	1,327,556	945,520	5,666,619	(382,036)	4,339,063	23.43%
Interest Expense	38,914	75,718	58,968	353,809	(16,750)	278,091	21.40%
Non-Cash Expenses	212,460	402,517	354,601	2,127,607	(47,916)	1,725,090	18.92%
Expensed Assets	800	52,402	21,025	126,150	(31,377)	73,748	41.54%
Operating Expenses	2,449,951	3,951,911	3,450,646	19,487,362	(501,264)	15,535,451	20.28%
Program Training & Tech Asst	-	1,697	24,983	149,900	23,286	148,203	1.13%
Program Development	11,476	12,033	26,250	157,502	14,217	145,469	7.64%
Capacity Building Costs	11,476	13,731	51,234	307,402	37,503	293,671	4.47%
Non-Operating Expenses	11,476	13,731	51,234	307,402	37,503	293,671	4.47%
Expenses	2,461,427	3,965,642	3,501,880	19,794,764	(463,762)	15,829,122	20.03%
Excess Revenue over Expenses	962,915	1,276,660	1,071,210	8,566,890	(205,450)	7,290,230	14.90%

GENERAL FUND CAPITAL BUDGET
Fiscal Year 2020-2021 Budget
For the two months ended 11/30/2020

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
2690 PURCHASED SERVICING RIGHTS	421,226	767,392	640,792	3,844,750	(126,601)	3,077,358	19.96%
2950 COMPUTER HARDWARE	-	28,647	20,167	121,000	2,074	155,677	15.54%
2960 SOFTWARE LICENSES	-	-	-	-	-	-	
2920 FURNITURE & EQUIPMENT-10 YR	-	-	53,905	161,714	2,354	2,354	
2930 FURNITURE & EQUIP, 5 YR.	-	-	-	-	-	-	
2860 BUILDING	65,000	226,692	191,052	573,156	(82,852)	636,344	26.27%
Capital Budget	486,226	1,022,731	905,915	4,700,620	(205,026)	3,871,733	21.76%

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE NORTHERN REGIONAL HOUSING AUTHORITY
HELD: November 23, 2020
11:00 AM

The Regular Meeting of the Board of Commissioners of the Northern Regional Housing Authority was held November 23, 2020 via telephone and Zoom due to the COVID-19 stay at home order.

The Meeting was called to order at 11:00am by Chairwoman Rayetta Trujillo

Members Present were:

Chairwoman	Rayetta Trujillo
Commissioner	Jolene Slowen
Commissioner	Nichole R. Sandoval-Belt
Commissioner	Steven Brugger – Arrived at 11:07 am
Commissioner	Donna Vigil
Commissioner	Rev. Garland Moore
Commissioner	Lauren Reichelt
Acting Director	Terry L. Baca

Also present for the meeting were:

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

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

Commissioner Sandoval-Belt	Yes
Commissioner Slowen	Yes
Commissioner Moore	Yes
Commissioner Vigil	Yes
Commissioner Reichelt	Yes
Chairwoman Trujillo	Yes

Chairwoman Trujillo advised motion carried.

The Minutes of the Regular Board Meeting held October 20, 2020 were given to the Board for review and approval. Commissioner Vigil moved to approve the Minutes of the Regular Board Meeting held October 20, 2020. Commissioner Moore seconded the motion. Roll call was taken and reflected the following:

Commissioner Sandoval-Belt	Yes
Commissioner Slowen	Yes
Commissioner Moore	Yes
Commissioner Vigil	Yes
Commissioner Reichelt	Yes
Chairwoman Trujillo	Yes

Chairwoman Trujillo advised motion carried.

Report of the Acting Executive Director:

A. Acting Executive Director (AED) Terry Baca, reported that the Raton staff has transferred over to the Northern Regional Housing Authority as of November 21, 2020. He stated that he is the only Raton employee that has not yet been transferred over. In addition, all the Las Vegas employees have been transferred over, and the transition has gone rather smoothly.

