



NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
Inn and Spa at Loretto, 211 Old Santa Fe Trail, Santa Fe, NM
Wednesday, January 19, 2022 at 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 12/15/21 Board Meeting Minutes – Board Action
- Alexandra Ladd director, Office of Affordable Housing City of Santa Fe
- Steve Anaya chief executive officer, NM Association of Realtors
- Executive Director Updates

Board Action Items

Action Required?

Consent Agenda

- | | |
|---|-----|
| 1 2022 Open Meetings Resolution (Eleanor Werenko) – Finance Committee | YES |
| 2 EMLI at Wells of Artesia Inducement Resolution (Jeanne Redondo & Christi Wheelock) – Finance Comm | YES |
| 3 ESG CARES Act Award Adjustments (Lucas Wylie & Janice Shiye) – Contracted Services | YES |

Finance Committee

- | | |
|---|-----|
| 4 Internal Audit Findings Status Update (Julie Halbig & Joseph Navarrete) | YES |
| 5 Policies and Procedures Manual Revisions (Julie Halbig) | YES |
| 6 Delegations of Authority Revisions (Julie Halbig) | YES |
| 7 Employee Handbook (Dolores Wood) | YES |

Contracted Services/Credit Committee

- | | |
|---|-----|
| 8 EMLI at Wells of Artesia HOME, New Mexico Housing Trust Fund (NMHTF), and National Housing Trust Fund (NHTF) Awards (Tim Martinez & George Maestas) | YES |
| 9 Foreclosure Prevention Housing Counseling and Legal Services Request for Proposals (Robyn Powell) | YES |
| 10 RFP for Legal Services as Bond Counsel (Cooper Hall) | YES |

Other

- | | |
|---|-----|
| 11 Appointment and Approval of Board Finance Committee (Chair Reyes) | YES |
| 12 Acceptance of American Rescue Plan Act (ARPA) Fiscal Recovery Funds (FRF) from the State of New Mexico (Rebecca Velarde) | YES |
| 13 Homeowner Assistance Fund Program Update and Request for Approval to Accept Grant (Robyn Powell & Rebecca Velarde) | YES |
| 14 Five-Year Strategic Marketing Plan (Paul Dahlgren) | NO |
| 15 Legislative Update (John Anderson) | NO |

Other Board Items

Information Only

- 16 (Staff is available for questions)
- Staff Action Requiring Notice to Board
 - COVID Staff Actions

Monthly Reports

No Action Required

- 17 (Staff is available for questions)
- 11/30/20 Financial Statements

Announcements and Adjournment

Discussion Only

Confirmation of Upcoming Board Meetings

- February 8, 2022 - Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- February 16, 2022 – Wednesday – 9:30 a.m. (MFA Board of Directors Meeting)

- March 8, 2022 - Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- March 16, 2022 – Wednesday – 9:30 a.m. (MFA Board of Directors Meeting)
- April 12, 2022 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- April 20, 2022 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)



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Board Action Items

Action Required?

Consent Agenda

- 1 2022 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
- 2 EMLI at Wells of Artesia Inducement Resolution** (Jeanne Redondo & Christi Wheelock) – Finance Comm. - MFA staff has reviewed the proposed Project, including an area market study and the developer's pro forma spreadsheets, and has determined the proposed financing for the Project is financially feasible and the Project will comply with MFA's design requirements. The City of Artesia is in great need of affordable housing as evidenced in the market study indicating only three percent of the qualified households in the primary market area would need to rent units at the project for it to achieve a stabilized level of occupancy. The proposed bonds will be purchased by R4 Capital Funding LLC. The Project is slated to close in March 2022 with construction beginning immediately upon closing. YES
- 3 ESG CARES Act Award Adjustments** (Lucas Wylie & Janice Shiye) – Contracted Services - Staff recommends amending ESG CARES Act awards by reallocating funding between the Rental Assistance Program (RAP) and the Emergency Homeless Assistance Program (EHAP). Upon approval, contract amendments will be prepared, and budgets will be adjusted so the service providers can begin to expend the additional funding. YES

Finance Committee

- 4 Internal Audit Findings Status Update** (Julie Halbig & Joseph Navarrete) - Staff recommends approval of the Follow-Up on Open Internal Audit Observations status update that has been issued through December 2021. YES
- 5 Policies and Procedures Manual Revisions** (Julie Halbig) - 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 the proposed revisions to the Policies and Procedures Manual. YES
- 6 Delegations of Authority Revisions** (Julie Halbig) - At least annually and 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 proposed revisions to the Delegations of Authority. YES
- 7 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

- 8 EMLI at Wells of Artesia HOME, New Mexico Housing Trust Fund (NMHTF), and National Housing Trust Fund (NHTF) Awards** (Tim Martinez & George Maestas) - HOME, New Mexico Housing Trust Fund (NMHTF), and National Housing Trust Fund (NHTF) loan requests – EMLI at Wells of Artesia (Tim Martinez and George Maestas) - A HOME loan request in the amount of \$800,000, a NMHTF loan request in the amount of \$500,000, and

a NHTF loan request in the amount of \$500,000 for EMLI at Wells of Artesia in Artesia, NM. EMLI at Wells of G
YES

- 9 Foreclosure Prevention Housing Counseling and Legal Services Request for Proposals** (Robyn Powell) - Staff recommends approval of to release the Request for Proposals to Provide Foreclosure Prevention Housing Counseling and/or Legal Services as part of the New Mexico Homeowner Assistance Fund Program. YES
- 10 RFP for Legal Services as Bond Counsel** (Cooper Hall) - Staff recommends returning to the Legal Services as Bond Counsel contract structure used prior to 2017; issuing an RFP only for the Single Family and Multifamily Housing programs. Responses to the RFP will be due February 25, 2022 and recommendations for award will be presented at the April Board meeting. The term of the contract begins the date the Board approves the award and ends April 30, 2025 with two subsequent one-year extensions at the option of the Policy Committee. Staff recommends approval of the Request for Proposals to Provide Underwriting Services for Single Family Housing Programs. YES

Other

- 11 Appointment and Approval of Board Finance Committee (Chair Reyes)** - recommendations will be made for Finance Committee - The purpose of the Committee is to maintain 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. YES
- 12 Acceptance of American Rescue Plan Act (ARPA) Fiscal Recovery Funds (FRF) from the State of New Mexico** (Rebecca Velarde) - Staff recommends that MFA accept up to \$15 million in ARPA FRF from the State of New Mexico for expenditure for energy-efficient affordable housing pursuant to the New Mexico Housing Trust Fund Act. The funds can be used for a variety of housing purposes, but FRF guidance has many specific requirements and caveats. YES
- 13 Homeowner Assistance Fund Program Update and Request for Approval to Accept Grant** (Robyn Powell & Rebecca Velarde) - Staff will provide an update on the status of the Homeowner Assistance Fund (HAF) program and request approval to accept the remaining federal HAF funding from the state of New Mexico Department of Finance and Administration (DFA) for administration for the administration of homeowner assistance programs intended to resolve mortgage delinquencies and defaults, foreclosures, and displacement of homeowners experiencing financial hardship due to the COVID-19 health crisis. YES
- 14 Five-Year Strategic Marketing Plan** (Paul Dahlgren) - Presentation outlining the five-year strategies and goals for the marketing and communications department. Presentation will discuss overall role of the department and key research findings and the overall five-year strategic marketing and communications plan for MFA. NO
- 15 Legislative Update** (John Anderson) – MFA Lobbyist John Anderson will provide 2022 Legislative strategies. NO

Other Board Items

Information Only

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Minutes

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Board meeting Minutes

344 4th St. SW, Albuquerque, NM

Wednesday, December 15, 2021 at 9:30 a.m.

Chair Reyes convened the meeting on November 17, 2021 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), Treasurer Tim Eichenberg, Rebecca Wurzburger and Patricia Sullivan. Absent: None. Hernandez informed the Board that everyone had been informed about today's meeting in accordance with the New Mexico Open Meetings Act.

Chair Reyes welcomed Board members and staff. He began by stating that today's meeting is being webcast. He introduced everyone attending in person and on the phone. He reminded the members of the protocol for today's 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 15, 2021 Board agenda as recommended: Wurzburger. Second: Malavé. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, C'de Baca-yes, Malavé-yes, Eichenberg-yes, Wurzburger-yes and Sullivan- yes. Vote: 7-0.