B. AED Baca stated he spoke to Kathy Hennessy from the New Mexico Self Insurers Fund regarding them possibly joining the fund through Northern. He stated Raton is currently on the fund and so is the City of Las Vegas. Northern HA is currently on Housing Authority Insurance (HAI) which is restricted to Housing Authority's. He stated he would like in the long term to transfer over to New Mexico Self Insurers Fund if they allow them because they understand New Mexico better. AED Baca stated they do still have some open claims with the NM Self Insurers Fund with both Las Vegas and Raton. They are currently still repairing hail damage in Raton from 2017. They are also trying to narrow down what the City of Las Vegas has been paid for and what the Housing Authority is still responsible for as far as replacement.

C. AED Baca spoke to Wells Fargo this morning and they hope to have their account open by the end of the day. He stated the bank in Taos is just too hard to deal with and everything they do is a struggle. We make around $100,000 in landlord payments every month and they have to raise the ACH limit in order for us to do those transactions. He stated they had sent a letter asking them to raise the limit from the 1st to the 5th. The limit is $15,000. AED Baca stated they are having to do the payroll for Taos, Grants and Cimarron first, and then process the Las Vegas payroll in order not to exceed the ACH limit, and now with Raton's he would have to do it as a 3rd payroll. Hopefully once they get this account open with Wells Fargo, they will be able to open some other accounts with them.

D. AED Baca stated currently they are under the health insurance plan with Eastern Regional Housing Authority and they hope to get their own plan.

E. AED Baca discussed equipment saying a lot of their vehicles are worn out. They hope to have some new vehicles in place soon. The vehicles ordered for Raton shipped on the 15th from Mexico and they expect they will be in at the end of the month. He stated they ordered 3 vehicles for Las Vegas, 2 for Raton and2 for Taos. They are all coming from Melloy Dealerships. The reason they went with those types of vehicles is because there are dealerships close to each site that can do repairs if needed.

F. AED Baca stated they are having some difficulty with staffing in Taos. They had one gentleman quit. He stated they understood the reason he quit was because they informed him they were going to be doing drug testing on everyone. He stated they gave everyone notice that they would be doing drug testing. AED Baca discussed some suspected issues with drug use prior, within the former staff.

Chairwoman Rayetta Trujillo asked AED if they have had any issues with employees regarding COVID-19. AED Baca stated he has not been notified of any. He stated there have been a few incidents where employees have been in contact with possible positive cases, but there have not been any positive cases with employees. Chairwoman Trujillo stated she had heard there was a tenant who supposedly had the virus. AED Baca stated not that he was aware of, but he would look into it. AED Baca discussed that there have been rumors of infection which has led to a sort of panic and misinformation. He stated he held a meeting with all the sites by video because the rumors were getting out of hand. He reminded them all to be safe and what to do in case of possible exposure.

G. AED Baca informed the Commission that Chairwoman Trujillo sent out a letter to all employees that due to COVID-19, there is to be no travel at this time in conjunction with the Governor's orders for the next two weeks. He stated they just want everyone to be safe.

Deputy Director Report:

A. Deputy Director (DD) Natasha Martinez went over the financial reports with the Board. First reporting on the Northern Regional Housing revenue and expenditure comparison report. She stated dwelling rent is not where they budgeted. They are about $20,000 down. Operating subsidy is also down, and they have not transferred anything from in just yet from CFP. She stated what is helping them is operating subsidy into the cash balance that had been held for some time, has helped them stay afloat. DD Martinez stated that AED Baca, herself and Julian Barela, Division Director, will be speaking to Urlab to do a budget adjustment because she feels the numbers put in were a bit inflated on the revenue side with the occupancy issues they have been having for some time. She stated as the Commission knows, they get subsidized two years after, so they are getting subsidized based off the occupancy they had in 2018. In 2018 they may have been in trouble with the occupancy. She stated with all the damage to some of the units they are seeing how this is possible. With the combination of Las Vegas and Raton, this will really help their numbers as well as the 15 unit rehab project, by getting families into the units so they can collect dwelling rent and subsidy. Without occupants, there is no revenue stream.