Approval of November 17, 2021 Board meeting Minutes – Board Action. Motion to approve the November 17, 2021 Board meeting Minutes as presented: Wurzburger. Second: Sullivan. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, C'de Baca-yes, Malavé-yes, Eichenberg-(abstained due to absence), Wurzburger-yes and Sullivan- yes. Vote: 6-0. (Eichenburg abstained).

Hernandez provided information on the following topics: **Significant meetings/presentations:** 11/23 Mtg w/Eastern Regional Housing Authority – Woodleaf Property Sale (Board Feb '22), 11/29 - Mtg w/SBIC (Small Business Investment Corporation), 12/01: Mtg w/Native Capital Access – 184 loans (MFA may serve as investor). 12/13-14: NCSHA Board Meeting and Exec. Director Forum. **Upcoming Actions/Activities:** Homeownership Assistance Fund Funded/Pending Funding: 1073 (\$5.6M)/Nationally – 2,600, Emergency Roofing Program: 78 Homes/\$1,075,000, NEWS: (links for articles sent with email) Inflation hit the highest rate in a generation last month. Consumer prices rose nearly 7%, driven by supply chain, and increase in housing costs. HUD Awards \$1M (ICBG) to 3 NM Tribal Communities (Isleta, Ohkay Owingeh, Zia). Albuquerque Median Sales Price Rise (21.1%/\$310k), Inventory Down (48.4%/722). Multi-family developments outpace single family homes in Santa Fe. Pulte Development New Mexico plans for nearly 1,000 new homes in 2022. (Santa Fe, Rio Rancho, Albuquerque, Los Lunas). **Upcoming Actions/Activities:** 12/16: Mtg w/SBOF – HTF Recurring Funds (STB), 12/17: Virtual Ribbon Cutting – Broadway & Harper. 12/20: Taos Hsg Needs Mtg (Rep Ortez/Catherine Hummel), 12/21: SBOF Meeting – Allocation of Bond Cap, 01/12: Housing NM Adv. Cmte Mtg (3rd meeting). **Other:** HB2 - \$15M (Energy Efficient Afford. Hsg). MFA Audit Delay – Treasury Compliance Guidance Delay– Single Audit. DRAFT January 22 Board Meeting Agenda to include MFA Marketing Strategy. The Board was poled on training items for '21-'22 Board Workshops/Presentations – list of seven items. One is taking place today; Statewide Housing Strategy Updates.

Consent Agenda

Presentation

- 1 **Update and discussion on the Statewide Housing Strategy (Rebecca Velarde, Sonja Unrau, Heidi Aggeler managing director, Root Policy Research and Avilia Bueno research associate, Root Policy Research).** Velarde explained that the 2021-2025 Strategic plan includes two initiatives that are very important to this presentation. 1) Creation of Statewide Housing Strategy; and 2) Create and lead a Housing NM Advisory Committee. MFA has started to implement both initiatives. We have hired a consultant Root Policy Research to lead the statewide housing strategy development and we have selected and met with the Housing NM Advisory Committee who will guide the development of the statewide strategy. Today we will provide an update on their work and get Boards input on the statewide strategy. Unrau introduced Heidi Aggeler and Avilia Bueno of Root Policy Research. They provided the power point presentation located behind tab one, which will be made a part of the official board packet. Heidi

Aggeler began by informing the Board that the following information would be provided by herself and Avilia Bueno during today's presentation; Background on Housing Strategy. Stakeholder and Community Engagement, Data Analysis (Avilia Bueno) and Strategy Framework. Non-Action item

Consent Agenda

- 2 Brokers/Dealers, Custodians and Depositories List (Stephanie Yara) – Finance Committee.** At least annually and as needed, MFA staff reviews and updates the Broker, Dealer, Custodian and Depository list. Staff recommends a revision to the Broker, Dealer, Custodian and Depository List to include recent offerors of the Single Family Underwriter RFP as an authorized depositories and remove those from prior years who are not recent offerors and would need to re-certify. All organizations on the list meet established qualifications as stated in the MFA Investment Policy.
- 3 MFA Rules and Regulations Updates 2021 (Julie Halbig).** MFA staff is proposing these amendments to MFA's Rules and Regulations for reasons of accuracy in respect to the current practices of MFA, its programs and consistency with the Mortgage Finance Authority Act and was approved by the MFA Legislative Oversight Committee at their November meeting.

Motion to approve the consent agenda items as listed - Approval of MFA Broker/Dealers, Custodians and Depositories and MFA Rules and Regulations: Malavé. Second Valdo: Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, C'de Baca-yes, Malavé-yes, Eichenberg-yes, Wurzburger-yes and Sullivan- yes. Vote: 7-0.

Contracted Services/Credit Committee & Allocation Review Committee

- 4 Vista De Socorro HOME and New Mexico Housing Trust Fund (NMHTF) loan increases (Tim Martinez and George Maestas).** Martinez began his presentation with a request for a HOME loan increase in the amount of \$160k, bringing the total loan to \$400k and a NMHTF loan increase request in the amount of \$500k, bringing the total construction loan request to \$2mm and the total permanent loan request to \$1mm for Vista de Socorro located in Socorro, NM. Additionally, the borrower is requesting a reduction in the NMHTF interest rate from 3% to 1%. This rate is within MFA's NMHTF interest rate range of 1-5%, however, it falls below the 2% rate, as determined by the NMHTF interest rate tiers implemented by staff in August 2021. An exception to the rate is requested in order to lower the cost of hard debt and significantly improve project feasibility. Vista de Socorro is a proposed new construction of a 32-unit multifamily project with 21 units to be income restricted to households earning at or below 60% of area median income (AMI), 7 units at or below 50% AMI, and 4 units at or below 30% AMI. All 32 units will receive rental assistance from Section 8 Project-Based Vouchers. Twenty percent of units (7 units) will be set-aside for Permanent Supportive Housing for individuals and/or households who are disabled, experiencing homelessness or at-risk of homelessness. The project was awarded 2021 9% Tax Credits and three loans (HOME, NMHTF, and National Housing Trust Fund) in May 2021. Motion to approve the Vista De Socorro HOME and New Mexico Housing Trust Fund (NMHTF) loan increases as presented: Wurzburger. Second: Sullivan. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, C'de Baca-yes, Malavé-yes, Eichenberg-yes, Wurzburger-yes and Sullivan- yes. Vote: 7-0.

Other

- 5 Appointment of Board Committees (Chair Angel Reyes).** Chair Reyes recommended the following appointments to the two Board Committees; Contracted Services/Credit Committee - Rebecca Wurzburger Chair, Member Attorney General Hector Balderas/Designee Sally Malavé and Member Patricia Sullivan; and Finance Committee - Derek Valdo Chair, Member Lieutenant Governor Howie Morales/Designee Martina C'de Baca and Member State Treasurer Tim Eichenberg. Motion to approve the recommended slate to the Contracted Services/Credit Committee and Finance Committee as presented: Wurzburger. Second: Malavé. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, C'de Baca-yes, Malavé-yes, Eichenberg-yes, Wurzburger-yes and Sullivan- yes. Vote: 7-0.
- 6 ARC (Allocation Review committee) Board Representative appointment (Chair Angel Reyes).** Chair Reyes recommended the appointment of member Patricia Sullivan as Board Representative. He explained that Sullivan will replace Rosalyn Nguyen Chafey on the Allocation Review Committee (ARC) as Chair of the committee. Motion to approve Patricia Sullivan as the Allocation Review committee Board Representative as recommended: Valdo.

Second: Eichenberg. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, C'de Baca-yes, Malavé-yes, Eichenberg-yes, Wurzbürger-yes and Sullivan- yes. Vote: 7-0.

- 7 **2022 Legislative Agenda (Rebecca Velarde).** Velarde reminded the Board that they had approved the 2022 Legislative agenda in November which included five items they are: 1) New Mexico Housing Trust Fund (NMHTF) - \$70 million, 2) NMHTF Recurring Funding - 3.5% of Severance Tax Bond Capacity, 3) Expansion of Linkages Program, 4) Regional Housing Authority Oversight - \$500,000, and 5) Affordable Housing Act Oversight Duties - \$250,000. At that time, we explained there were still a lot of discussions and things could change; they have and now include a single item and two discussion items. 1) New Mexico Housing Trust Fund (NMHTF) - \$70 million, Discussion items 1) NMHTF Recurring Funding - 3.5% of Severance Tax Bond Capacity, 2) Expansion of Linkages Program. Velarde explained that the bills were not final and in order to have them approved by the Legislative Oversight Committee they must be in final form and were not. Motion to approve the revised 2022 Legislative Agenda as presented: Wurzbürger. Second: Sullivan. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, C'de Baca-yes, Malavé-yes, Eichenberg-yes, Wurzbürger-yes and Sullivan- yes. Vote: 7-0.

8 **Closed Session** **Action Required**

Limited Personnel Matters - Executive Director Performance and Compensation Review (Chair Reyes).

Chair Reyes stated that next item on the agenda is a discussion of the Executive Director performance and compensation review, for which the Board will move to a closed session.

Reyes entertained a motion to close the meeting pursuant to Section 10-15-1(H) (2) of the Open Meetings Act for the purpose of discussing limited personnel matters - related to the performance and compensation of the executive director. Malavé. Roll call vote. Chair Reyes-yes, Vice Chair Valdo-yes, C'de Baca-yes, Malavé-yes, Eichenberg-yes, Wurzbürger-yes and Sullivan- yes. Vote: 7-0.

The motion carries, and the Board will now enter closed session. Secretary Hernandez called the roll. Members present: Chair Angel Reyes, Vice Chair Derek Valdo, Sally Malavé, Martina C'de Baca, Treasurer Tim Eichenberg, Rebecca Wurzbürger and Patricia Sullivan.

Chair Reyes further explained that because this is a hybrid meeting with some Board Member's attending in person and others remotely, he asked that everyone except the Board members present, Board counsel, and the Executive Director leave the room. He also asked that staff terminate the webcast at that time. He asked Board Members participating remotely, to please log out of this webcast at this time and login into the Closed Session Webcast.

9 **Open Session** **Action Required**

Open Session – Limited Personnel Matters - Executive Director Performance and Compensation Review (Chair Reyes). Chair Reyes confirmed that the Board is now convened in open session, that the webcast and recording are running again, and made the following statement: The Board met in closed session and discussed only those limited personnel matters that were identified on the agenda. No other issues were discussed, and no actions were taken. Reyes requested a motion to make this statement a part of the minutes of this meeting. Malavé. Second: Wurzbürger. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, C'de Baca-yes, Malavé-yes, Eichenberg-yes, Wurzbürger-yes and Sullivan- yes. Vote: 7-0.

Chair Reyes provided the following overview: Executive Director evaluation conducted. Board member feedback included in evaluation. Evaluation conducted by Board Chair and Director Hernandez and a recommendation related to compensation. Motion to accept the Executive Director's Performance Evaluation and to increase the Executive Director's annual salary to \$170k annually effective with the first payroll of 2022 and automobile allowance to remain at \$500. per month: Valdo. Second: Wurzbürger. Roll call vote: Chair Reyes-yes, Vice Chair Valdo-yes, C'de Baca-yes, Malavé-yes, Eichenberg-yes, Wurzbürger-yes and Sullivan- yes. Vote: 7-0.

Other Board Items - Information Only

- 10 **There were no questions asked of staff.**

- Staff Action Requiring Notice to Board
- COVID Staff Actions
- Single Family Mortgage Bonds 2021 Series D – Pricing Summary
- Multifamily Housing Revenue Tax-Exempt Bonds JLG Central Apartments Projects Series 2021– Pricing Summaries

Monthly Reports - No Action Required

11 There were no questions asked of staff.

- 10/31/21 Financial Statements

Announcements and Adjournment - Confirmation of Upcoming Board meetings. Chair Reyes took the opportunity to wish everyone a warm and peaceful holiday season, a Merry Christmas and hope you and your families enjoy your time together.

There being no further business the meeting was adjourned at 11:45 a.m.

Approved: January 19, 2022

Chair, Angel Reyes

Secretary, Isidoro Hernandez

Tab 1



MEMO

TO: MFA Board of Directors
Through: Finance Committee – January 11, 2022
Through: Policy Committee – January 4, 2022
FROM: Eleanor Werenko
DATE: January 19, 2022
SUBJECT: MFA 2022 Open Meetings Resolution

Recommendation:

Staff recommends the MFA’s Board of Directors approve the 2022 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 2022 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.

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)
2022~~1~~ 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, January ~~1920~~, 202~~1~~2 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 MFA from substantial financial loss. 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, 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. 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 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 MFA at 843-6880 if a summary or other type of accessible format is needed.

7. 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 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, 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: January ~~1920~~th, 202~~21~~

Tab 2



MEMO

TO: MFA Board of Directors

Through: Policy Committee – January 4, 2022

Through Finance Committee – January 11, 2022

FROM: **Jeanne Redondo, Tax Credit Program Manager**

DATE: January 19, 2022

RE: Inducement Resolution – EMLI at Wells at Artesia

RECOMMENDATION:

Staff requests approval of the attached Inducement Resolution.

BACKGROUND:

MFA received an application for 4% low income housing tax credits and \$33.0 million of tax exempt bond volume cap for the development of EMLI at Wells of Artesia (the “Project”), a new construction project located in Artesia. \$19,299,230 in tax exempt bonds is anticipated to remain in the project as permanent funding. The Project includes 198 units, 191 of which are rent-restricted. The developer is Liberty Multifamily, LLC, which is located in Dallas, TX. The owner of the project is EMLI Artesia TC I, LP, which consists of EMLI Artesia GP, LLC as the general partner and R4 EMLI Acquisition LLC, an R4 Capital LLC entity (fund to be determined) as the limited partner.

EMLI at Wells of Artesia is to be located on approximately a 12-acre parcel that is in the northwestern portion of Artesia on W. Richey Ave just west of US 285. The property would be developed with ten residential buildings that are two-stories. There will be a separate detached community building that will include the leasing office, children’s activity center and fitness center. The site is currently vacant. The approximate address is 2104 W Richey Ave, Artesia, NM 88210.

The first “official action” required of MFA as the bond issuer is to adopt an Inducement Resolution communicating intent to issue bonds for a specific activity. Staff will then prepare an application to the New Mexico State Board of Finance (“SBOF”) for an allocation of private activity bond volume cap for the Project. Once the application to SBOF is approved, Staff will present a Bond Resolution to the MFA Board for approval.

DISCUSSION:

MFA staff has reviewed the proposed Project, including an area market study and the developer’s pro forma spreadsheets, and has determined the proposed financing for the Project is financially feasible and the Project will comply with MFA’s design requirements.

The City of Artesia is in great need of affordable housing as evidenced in the market study indicating only three percent of the qualified households in the primary market area would need to rent units at the project for it to achieve a stabilized level of occupancy. The proposed bonds will be purchased by R4 Capital Funding LLC. The Project is slated to close in March 2022 with construction beginning immediately upon closing.

SUMMARY:

Staff requests approval of the attached Inducement Resolution for EMLI at Wells of Artesia to pursue issuance of up to \$33.00mm in tax exempt bonds (\$19,299,230 of these are anticipated to remain in the project as permanent funding) that are expected to close in March 2022. Bond proceeds will fund the construction of 198 new units, of which 191 are rent restricted units, located in the City of Artesia. Approval of the Bond Inducement Resolution is the first step to adding units to the City of Artesia that will remain affordable for the next 35 years.

CERTIFICATE REGARDING THE RESOLUTION
OF THE AUTHORITY

I, the undersigned, Isidoro Hernandez, Secretary of the New Mexico Mortgage Finance Authority (the “Authority”), DO HEREBY CERTIFY that: (i) the annexed Resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on January 19, 2022, at which meeting a quorum was present and acting throughout; (ii) the annexed Resolution has been compared by me with the original thereof recorded in the minute book of the Authority and is a correct transcript therefrom and of the whole of said original; (iii) the annexed Resolution has not been altered, amended or repealed; and (iv) the annexed Resolution is in full force and effect on the date of this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Authority this 19TH day of JANUARY, 2022.