DD Martinez stated for employee expenditures, they are slightly under as well. She said what is also going to help is funding from the three different areas. She explained that currently two thirds of her salary is being paid out of Northern and one third is paid out of Las Vegas. She stated the AED's salary is getting paid strictly out of Raton's fund so that also helps the employee expenses. She stated they are also billing one third of the AED's salary at $75 per hour to Las Vegas.

DD Martinez stated for operations, they are over for operating expense but keep in mind that $12,000 per month is going to Raton, and on this amount, they have had to purchase tools, and supplies. They have had to purchase things that should have already been purchasing as they were needed.

B. DD Martinez stated she had emailed all the commissioners a project update. She stated on the 15 unit rehabilitation project, they have done abatement in Taos and in Questa and have moved on to Penasco. However, due to the COVID-19 restrictions, there are only two people working on the abatement. They will be advertising and doing direct solicitation for A&E services.

DD Martinez stated they had two fencing projects in las Vegas. One was on Delgado and Hot Springs and one was on Sagebrush. She stated the fencing on Delgado was $35,553. This was wrought iron fencing. The fencing on Sagebrush was $28,400. She stated they did these projects to expend some remaining 2018 capital funds. They also did a stucco project in the Louden area and a facia a soffit project, which is ongoing. They are doing a sidewalk project as soon as weather permits.

DD Martinez stated the Las Vegas site had a homeownership project that left them with 29 dilapidated units. Out of those 29, they have demolished 5 and they have rehabilitated 24 units. There are 10 left that they have been saving money to rehabilitate and are now going to begin. After they are completed and housed, they can move their occupancy up from the low 90's to almost 100%. She stated currently their MASS score is 99%, but that is because the 10 units are on remod status along with 3 other units due to the fact that chemical compound testing has not yet taken place. They are having issues getting anyone to test the units for methamphetamine because the same testing centers are the same labs that are testing for COVID-19.

DD Martinez stated the City of Las Vegas previously filed a claim for roof repair due to hail damage with the Self Insurers Fund. Currently they do not have any information as to how many units were completed or which still need to be repaired. AED Baca is in direct communication with the Self Insurers Fund so this should help speed along the process.

AED Baca stated the roofing project in Raton has been ongoing since the hailstorm in July of 2017. He stated it was the same contractor that was used in Las Vegas. He stated they have had 3 different subcontractor's in Raton. They have 10 units, including the office and the shop that were done. He stated there were issues because 48 hour notice was not given to the tenants as required, prior to them showing up to work on the roofs. AED Baca said he had to stop them from working several times. Under the contract he has with Archuleta Construction, they are required to give them 72 hours notice so they can give proper notice to the residents. He stated they did eventually get the roofs done after proper notice was given and have 21 units left to do. AED Baca discussed the ongoing process with the roof repairs and insurance claim.

Raton did two different painting projects. One with Stoven Construction out of Albuquerque, who painted 100 units (exterior), and 5 maintenance and management buildings. This was completed in October for $175,270. Northeastern Construction out of Las Vegas also painted 56 units in Raton, which came out to $117,750. AED Baca stated they had some problems with Northeastern getting their punch list done but they did finally complete it to their satisfaction.

AED Baca said they have an ongoing contract with Farmers and Ranchers Welding of Raton who are general contractors. They completed a remodel project of 26 bathrooms.

AED Baca stated they had a bid opening for kitchen cabinet replacement in Maxwell to replace cabinets, put new sinks, new counter tops, and all new plumbing. This is a $200,000 project that should begin in January. There were 5 bids received.

AED Baca stated they put out an RFP for architect/engineer for the Penasco sewer project and got zero response on this. In addition, they went out for payroll service and got zero response. They are going to readvertise and do some outreach to people who they have done business within the past to see if they can get some interest there.

DD Martinez stated she just wanted to get the commission up to speed on the projects and that everyone is working very hard.