Isidoro Hernandez, Secretary
New Mexico Mortgage Finance Authority

(SEAL)

INDUCEMENT RESOLUTION

A RESOLUTION OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE "AUTHORITY") EXPRESSING AN INTENT TO REIMBURSE CERTAIN QUALIFIED EXPENDITURES WITH PROCEEDS OF ONE OR MORE ISSUES OF MULTIFAMILY HOUSING REVENUE TAX-EXEMPT DEBT OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$33,000,000 TO FINANCE IN PART THE ACQUISITION AND CONSTRUCTION OF ONE MULTIFAMILY HOUSING APARTMENT DEVELOPMENT; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

WHEREAS, the Authority is authorized by the Constitution and the laws of the State of New Mexico, particularly Title 58, Article 18, NMSA 1978, as amended (the "Act") (a) to issue revenue debt obligations to achieve its corporate purposes, including, but not limited to, the making of project mortgage loans to finance the acquisition, construction or rehabilitation of multiple-family dwelling projects; (b) to issue refunding debt obligations to refund outstanding debt obligations of the Authority, (c) to enter into agreements for the purpose of providing revenues to pay such revenue debt obligations upon such terms and conditions as the Authority may deem advisable; and (d) to secure the payment of such revenue debt obligations; and

WHEREAS, the purposes of the Authority are to provide decent, safe and sanitary residential housing at prices and rentals within the financial means of persons and families of low or moderate income; and

WHEREAS, EMLI Artesia GP, LLC, a New Mexico limited liability company and general partner of EMLI ARTESIA TC I, LP, a New Mexico limited liability limited partnership (or an entity related to or affiliated therewith), on behalf of itself and its affiliated entities either existing now or to be created (collectively, the "Borrowers" and each a "Borrower") has requested that the Authority adopt a resolution evidencing an intent to reimburse certain qualified expenditures with proceeds of one or more issues of multifamily housing revenue tax-exempt and taxable debt obligations (the "Debt Obligations"), such expenditures to be incurred by the Borrower to finance in part the acquisition and construction of one multifamily housing apartment development known as the EMLI Wells of Artesia Apartments (the "Development") as more particularly described in Exhibit A attached hereto; which Development is required to be occupied in part by persons of low and/or moderate income in compliance with the Act, the rules of the Authority and applicable provisions of the Internal Revenue Code of 1986, as amended; and

WHEREAS, in furtherance of its Multifamily Housing Program and in order to provide funds for such reimbursement but subject to analysis of the credit to be provided by the Borrowers for the Debt Obligations and final approval by the Authority, it has been deemed

appropriate and necessary that the Authority express its intention to reimburse certain qualified expenditures incurred with respect to the acquisition and construction of the Development with proceeds of one or more issues of multifamily housing revenue tax-exempt and taxable debt obligations and prescribe and establish conditions and other appropriate matters with respect to the issuance of the Debt Obligations; and

WHEREAS, except as otherwise authorized by the Board of the Authority, the Debt Obligations shall be special obligations of the Authority payable solely from and secured by revenues, rights, interests and collections pledged therefor under the applicable funding loan agreement(s) and shall not be a general obligation of the Authority or of the State of New Mexico or of any subdivision thereof.

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

Section 1. Words used in the foregoing recitals shall have the same meanings when used in the body of this resolution.

Section 2. In order to finance in part the acquisition and construction of the Development with the resulting public benefits which will flow from the operation thereof, the Authority hereby expresses its intent to reimburse certain qualified expenditures incurred with respect to the acquisition and construction of each of the Development, as more particularly described in Exhibit A attached hereto, with proceeds of one or more issues of tax-exempt debt obligations issued and sold pursuant to the provisions of the Act in a principal amount sufficient to pay the cost of financing the Development, together with costs incident to the authorization, sale and issuance of the Debt Obligations (to the extent permitted by law). The aggregate cost of the Development expected to be financed with tax-exempt obligations, as more particularly described in Exhibit A attached hereto, is presently estimated not to exceed \$33,000,000. The particular amount, maturities, fixed or variable interest rates, redemption terms and other terms and provisions of the Debt Obligations will be determined by a further resolution of the Authority, including the authorization, if necessary, to issue taxable debt obligations. Notwithstanding the preceding sentences, issuance of Debt Obligations and financing of the Development is subject to final approval by the Authority following the analysis of the credit to be provided by the Borrowers for the Debt Obligations and other considerations by the Authority.

Section 3. Subject to final approval by the Authority, the Authority will loan the proceeds of the Debt Obligations to the Borrowers or otherwise finance the Development to or for the Borrowers, pursuant to agreements between the Authority and the Borrowers whereby the Borrowers will be obligated, among other things, (i) to make payments to the Authority in amounts and at times sufficient to pay the principal of and premium, if any, and interest on all of the Debt Obligations being issued for the Development and (ii) to provide, or cause to be provided, collateral or other security to secure payment of the Debt Obligations and completion of construction of the Development in such manner and in such amounts as the Authority deems appropriate. The Authority has not authorized the pledge of its credit for the payment of the Debt Obligations or the financing of any Development.

Section 4. Qualified Costs to be reimbursed shall be determined in accordance with the provisions of Treasury Regulation Section 1.150-2. Notwithstanding anything herein contained to the contrary the Authority shall have no liability to a Borrower for any costs or funds advanced if Debt Obligations are not issued for any reason, including the disapproval of staff or the Board of Directors of the credit to be provided by a Borrower for any such project in its sole and absolute discretion.

Section 5. The officers, employees and agents of the Authority are hereby authorized to review and execute applications for Volume Cap Allocation relating to the Debt Obligations in accordance with the applicable provisions of State law. Although the Authority may attempt to obtain allocations of State Volume Cap, no assurance can be given of the success of such efforts.

Section 6. If any provisions of this resolution should be held invalid, the invalidity of such provision shall not affect the validity of any of the other provisions of this resolution.

Section 7. The appropriate officials of the Authority, including without limitation the Chair, the Vice Chair, the Executive Director, the Deputy Director of Programs, the Deputy Director of Finance and Administration and the Secretary, are hereby authorized and directed to execute and deliver for and on behalf of the Authority any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this resolution and the documents authorized and approved herein.

Section 8. Except as otherwise disclosed to the Members of the Board of the Authority prior to the adoption of this resolution, no member or employee of the Authority has any interest, direct or indirect, in the transactions contemplated by the Authority as authorized herein.

Section 9. All resolutions of the Authority or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency.

Section 10. This resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE
AUTHORITY THIS 19TH DAY OF JANUARY, 2022.

Chair

(SEAL)

ATTEST:

Secretary

EXHIBIT A

DESCRIPTION OF THE DEVELOPMENT

The Development is described below:

1. EMLI at Wells of Artesia Apartments, located at approximately 2000 West Richey Avenue, Artesia, New Mexico, 88210 consisting of 198 units.

Tab 3



MEMO

TO: MFA Board of Directors

Through Contracted Services-January 11, 2022

Through Policy Committee-January 4, 2022

From: Lucas Wylie and Janice Shije

Date: January 19, 2022

Subject: Adjustments to the ESG CARES Act awards

Recommendation:

Staff recommends amending the Emergency Solutions Grant (ESG) CARES Act awards by reallocating funds between the Rental Assistance Program (RAP) and the Emergency Homeless Assistance Program (EHAP). Approving the request to reallocate these funds will allow for the best opportunity to fully expend ESG CARES Act funding before the contract expiration date of September 30, 2022, deadline.

Background:

MFA received a total of \$13,436,300 specifically to prevent, prepare for, and respond to coronavirus. This total consists of \$12,936,302 in ESG CARES Act funding and \$499,998 in state Coronavirus Relief funds. Funding is divided between RAP, EHAP, and the New Mexico Coalition to End Homelessness to purchase and maintain a Homeless Management Information System.

The first round of ESG funding in the amount of \$4,140,483, was distributed to existing service providers for both the RAP and EHAP programs. The RAP program provides temporary rental assistance and services to individuals and families who are experiencing homelessness, and for those most at-risk of homelessness. The EHAP program provides funding for Shelter Operations and Essential Services.

The second round of funding in the amount of \$8,795,819, was also awarded to existing RAP and EHAP service providers for the same purposes, \$2,200,000 was set aside for areas of the state that did not currently have a RAP program. A Notice of Funds Availability for the \$2,200,000 was released in October 2020, and four new service providers were awarded this RAP funding. In addition, the New Mexico Coalition to End Homelessness was awarded funding to pay for a new Homeless Management Information System (HMIS) and staff to support the new system. This plan was approved by the MFA Delegates on October 1, 2020.

Discussion:

The RAP CARES Act funding has been very difficult to expend due to the current eviction moratorium and the serious lack of available rental units in the state. One of the eligibility requirements for this funding is that the individual or family must be at-risk of losing their housing in order to qualify for homeless prevention assistance. With very few evictions due to the moratorium, many households do not qualify for this program. The lack of available rental units in the state is also hampering the efforts of our service providers to secure housing for those that are experiencing homelessness. Because supply and demand often determine rental amounts, units are unaffordable to those that have a lower income. As a result, service providers that received RAP CARES Act funding are carrying high balances and will likely not be able to expend the funding before expiration date.

To better utilize the RAP CARES Act funding, staff contacted the RAP and EHAP service providers to get input on the current needs for the funding. Additionally, several of the service providers who administer the EHAP program requested additional funding.

The table below details the proposed funding adjustments for the service providers who requested a reduction of their award, providers that requested additional funds, and the funding reallocation based on those requests.

EHAP Service Providers	Original Award	Adjustment +/-	Revised Award
Barrett Foundation	\$161,885.02	\$80,000.00	\$241,885.02
COPE	\$469,515.99	\$73,054.58	\$542,570.57
DreamTree Project	\$943,996.02	\$250,000.00	\$1,193,996.02
El Refugio	\$203,614.51	\$85,000.00	\$288,614.51
Family Crisis Center	\$592,027.20	\$29,000.00	\$621,027.20
Grammy's House	\$216,332.74	\$50,000.00	\$266,332.74
Hartley House	\$75,324.32	-\$38,968.76	\$36,355.56
Haven House	\$135,738.01	\$59,181.00	\$194,919.01
Heading Home	\$579,648.25	\$553,988.00	\$1,133,636.25
Option, Inc.	\$88,328.44	\$76,279.08	\$164,607.52
People Assisting the Homeless	\$196,763.15	\$38,000.00	\$234,763.15
St. Elizabeth Shelter	\$611,817.85	\$175,000.00	\$786,817.85
Youth Shelters & Family Services	\$39,296.04	-\$39,296.04	\$0.00
Total		\$1,391,237.86	
RAP Service Providers			
Catholic Charities	\$2,390,546.37	-\$908,549.86	\$1,481,996.51
CLN Kids Inc.	\$25,000.00	\$1,817.00	\$26,817.00
DreamTree Project, Inc	\$331,556.00	-\$85,000.00	\$246,556.00
Heading Home	\$449,505.00	-\$399,505.00	\$50,000.00
Total		-\$1,391,237.86	

Summary:

Staff recommends amending ESG CARES Act awards by reallocating funding between the Rental Assistance Program (RAP) and the Emergency Homeless Assistance Program (EHAP). Upon approval, contract amendments will be prepared, and budgets will be adjusted so the service providers can begin to expend the additional funding.

Tab 4



MEMO

TO: MFA Board of Directors
Through: Policy Committee – January 4, 2022
Through: Finance Committee - January 11, 2022
FROM: Julie Halbig, Compliance Manager
DATE: January 4, 2022
RE: Follow-Up Open Internal Audit Observations FY2021

Recommendation

Staff recommends approval of the Follow-Up on Open Internal Audit Observations status update that has been issued through December 2021. The update will be reported to Finance Committee on January 11, 2022 as an information item.

Discussion

The internal audit status update is reported quarterly to management and Finance Committee. This report provides an update on any outstanding internal audit recommendations and MFA responses to incorporate best practice opportunities as recommended.

Summary of changes from FY2021 Q4 to FY2022 Q1:

Audit Name	Status	Action	Comments
Information Technology Security	The Computer Security Incident Response Plan (CSIRP) has been tested.	Partially resolved. Incident Response events have occurred, written documentation of plan still to be completed.	Date to be Completed March 2022
Information Technology Security	An IT Risk Assessment policy is currently being written. The global IT risk assessment has been completed and shared with REDW.	Partially resolved. IT Risk Assessment Policy in process.	Date to be Completed March 2022
Mortgage Operations	Delays in loan modification and repooling timeline processes were exceeding reasonable timeframes that MFA had set. This issue has been discussed verbally with IHFA and is part of the agenda for monthly status calls with IHFA.	Improved – Remains Open Item	Will remain an open item until subservicer contract is eligible for RFP in 2023. MFA's preferred timeframes for this process will then be incorporated into new subservicer contract.

Summary

Staff recommends approval of the Follow-Up on Open Internal Audit Observations status update that has been issued through December 2021.

NEW MEXICO MORTGAGE FINANCE AUTHORITY

INTERNAL AUDIT REPORTS

RECOMMENDATIONS & RESPONSES

RECOMMENDATION	MANAGEMENT RESPONSE/ DETERMINATION	DATE TO BE COMPLETED	COMPLETED
<p align="center">National Housing Trust Fund August 2020</p>			
<p>RECOMMENDATION:</p> <p>Management should consider adding the following controls/procedures to the Application review process:</p> <ul style="list-style-type: none"> • Add an additional verification process to ensure the appropriate amounts are charged. • Ensure application reviewers mark N/A on all items not required. • Establish procedures to update checklists for post-closing requirements. • Implement a line on the checklist for preparers and reviewers to formally signoff. 	<p>Management agrees that a process should be implemented to verify accurate fee change amounts are collected. Staff will implement a verification process for the fees as they are collected.</p> <p>Management does agree that reviewers should mark N/A on all items not required. Blank spaces would indicate a missing item. Management will revise the process accordingly.</p> <p>Management agrees that a procedure to update checklists for post-closing requirements should be implemented. Additionally, closing checklists should not be imaged/filed until all items, including those collected post-closing, have been obtained and are in-file. Management will revise the process accordingly.</p> <p>Management agrees that reviewers should formally sign after their review. Signature lines for both the Loan Closer and the Development Loan Manager, located at the bottom of the closing checklist, will ensure a review of the document and show responsibility for any missing items. Management will revise the process to require these signatures.</p>	<p>June 2021</p>	<p>December 2020</p> <p>December 2020</p> <p>April 2021</p> <p>December 2020</p>

RECOMMENDATION	MANAGEMENT RESPONSE/ DETERMINATION	DATE TO BE COMPLETED	COMPLETED
RECOMMENDATION: Management should consider adding a step to the underwriting checklist to identify which allowable developer fee compliance requirements per the NHTF NOFA are utilized for the project. Management should also consider requiring that the full underwriting checklist be utilized for projects that do not utilize LIHTC funding.	Management agrees with this observation and recommendation. The Underwriting Checklist (UW Checklist) tab on the Underwriting Template will be modified to include a section confirming which allowable developer fee compliance requirements, per the NHTF NOFA, are being utilized (NHTF vs. LIHTC). The UW checklist will also be implemented for projects that do not utilize LIHTC funding.	March, 2021	April, 2021
BEST PRACTICE: The NHTF NOFA does not currently include reporting requirements during the development phase of the projects. Many of these projects also have LIHTC funding which must adhere to performance reporting requirements during the development phase as outlined in the QAP. MFA has identified project development as one of the highest risk areas of the projects prior to implementation and as such, performance reporting during this phase of the project is vital to ensure that compliance requirements are met and the project is progressing as planned. MFA should consider incorporating a performance reporting requirement for projects during the development phase of the projects. This requirement could be specific to non-LIHTC projects to remove any duplication of effort.	Management agrees with this recommendation. Staff will begin incorporating performance reporting requirements for projects during the development phase of the projects.	September 2021	September 2021
Information Technology Operations Internal Audit March 2021			
RECOMMENDATION: MFA should follow up with the vendor on resolution of both issues identified. Additionally, IT should regularly test VPN and Duo access logs to ensure remote access connection and termination times are accurately captured.	Management agrees with this recommendation. Managed services vendors Arctic Wolf and Advanced Network Management have been engaged to provide detailed report and correction of VPN access logs. IT will develop a	December 2021	December 2021

RECOMMENDATION	MANAGEMENT RESPONSE/ DETERMINATION	DATE TO BE COMPLETED	COMPLETED
	process to regularly test for compliance.		
BEST PRACTICE OPPORTUNITIES:			
Service Level Agreements We recommend creating an IT Service Level Agreement that outlines the IT department's defined ticket priorities, for example P1, P2, P3, P4, the initial response time, and reporting time intervals based on the priority level. The service level agreement should also include MFA staff responsibilities and their response time commitments within the ticket. We also recommend ticket resolutions are documented within each help desk ticket so either IT or MFA staff are able to review this information should the issue occur again.		December 2021	October 2021
Cross Training Staff We recommend implementing a structured cross training process to ensure IT staff are adequately trained to cover each other's tasks.		December 2021	October 2021
IT Policy Development The IT Department has finalized and approved the IT policies that were recommended from the 2019 IT Security Internal Audit. In reviewing these policies, we recommend adding the following as part of NIST SP800-53 R4 best practices: <ul style="list-style-type: none"> A. The Social Media policy should reference the IT security risks associated with social media, and employee training on these risks should be completed. B. The Anti-malware policy should reference monitoring and reporting of virus incidents. C. The Data Retention Policy should include the retention of system log files, security event logs and application logs. 		December 2021	October 2021