C. DD Martinez stated for the Las Vegas site, the attorney called her right before the meeting informing her that he approved the partial release of the Declarations of Trust to release the 17 units. She will be sending those to Julian who will forward them to HUD for further review. She stated when they record the DOT as a full DOT as Northern, those units will be cleared off, which is a huge relief.
D. The City of Las Vegas Council who serves as their Board of Commission had their monthly meeting last Wednesday. DD Martinez stated due to the travel restrictions, she, AED Terry Baca and Site Manager Barbara Padilla attending and presented over the phone.
E. For occupancy, both site managers have put in advertisements for applicants due to having short waiting lists for all areas.
F. In Grants they have a unit needing abatement which had a water heater issue. Maintenance will then complete the unit and it will be housed.
G. They did lose one maintenance tech and have advertised for the position. There was only one applicant, so they are doing some outreach to try getting more interested applicants.

Julian Barela asked AED Terry Baca if anything was paid in advance to the roofing contractors. AED Baca said no, not from Raton.

DD Martinez wanted to commend everyone in the Taos staff that has stepped up as well as Ashley in Grants. She commended Coleen who is doing an amazing job keeping everyone on task in Taos and the Las Vegas staff for helping out in Taos. It has been a very progressive 5 months.

Commissioner Brugger said it is an impressive project list and very informative. Chairwoman Trujillo said they have a great team now and they are doing a great job.

Report of Site Manager, Coleen Sanchez-Garcia

A. Site Manager (SM) Coleen Sanchez stated she just received a phone call from a State Police officer in Questa was is going to apply for a unit, so they will be able to house a Law Enforcement officer in that area to hopefully help with the drug problem and break in's there in Questa.
B. For re-exams, she reported they still have some late re-exams. For August and September, they had 64. Starting in November they only had 13 late and by the beginning of December they caught up and are doing good. She commended Amanda for doing an amazing job on all these re-exams.
C. SM Sanchez-Garcia said she will be writing a letter to the State Insurance to get a plan, so they don't have to go through Eastern anymore. They informed her it is an easy process. They hope to have this by January
D. For work orders, the maintenance is having a problem completing emergency work orders. She is putting a new plan in place of writing the work orders on carbon copy so they have the date

and time, as well as the work completed. Mary Grace then inputs the work order so they can make sure no one is left without hot water or anything they need.

E. SM Sanchez-Garcia stated that Mary Grace in Taos is doing a great job. She spoke with a person last week from a Housing who is starting a board that she will be a part of. With this they hope to get more people on their waiting list.
F. SM Sanchez-Garcia stated the Maintenance people seem to be messing around a little bit so she is going to have them fill out a form on a daily basis showing what they are doing as well as say when they are going to have units completed to keep them accountable.
G. All the sites now have new computer systems and have all been set up. There are new phone systems in the Las Vegas and Taos Sites. Once the restrictions are lifted they will complete the install in Raton and Grants.
H. Postage machines have been provided for all the sites.
I. Advertisements have been put out for maintenance staff for Taos. Only one application was received. She will be re-running the add for a grounds keeper so that hopefully they get more to apply.

Deputy Director, Natasha Martinez wanted to commend Coleen and Barbara for doing a great job. She stated Barbara has stepped up in the Las Vegas office since she has been gone and Coleen, with both Raton and Taos have done amazing.

Section 8 Report Mary Ann Chavez-Lopez

A. El Camino Real Director Mary Ann Chavez-Lopez reported that as of October 1st they had 373 clients.
B. Their score in PIC is 93.9. It should be coming up higher in December. She stated they had 25 missing 50058's. Since then, those have been cleared up. They had 12 late re-exams and they have completed those as well.
C. They are purging their wait list. They sent out 379 letters to everyone asking them if they are still interested in the program. Some letters are coming back, and some are not responding. They should have a good wait list by the end of December. They should have vouchers issued by the middle of December. She stated they have had contact with another Housing Authority in San Antonio, Texas where they are getting tips from them on how to have their meetings on Zoom.
D. They continue to find tenants who have moved, and landlords have not informed them. They have written letters and should be getting their money reimbursed and hopefully this will not continue to happen.

Report of the Executive Committees
None

Reports of Committees
None

Unfinished Business
None

New Business:

A. Discuss, Consideration, and Action: Northern Regional Housing Authority Inter-transfer of funds between Bank Accounts.

Acting Executive Director Terry Baca explained that they payroll is paid strictly out of the operating account. They do have expense related to payroll, related to utilities, that are part of the Section 8 Program and part of the Linkages Program. In Order to get these things straightened out, they had been doing a monthly transfer. However, after he spoke to the fee accountant, he said they would do a transfer but were using an arbitrary number, and it wasn't really accurate. He had him transfer more into the operating account than they should have initially. He asked the fee accountant to track and let him know what they actually needed to transfer. As of June 30th, this is how much money needs to be transferred from each individual account into the other account. on a month to month basis this is something that they would normally just do. They are transferring almost $86,000 so he wanted to bring this to the board.

AED Baca stated the Section 8 Account going to the Operations Account is $85,696.14, the Linkages Account to the Operations Account if $983.42 and the Linkages Account to the Section 8 Account is $4,739. He stated what happens there is they were paying all the landlords out of the Section 8 Account. As of October 1st they are not doing the Linkages Program and they will have about $10,000 in the account. Once they have everything where they need it, he will get in contact with MFA , and they can move that money into operations and close that account out.

B. Resolution 2020-119: Approving Northern Regional Housing Authority Inter-Transfer of Funds between Bank Accounts. Commissioner Slowen moved to approve Resolution 2020-119 Northern Regional Housing Inter-Transfer of Funds between Bank Accounts. Commissioner Brugger seconded the motion. Roll call was taken and reflected the following:

Commissioner Sandoval-Belt	Yes
Commissioner Brugger	Yes
Commissioner Slowen	Yes
Commissioner Vigil	Yes
Commissioner Moore	Yes
Commissioner Reichelt	Yes
Chairwoman Trujillo	Yes

Chairwoman Trujillo advised motion carried.

C. Discussion, Consideration, and Action Revisions to Professional Service Agreement Between Northern Regional Housing Authority and the Raton Housing Authority.

AED Baca stated they had a Raton Housing Authority Board meeting last Tuesday. He stated now that they have transferred employees over, under the existing contract there is no way to invoice for those employees. What they are doing is putting the same wording they have in the Las Vegas contract. Whatever they pay out they are going to invoice back to Raton. He stated come January, once the transfer takes place, this contract will actually go away. This is a way to make sure it is fair for everyone. AED Baca stated the Raton Board did approve this amendment to the contract.

Commissioner Sandoval-Belt made a motion to approve the Revisions to Professional Service Agreement Between Northern Regional Housing Authority and Raton Housing Authority. Commissioner Slowen seconded the motion. Roll call was taken and reflected the following:

Commissioner Sandoval-Belt	Yes
Commissioner Slowen	Yes
Commissioner Brugger	Yes
Commissioner Vigil	Yes
Commissioner Reichelt	Yes
Commissioner Moore	Yes
Chairwoman Trujillo	Yes

Chairwoman Trujillo advised motion carried.

D. Discussion, Consideration, and Action Northern Regional Housing Authority Plan of Action to House Police Officers in Public Housing Units.

AED Baca stated that they have an existing plan in place that it will expire at the end of the year. They have been instructed by the Albuquerque HUD office that they need to get a new plan in place for 3 years beginning January 1st. Currently they have 4 units on waiver. There are 3 in Taos and one in Questa. They do not have a police officer unit in Grants or in Cimarron. In Raton they have 2 police officer units and 1 in Maxwell. Las Vegas has 3 police officer units. Eventually they were merger them all together. This is something that is normal and it is good to have that police presence. Having a police car on the property does cut down on criminal activity. They do have police officers housed at this time and they want to continue to do this.

E. Resolution 2020-120, Approving Northern Regional Housing Authority Plan of Action to House Police Officers in Public Housing Units.

Commissioner Moore made a motion to approve Resolution 2020-120 Approving Northern Regional Housing Authority Plan of Action to House Police Officers in Public Housing Units. Commissioner Slowen seconded the motion. Roll call was taken and reflected the following:

Commissioner Sandoval-Belt	Yes
Commissioner Slowen	Yes
Commissioner Brugger	Yes
Commissioner Vigil	Yes
Commissioner Reichelt	Yes
Commissioner Moore	Yes
Chairwoman Trujillo	Yes

Chairwoman Trujillo advised motion carried.