RECOMMENDATION	MANAGEMENT RESPONSE/ DETERMINATION	DATE TO BE COMPLETED	COMPLETED
IT Performance Metrics Policy We recommend creating an IT Performance Metrics Policy, and per NIST SP800-53 R4 best practices the policy should include the following: <ul style="list-style-type: none"> A. Requirement for IT and management to collect, collate, analyze, monitor and report on performance metrics. B. A list of performance metrics to be analyzed and monitored by IT and management. 		December 2021	December 2021
Privileged Accounts We recommend creating privileged / non-privileged access accounts as an access control best practice for IT staff. We also recommend updating the Network/System Admin policy to define IT tasks that are authorized to be performed using an IT staff privileged access account.		December 2021	December 2021
FOLLOW UP OBSERVATIONS:			
RECOMMENDATION: IT Risk Assessment <ul style="list-style-type: none"> • Develop an IT Risk Assessment and Risk Management policy which provides for: <ul style="list-style-type: none"> ○ Establishing an IT risk assessment process ○ Annual risk assessment review ○ Prioritize risks – low, medium and high ○ Identifying threats, risks to IT components, evaluating the impact and frequency of such risks, and determining mitigating controls ○ Strategies to manage IT risks • Establish and document an IT risk assessment process/procedure that includes input from the business and operational areas of the organization. 	Management agrees with this observation. MFA will develop an IT Risk Assessment and Risk Management policy and incorporate that into the IT policies and procedures. The assessment process and procedure will include input from the all areas of the organization. Action plans will be identified for those items identified as high risk and the assessment will be performed on an annual basis or if significant changes are made to the environment. <i>Current Status: Partially Resolved</i> —REDW obtained and reviewed the IT Risk Assessment Policy. IT has obtained a template to assist with	December 2021	March 2022

RECOMMENDATION	MANAGEMENT RESPONSE/ DETERMINATION	DATE TO BE COMPLETED	COMPLETED
<ul style="list-style-type: none"> Perform a global IT risk assessment and update the IT risk assessment at least annually and when there are significant changes to the IT systems, applications or infrastructure. <p>For identified high risk items, develop action plans to mitigate the risk issues and track them until resolved.</p>	the completion of a global IT risk assessment, but the IT risk assessment has not yet been completed.		
BEST PRACTICE: Smartphone Security Consider a BYOD agreement that employees sign to protect MFA and employees.	Management agrees that a BYOD agreement could be beneficial, however, we utilize MAS360 which provides mobile device management on devices that contain MFA material. This is a low priority.	December 2021	October 2021
Mortgage Operations June 2021			
RECOMMENDATION:	MANAGEMENT RESPONSE/ DETERMINATION	DATE TO BE COMPLETED	COMPLETED
The Department should include a requirement to review the lender reports on findings, if separate from the financial statements, to determine whether there were material weaknesses and/or significant deficiencies identified that may impact the financial stability of the lender. In addition, the Department should ensure all research performed and conclusions reached regarding financial analysis variances are documented in the Financial Analysis Worksheet so the department or others who may need information regarding the lender are aware of significant factors and potential risks identified	Management agrees with this recommendation. Staff currently evaluates financial statements inclusive of auditors' supplementary findings and confirms that lenders have resolved outstanding audit findings. Staff will revise the process to document the review of lender reports related to audit findings and include any unresolved material weaknesses, financial analysis variances, and/or significant deficiencies into the risk analysis. This information will be reiterated in the Financial Analysis Worksheet.	September 2021	August 2021
MFA should consider establishing a required re-pooling timeframe from date of loan modification and should work closely with Idaho Housing Finance Authority to ensure timely reporting of loan modification and eligibility for re-pooling occurs.	Management agrees with this recommendation. Staff is currently tracking the time between loan modification repurchase and re-pooling and will establish written policies and procedures which include acceptable thresholds for repooling current loans. Additionally, staff will establish written procedures for handling exception loans that do not re-pool in the expected timeframes.	December 2021	

RECOMMENDATION	MANAGEMENT RESPONSE/ DETERMINATION	DATE TO BE COMPLETED	COMPLETED
	These written policies will be communicated to the Sub-servicer, Idaho Housing and Finance Association, and any such re-pooling requests will be monitored on an ongoing basis.		

Tab 5



MEMO

TO: MFA Board of Directors
Through: Policy Committee – January 4, 2022
Through: Finance Committee – January 11, 2022
FROM: Julie Halbig
DATE: January 19, 2022
SUBJECT: MFA 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 2021 and have been incorporated into this manual:

- March 2021 - MFA Code of Conduct; Conflict of Interest Transactions/Board Disclosures
- April 2021 - Procurement Policy Revisions for Third-Party Code of Conduct

General Counsel reviews the manual as needed. During this review cycle General Counsel reviewed these recommended changes. Previously, General Counsel had provided and reviewed changes to the MFA Code of Conduct, Conflict of Interest Transactions and Board Disclosures along with updates to Procurement Policy Revisions for Third Party Code of Conduct.

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

Page # (redline)	Section	Proposed Changes
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Throughout the document		Updates professional titles of MFA Management.
5	MFA Code of Conduct; Conflict of Interest Transactions/Board Disclosures Procurement Policy Revisions for Third-Party Code of Conduct	In the future, mid-year policy changes will be incorporated upon Board approval and then updated and shared with staff and posted on MFA Intranet.
8-9	Section 1.2 MFA Code of Conduct Subsection D(6). Principles and Disclosure Obligations	Recommend changes to reflect the actual process for reviewing potential conflicts of interest between Executive Director/CEO and General Counsel. Denotes other General Counsel reporting responsibilities. Also, details process that federal program manager and in consultation with General Counsel undergo in giving notice to the Board of any conflicts through staff action reporting process.
14	Section 1.3 Conduct of Business Section E(8)(g) Investment Policies-General Fund	Insert language to reflect current process which is committee actions and vote will be recorded and maintained as permanent documentation of the Finance Committee action. Delete word "minutes"
16	Section 1.3 Conduct of Business Subsection E(8)(g) Investment Policies- General Fund	Change language to "State of New Mexico Local Government Investment Pool"
20	Section 1.3 Conduct of Business Section F(3) – General Fund Cash Reserves	MFA has contract with "borrowers" and not "lenders".
21	Section 1.3 Conduct of Business Subsection F(3) – General Fund Cash Reserves	Add "National Housing Trust Fund" to list of Program Responsibilities.
27	Section 1.3 Conduct of Business	Change in language as to how MFA will review and assess the benefit of MFA undertaking the refunding of bonds.

	Subsection G(4)(e). Bond Issuance and Debt Management Policy	
29	Section 1.3 Conduct of Business Subsection H(2)(b)(2). To Be Announced (TBA) program Policy	Change from “quarterly” to “semi-annually” when the Financing Team will meet to ensure that strategies, plans, and guidelines are consistent with TBA program policy and are implemented and updated as necessary.
29	Section 1.3 Conduct of Business Subsection H(2)(b)(3). To Be Announced (TBA) program Policy	Propose a change to the process for analyzing and approving daily rates. The Finance Department in accordance with the established profitability threshold is responsible for analyzing the daily rate sheet and providing market mortgage rate comparisons. Changes to the daily rates will be approved by either Secondary Market or the Home Ownership Departments.
41-42	Section 1.3 Conduct of Business Subsection P(3)(c)	Insert language according to Freddie Mac Guidance which states that MFA must establish a compliance program that aligns with the Office of Foreign Assets Control (OFAC) regulations to detect suspicious activity related to money laundering and prohibits lending to certain blocked persons.
61	Section 4 Program Policies	Update list to reflect current programming under Community Development as well as COVID-related or CARES Act programs.
62	Section 4.1 Single Family Mortgage Loans Subsection B(4). Occupancy Waiver	Recommend adding a fourth criteria that gives the Executive Director/CEO or the Chiefs discretion to grant the waiver for other compelling financial hardships.
64	Section 4.3 Single Family, Second Mortgage Default, Foreclosure, and Deeds in Lieu of Foreclosure (DIL), Short Sales and Bankruptcies Subsection A. Down Payment Assistance.	Delete Smart Choice Program since MFA no longer provides DPA loans to this program.
65	Section 4.3 Single Family,	Change in process for MFA review

	Second Mortgage Default, Foreclosure, and Deeds in Lieu of Foreclosure (DIL), Short Sales and Bankruptcies Subsection C1. MBS Program	of the amount of equity in a property. Recommend using one or more readily available valuation models and calculating current loan to value to determine the amount of equity.
68	Section 4.8 Allowance for Loan Loss and Contingent Liabilities – Single Family and Multifamily Portfolios Subsection E. Review/Approval	Recommend changes to reflect current process. CFO is the final reviewer and approver and not part of the Loan Loss Allowance Committee.
69	Section 5.1 External Auditing Policy Statement	Recommend MFA insert a catch-all line to account for the fact that this year's external audit has been delayed and an extension has been granted.