F. Discussion, Consideration, and Action Northern Regional Housing Authority Lease to House Police Officers in Public Housing Units.

AED Baca stated this is the same thing as the plan, you need to have a lease in the plan. It is a little different than the lease for other tenants. It identifies what agencies are allowed. He stated they have housed game wardens when they had difficulty finding police officers, because they are certified police officers.

G. Resolution 2020-121, Approving Northern Regional Housing Authority Lease to House Police Officers in Public Housing Units

Commissioner Brugger made a motion to Approve Resolution 2020-121 Approving Northern Regional Housing Authority Lease to House Police Officers in Public Housing Units. Commissioner Reichelt seconded the motion. Roll call was taken and reflected the following:

Commissioner Sandoval-Belt	Yes
Commissioner Slowen	Yes
Commissioner Brugger	Yes
Commissioner Vigil	Yes
Commissioner Reichelt	Yes
Commissioner Moore	Yes
Chairwoman Trujillo	Yes

Chairwoman Trujillo advised motion carried.

H. Discussion, Consideration, and Action Northern Regional Housing Authority One-time hazard pay incentive to employees that have direct contact with the public.

AED Baca stated ED Angela Lucero from Clayton sparked this conversation asking if they had done anything for the employees and he stated he hadn't. She had been in contact with Julian Barela and spoke to him about it. A day later they received an email out of Gallup asking the same question. In Clayton, what the City did there was increase the salary of employees and it would come out of COVID funds or the CARES Act Funding.

AED Baca spoke to Chris Herbert from Eastern Regional HA. What he has done for all his maintenance staff is given them $1,200 twice or anyone else who has contact with tenants, whether there are Housing Managers or Inspectors. Anyone else working in the office who has not had any direct contact has received a $300 incentive two times. He also spoke to Richard Koontz in Gallup and they are giving a $575 incentive per pay period to each employee. AED Baca is proposing doing one pay period, which is 80 hours.

AED Baca stated they have had some close calls in Taos and Raton with employees having possible contact with people having COVID-19, who had to be out of work pending test results. The City Manager in Las Vegas tested positive from what he heard, so it is concerning because they do still have some contact with City staff there. He stated employees have not said this to him directly, but they have expressed that they are going into dangerous situations and that administration does not care if they get sick. AED Baca stated this is not the case, they truly do care. He tells his staff everyday how much he appreciates them. The best way to show them appreciation is to give them an incentive as he sees it. AED Baca stated the cost for Raton would be $22,853 and they have $61,640.72, in Cares Act Funds available. The cost for Northern, which includes Natasha's 100% is $16,048.06 and they have $27,372.07, in Cares Act Funds available. The cost for Las Vegas would be $18,810.71 and they have $129,262, in Cares Act Funds available. The auditor explained there would be some oversite on what they can and can't do so there are no issues with legalities.

Chairwoman Trujillo stated she and Acting Executive Director Baca have discussed this and she wholeheartedly agrees with this. She sees the employees out there working, they are always busy, and she sees people coming in off the street. No one is turned away. She feels they have continued to work through this, they do put them in danger, so she is 100% in agreement that they give this incentive.

AED Baca asked Division Director, Julian Barela if he had any comments regarding this. Mr. Barela stated they are spot on and have done their research. It is something that is allowed and PHA's are utilizing this.

Commissioner Slowen stated she is so thankful for all the work that AED Baca and the staff are doing on an ongoing basis. She is all for supporting them from a financial perspective. She wants to make sure that they are doing it the right way and to make sure they have done all their research before moving forward with this. AED Baca stated they have made sure it is allowable with HUD and doing everything according to what the federal law says. Commissioner Slowen stated what she doesn't want to do is put any employees into a tax situation which could affect them, not knowing what they are going to face next year because they had the payroll change. They are going to have that taken out next year and she wants to have all this done before she can support it. She wants to know how the taxes lay out and if they have to pay PERA. She wants more information saying the money is not going anywhere, they have this money in the CARES account for operation.

Deputy Director, Natasha Martinez stated from an accounting point of view, they are doing the most fiscally responsible thing for both the organization as well as the employees. She stated she has done the calculations for all employees and no one will be going to another tax bracket.

Chairwoman Trujillo asked if Commissioner Slowen would prefer they have something from the auditor and then come back for a Special Meeting for approval so they can get it to the employees.

DD Martinez stated they want to keep this incentive as far away from Christmas so it does not appeal as a bonus, but rather as the incentive that it is. Julian Barela stated this is the most dangerous time. If they go into January, February and March and things are going as they hope, it may not be considered as hazard pay.

Commissioner Slowen stated she appreciates the discussion on all of this. This is approving a resolution with a fiscal impact and she has seen the numbers on it and there is so much going on. Based on the conversation she has faith in AED Terry Baca and DD Natasha Martinez, being on top of this and having all the bases figured out. What she would like to see in the next Board meeting is a full accounting by area. AED Baca stated he has to put something together for Julian Barela to show when they draw the money down to prove that it is a legitimate cost so he will be able to send that same back up to the Commission.

I. Resolution 2020-122**,** Approving Northern Regional Housing Authority One-time hazard pay incentive to employees that have direct contact with the public.

Commissioner Moore made a motion to approve Resolution 2020-122, Approving Northern Regional Housing Authority One-time hazard pay incentive to employees that have direct contact with the public. Roll call was taken and reflected the following:

Commissioner Sandoval-Belt	Yes
Commissioner Slowen	Yes
Commissioner Brugger	Yes
Commissioner Vigil	Yes
Commissioner Reichelt	Yes
Commissioner Moore	Yes
Chairwoman Trujillo	Yes

Chairwoman Trujillo advised motion carried.

Commissioner Reichelt had another meeting to attend and was excused from the meeting.

J. Discussion, Consideration, and Action Northern Regional Housing Authority Payroll service with Payday HCM

AED Baca attached a proposal from Payday HCM. They did run an advertisement for payroll services and did not get any responses. He reached out to this company whom he had used with another organization and it worked well for them. He stated looking at their proposal they can do everything they are currently doing in house in doing payroll. They can also add a link later on, for them to track the employees. They are currently doing a manual timecard for everyone. When they log in on their computers, they will be able to clock in. They will also put bio-metric time clocks in the shops for maintenance to use their thumb print to clock in. AED Baca is proposing, that as of January 1st, they take over the payroll system so they can concentrate more on what they need to be doing by getting units filled and doing the public housing thing rather than the administration thing. The set-up cost is the initial thing and then it is a small monthly fee. It is based on each employee. They will do the W-2's at the end of the year. He believes it is a good thing to have a payroll service.

K. Resolution 2020-123, Approving Northern Regional Housing Authority to contact with Payday HCM beginning January 1, 2021.

Commissioner Vigil made a motion to approve Resolution 2020-123, Approving Northern Regional Housing Authority to contract with Payday HCM beginning January 1, 2021. Commissioner Slowen seconded the motion. Roll call was taken and reflected the following:

Commissioner Sandoval-Belt	Yes
Commissioner Slowen	Yes
Commissioner Brugger	Yes
Commissioner Vigil	Yes
Commissioner Moore	Yes
Chairwoman Trujillo	Yes

Chairwoman Trujillo advised motion carried.

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

Chairwoman Trujillo would like to table this item as she has not had the chance to review it.

Commissioner Moore made a motion to table the Employment Contract Agreement Between Northern Regional Housing Authority and The Executive Director. Commissioner Brugger seconded the motion. Roll call was taken and reflected the following:

Commissioner Sandoval-Belt	Yes
Commissioner Slowen	Yes
Commissioner Brugger	Yes
Commissioner Vigil	Yes
Commissioner Moore	Yes
Chairwoman Trujillo	Yes

Chairwoman Trujillo advised motion carried.