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 the 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 our strength. We embrace diversity and provide opportunities for personal and professional growth.

SECTION 1 - GENERAL POLICIES

1.1 Policies & Procedures Manual - Purpose

- A. With respect to Board Members, Management and Employees¹ and the conduct of MFA business, the policies & procedures shall be set forth in this manual, adopted by the Board and consistent with MFA's approved Bylaws. The Board shall approve the manual at least annually, and any changes shall have Board approval, specific to the section affected. All Board Members shall be provided with a current, complete Policies & Procedures Manual.
- B. Although this manual sets forth MFA's policies and procedures, the Board retains its authority established by law, as restricted by law and MFA's bylaws. In the event that the Board takes a lawful action that is inconsistent with the policies set forth in this manual, the provisions of this manual will nonetheless remain in place until they have been amended by the Board.

1.2 MFA Code of Conduct

A. Preamble

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

B. Purpose

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

C. Definitions

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

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

"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/CEO, ~~Deputy Director of Programs~~Chief Financial Officer, Chief Lending Officer, ~~Deputy Director of Finance and Administration~~Chief Housing Officer, 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/~~CEO, Deputy Director of Programs and Deputy Director of Finance and Administration~~Chief Financial Officer, Chief Lending Officer, and Chief Housing Officer 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 each Member, Management and Employees shall be in the form of Exhibit A ("Disclosure Statement"). The Disclosure Statement shall contain at least the following information:
 - a) The 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.

In addition to the Disclosure Statement, Members (which term for the purposes of this sentence excludes the proxy of an ex-officio Member~~s~~) shall complete the form, required by the New

Mexico Secretary of State pursuant to the New Mexico Financial Disclosure Act, NMSA 1978 §10-16A-1 to 10-16A8 ("Financial Disclosure Act Disclosure"). The Financial Disclosure Act Disclosure shall be completed at the times required under the Financial Disclosure Act, including but not limited to within thirty (30) days of appointment and during the month of January every year thereafter.

3. **Updated Disclosures.** Each Member, Management and Employee shall update his/her Disclosure Statement within forty-five (45) days of the date that, to the best of his/her knowledge:
 - a) He/she or any Family Member acquires a Financial Interest in any Business engaging in, or proposing to engage in, a Transaction with MFA;
 - b) He/she learns that a Family Member has 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 [Management and Employee](#) Annual and Updated Disclosure Statements are to be provided to MFA's Human Resources Director who shall review them in conjunction with General Counsel to determine the existence or potential existence of a conflict of interest on the part of any MFA ~~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. [Completed Member Annual and Updated Disclosure Statements shall be provided to the Executive](#)

Director/CEO who shall review them in conjunction with General Counsel to determine the existence or potential existence of a conflict of interest on the part of any Member. It shall be the responsibility of General Counsel to inform the Policy Committee of any existing or anticipated conflicts of interest indicated in any Member Disclosure Statement form. If

approval of the Board is required for any Transaction under sub-section F of this policy, it shall be the responsibility of MFA's General Counsel to disclose the Transaction to the Board and to request the required approval. In addition, as required by applicable federal regulation, MFA's General Counsel shall notify the federal awarding agency in writing of any potential conflicts of interest related to federal programs in accordance with federal awarding agency policy. It shall be the responsibility of the federal program manager, in consultation with MFA's General Counsel, to provide notice to the Board of these federal program conflicts of interest through the staff actions reporting process.

E. Gifts

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

F. Conflict of Interest Transactions

1. Prohibited Transactions - Members, Management and Employees

- a) **Official Act.** No Member, Management or Employee shall take any Official Act which may directly or indirectly benefit his/her or a Family Member's position or Financial Interests.
- b) **Confidential Information.** No Member, Management or Employee shall utilize Confidential Information to benefit himself/herself or a Family Member. Members, Management and Employees shall safeguard all information that is of a confidential or proprietary nature, and shall not disclose such information, except as otherwise authorized. A Confidentiality Agreement in the form of Exhibit D shall be signed by all Management and Employees annually and kept on file.
- c) **Member, Management and Employee Transactions.** No Business in which a Member, Management or Employee (or a Family Member) has a Financial Interest shall engage in a Transaction with MFA unless the Member, Management or Employee has disclosed his/her or his/her Family Member's Financial Interest in the Business to MFA in the manner provided in sub-section D of this policy prior to engaging in the Transaction and, with respect to all Transactions of Members and Management, and Employee Transactions in excess of \$10,000, the Transaction is approved by a disinterested majority of MFA Members. Transactions of Employees of \$10,000 or less may be approved by the Executive Director provided a disclosure of such Transactions is made to MFA Board and is recorded in the minutes of the meeting in which it is made.

2. **Transactions Involving Former Members or Management.** MFA shall not enter into any Transaction with a former Member or former Management for a period of one (1) year after the Member or Management ceases to be a Member or Management of MFA, except with prior approval of a disinterested majority of all MFA Members.

3. **Other Employment.** Members, Management and Employees shall not engage in or accept employment or render services for other persons when that employment or service is incompatible with or may affect the discharge of their official duties or when that employment may tend to impair their independence of judgment or action in the performance of their official duties. The Executive Director/[CEO](#) must approve all outside employment by an Employee prior to his/her accepting outside employment. Employees who are engaged in outside employment at the time they are first hired by MFA and who wish to continue that outside employment must have the outside employment approved by the Executive Director/[CEO](#) prior to starting work at MFA. MFA Board must approve all outside employment by the Executive Director/[CEO](#) prior to his/her accepting outside employment.
4. **Exceptions.** Nothing in this Code of Conduct shall be deemed or construed to limit the right of any Member, Management or Employee of MFA to:
 - a) Acquire or purchase any interest in bonds or notes of MFA;
 - b) Have a Financial Interest in, or do business with, any banking institution in which MFA funds are or are to be deposited or which is or is to be acting as trustee or paying agent under any trust indenture to which MFA is a party; or
 - c) Accept employment with MFA.

G. Political Activities

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

H. Sanctions and Penalties

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

I. Effective Date

This Code of Conduct is effective as amended herein as of March 17, 2021.

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/[CEO](#) in consultation with the [Senior Director of Information Technology](#) ~~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/CEO, Deputy DirectorChief Officer(s), or 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/~~CEO, Deputy Director~~ Chief Officer(s), ~~or 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 statutes 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 statutes, 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/CEO. The day-to-day investment decisions and activities are assigned to and will be the responsibility of staff designated by the Executive Director/CEO.
 - 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. Committee actions and votes 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 part of the Board packet for 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/[CEO](#) 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/[CEO](#) 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; Written confirmation of transactions for investments and wire transfers; and
 - f) 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 Government Investment FundPool](#); 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) Short Term Investments: 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) Intermediate Term Investments: 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) Long Term Investments: 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	11%	6% - 16%
2) Small/Mid Cap Index	5%	0%-10%
3) Non-US Developed Markets	6%	1%-11%
4) Non-US Emerging Markets	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 pPurchase and sSale 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](#)~~Third-Party 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~~ [Uniform Securities Act](#), Section 58-13C-154, 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-discretionary 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/[CEO](#) 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/borrowers, 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/borrowers, 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.
- d) Loan servicing on certain multifamily transactions. 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 and National Housing Trust Fund "NHTF" Programs 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/NHTF 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. Conducting public hearings as required.
 - c) Responding to legislative inquiries regarding outstanding programs and bond issues.
 - d) Meeting legislative mandates related to affordable housing including but not limited to compliance with the Affordable Housing Act and oversight of Regional Housing Authorities.
 - e) 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 cash² 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/[CEO](#) 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/[CEO](#) 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/CEO or ~~Deputy Director of Finance & Administration~~Chief Financial Officer. 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-H 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~~ the Chief Financial Officer, in consultation with the Executive Director/CEO, 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-21(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-Chief Financial Officer](#) or his/her designee. MFA will maintain an Investor Resources section [under the Programs and Partners 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~~Occasionally, 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~~undertaking 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 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 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-G~~ 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~~ semi-annually 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 providing~~ es market mortgage rate comparisons. Changes to daily rates will be approved by either the Secondary Market Department or the Home Ownership Department.