14. Executive Session

Commissioner Brugger made a motion to enter into executive session to discuss possible litigation. Commissioner Moore seconded the motion. Roll call was taken and reflected the following:

Commissioner Sandoval-Belt	Yes
Commissioner Slowen	Yes
Commissioner Brugger	Yes
Commissioner Vigil	Yes
Commissioner Moore	Yes
Chairwoman Trujillo	Yes

Chairwoman Trujillo advised motion carried.

15. Return to Open Session:

Commissioner Vigil made a motion to return to Open Session. Commissioner Slowen seconded the motion. Roll call was taken and reflected the following:

Commissioner Sandoval-Belt	Yes
Commissioner Slowen	Yes
Commissioner Brugger	Yes
Commissioner Vigil	Yes
Commissioner Moore	Yes
Chairwoman Trujillo	Yes

Chairwoman Trujillo advised motion carried.

16. Adjournment: Commissioner Slowen made a motion to Adjourn at 2:02 p.m. Commissioner Sandoval-Belt seconded the motion. Roll call was taken and reflected the following:

Commissioner Sandoval-Belt	Yes
Commissioner Slowen	Yes
Commissioner Brugger	Yes
Commissioner Vigil	Yes
Commissioner Moore	Yes
Chairwoman Trujillo	Yes

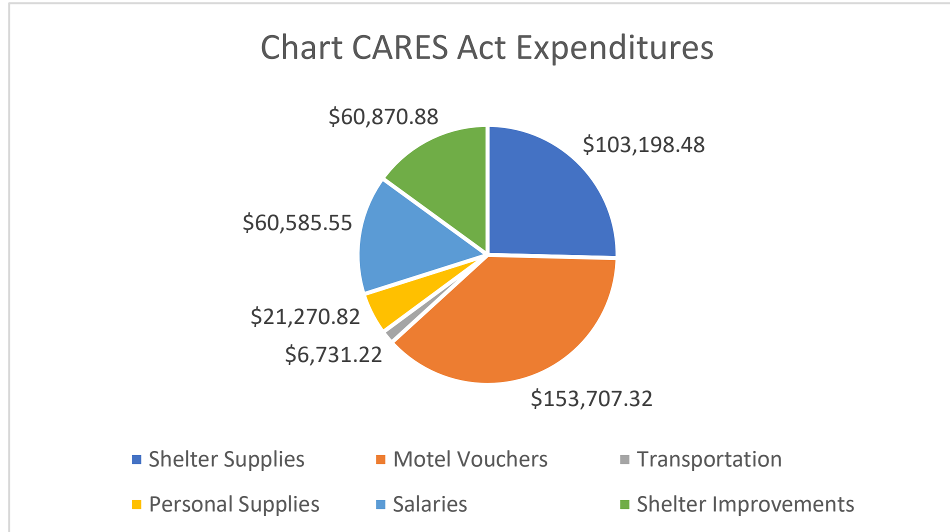
Chairwoman Trujillo advised the motion carried.

__________________________ __________________________

Chairman Secretary

EHAP CARES ACT Expenditure Report
Through November 30, 2020

1/11/2021 0:00		
ESG CARES Act I & II Expenditures		
CARES Act EHAP Award	EHAP-CV1	$1,851,971
	EHAP-CV2	$3,370,339
	Total	$5,222,310
	Balance	$4,815,946
Activity		**Funds Expended**
Shelter Supplies		$103,198.48
Motel Vouchers		$153,707.32
Transportation		$6,731.22
Personal Supplies		$21,270.82
Salaries		$60,585.55
Shelter Improvements		$60,870.88
Totals		$406,364.27



Activity Descriptions

Shelter Supplies: cleaning supplies, PPE, utilities and maintenance

Motel Vouchers: motel rooms rented to mitigate the spread of covid in shelters .

Transportation: costs for transporting shelter residents relating to covid mitigation

Personal Supplies: Food and toiletries

Salaries: new staff covid related, hazard pay for existing staff covid related and data collection activites.

Shelter Improvements: changes or additions made to shelters related to the mitigation of covid, e.g. installing plexi glass barriers, replacing carpets, installing sanitation stations and adding restrooms or shelter space to accomidate social distancing.