- 4) The Secondary Marketing Department confirms the daily pricing of TBA loan sales, 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.
 - 5) The Homeownership Department will be responsible for posting daily MFA mortgage rates, confirming extensions and expirations with the TBA Administrator, and tracking pipeline fallout.
-
- 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-daily updates to the TBA Administrator regarding the purchase of closed loans from Participating Lender(s). 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) 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 or Third-Party 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/[CEO](#), 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/[CEO](#). 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/[CEO](#).

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](#)[Chief Officer](#), or the Executive Director/[CEO](#) 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.

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://housingnm.org/resources/consumercomplaints.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://housingnm.org/resources/consumercomplaints.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/CEO, 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 service 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 Chief Officer](#) 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 [and any other federal agency regulations](#) 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.**
 - a) 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.
 - b) 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.
 - c) [Pursuant to Freddie Mac's Guide Section 1301.2, MFA must establish and maintain an effective Office of Foreign Assets Control \(OFAC\) Compliance program that ensures compliance with OFAC Regulations; and at a minimum "develop internal controls, policies and procedures designed to detect Suspicious Activity and to report such Suspicious Activity to Freddie Mac."](#) (Reference document: [Policies and Procedures for Detection of Suspicious Activity and OFAC Compliance Program](#).
 1. [MFA has designated the Chief Financial Officer \(CFO\) \(or their designee\) as its qualified individual responsible for day-to-day monitoring of suspicious activity and compliance with the OFAC Compliance program.](#)
 2. [The CFO will oversee the following:](#)
 - i. [Risk assessment analysis;](#)

- ii. [Internal controls, policies and procedures designed to detect Suspicious Activity;](#)
- iii. [Testing/Auditing; and](#)
- iv. [Training appropriate to employees' responsibilities and based on MFA's risk profile.](#)
- 3. [If it is determined that a customer/borrower is on the Specifically Designated Nationals and Blocked Persons list \(SDN\) list maintained by OFAC, the CFO and/or the Compliance Manager shall immediately or as soon as possible notify the Executive Director/CEO.](#)
- 4. [Upon confirmation that a customer/borrower is on the SDN list, the Board will be notified immediately or as soon as possible by the Executive Director/CEO or the CFO.](#)

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/Chief Officer~~ or the Executive Director/CEO in consultation with the ~~Chief Information Officer/Senior Director of Information Technology~~, 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 Transactions 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:
- Intent to sign** – each party must have had intent to sign
 - 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.
 - 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.
 - 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)

- 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~~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~~Chief Officer(s) or Executive Director/CEO. 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~~Chief Officer(s) or Executive Director/CEO. 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/CEO 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~~Chief Officer(s) or Executive Director/CEO, MFA will authorize, and issue cash advances up to
- f) \$100 per day (\$400 maximum) for overnight travel and up to \$50 for one-day travel. Exceptions may be made for "high cost" areas.

- g) **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~~ Chief Financial Officer, 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/CEO shall resolve any dispute regarding reimbursement that cannot be resolved between the ~~Deputy Director of Finance and Administration~~ Chief Financial Officer 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 manual³ 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/CEO, Deputy DirectorChief Officer(s), and 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, and 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 OperationsChief Financial Officer or Director of Servicing are is 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 Authority¹ for program transaction 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/CEO or Deputy DirectorChief Officers as appropriate. Notification must include Management (as defined in Section 1.2.C) and the Controller.

2.1 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

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 mostcurrent version of the Delegations of Authority will automatically become Exhibit E of this manual.

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/[CEO](#), [Deputy Director of Programs](#)[Chief Housing Officer](#), [Chief Lending Officer](#), [Deputy Director of Finance and Administration](#)[Chief Financial Officer](#), 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 be 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.
- C. **Procedures.** 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) as follows:
1. **Requests for Proposals (RFPs).** Competitive, sealed proposals will be solicited through an RFP. All RFPs 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, 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 requiring Board approval will be reviewed by an Internal Review Committee of at least three (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. 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.
 - 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. **Third-Party Code of Conduct.** All Offerors shall agree to conduct themselves in a manner consistent with MFA's Third-Party Code of Conduct. This code of conduct will be included in all RFP and RFQ solicitations and will require signature and submission as part of the Offeror's submittal. See Exhibit F.
- 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.
- G. **Procurement Utilizing Federal Funds.** All procurement activities involving the expenditure of federal funds must be conducted in compliance with the Procurement Standards codified in Uniform Guidance, 2 C.F.R. Part 200.317 through 200.326 as well as Part 200.327 which addresses contract provisions.

To maintain the small purchase threshold identified in this policy, Section 3.1.B.1 (less than \$50,000), MFA will follow the prescribed process required under the Uniform Guidance, 2 C.F.R. Part 200 to establish a higher threshold than required by the federal regulations for small purchases. This higher threshold is based on internal controls and an organizational risk assessment.

H. 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.

I. 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
- ~~N.O.~~ HOME Rehab
- P. Energy\$avers
- ~~Q.Q.~~ Energy\$mart
- ~~P.R.~~ Neighborhood Stabilization Program
- ~~Q.S.~~ Tax Credit Assistance Program
- ~~R.T.~~ Tax Credit Exchange Program
- ~~S.U.~~ National Housing Trust Fund
- V. Veteran’s Home Rehabilitation Pilot Program
- W. Linkages
- X. HOPWA
- Y. Preservation Revolving Loan Fund
- Z. Ventana Fund
- AA. Emergency Services Grant (ESG)
- BB. Youth Homeless Demonstration Program
- CC. Continuum of Care (COC)
- DD. Recovery Housing Program
- ~~T.EE.~~ Homeowners Assistance Fund
- ~~U.FF.~~ 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.
 4. Other extenuating circumstances in which a financial hardship has been created on the borrower upon discretionary review by the Executive Director/CEO or Chief Officer(s).

The Executive Director/~~CEO or Deputy Director~~ the Chief Officer(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/~~CEO or Deputy Director~~ Chief Officer(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 approvals⁴ 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

⁴ Exhibit E, Policies & Procedures Manual – Delegations of Authority: Approvals and Review Process Requirements
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his/her written opinion of the properties' value or an appraisal from a qualified independent fee appraiser⁵. 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. MFA staff will manage the property and the sale of the property in accordance with Investor⁶ 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 approval⁷ 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. FirstDown
2. NextDown
3. HELP
4. PaymentSaver
5. Helping Hand

⁵ MFA staff will attempt to obtain at least two (2) valuations from different sources

⁶ HUD, Ginnie Mae, Fannie Mae or Freddie Mac, private mortgage insurers or future investors

⁷ Exhibit E, Policies & Procedures Manual – Delegations of Authority: Approvals and Review Process Requirements

~~6. Smart Choice~~

6. Take 5
7. MortgageBooster
8. HomeNow
9. HERO
10. 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 [Mortgage Servicing legal](#) 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 a 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 approvals⁸ will be handled consistent with MFA's Delegations of Authority.

C. **First Mortgage Procedures.** MFA follows the foreclosure guidelines⁹ 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

⁸ Exhibit E, Policies & Procedures Manual – Delegations of Authority: Approvals and Review Process Requirements

⁹ Timelines and Regulatory Requirements

respond to the complaint. Staff will send out demand letters as appropriate and determine the amount of equity in the property by reviewing one or more readily available valuation models and calculating current loan to value to determine the amount of equity ~~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.

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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 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 via the Watchlist.

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 the Governmental Accounting Standards Board (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 Housing Finance Agency'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~~Chief Financial Officer, the Director of Servicing, and the Director of Housing Development. The Chief Financial Officer acts as a reviewer and approver before 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, except where an extension has been granted by the agency requiring the audit.

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~~ eight 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. Completed working papers shall be kept by the 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 in the same medium in which the custodian received the request. The custodian may provide an additional response to the same request in any other medium the custodian deems appropriate.
- C. 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 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 deems the request excessively burdensome or broad, the custodian of records 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 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.
- 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/CEO

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

Date: _____

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

The following is a list of all Businesses in which either I, or a Family Member, have a Financial Interest (as defined in the Code of Conduct) which are engaged or proposing to engage in a Transaction with MFA. 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.J 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: _____

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/CEO OR DEPUTY DIRECTOR CHIEF OFFICER(S) 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	<u>COVID related or CARES Act programs (Recovery Housing Program, Homeowner Assistance Fund)</u>	<u>yes if <=\$50,000</u>	<u>yes if >\$50,000</u>	<u>yes only if > \$100,000</u>	<u>yes only if > \$100,000</u>
187	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
198	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%
2049	HOME, CDBG, N-HTF & NSP Loan/Grant Modifications (3) (6)	yes	yes, if workout	no	no
219	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
224	Consolidated and Action Plans (HOME)	no	yes	yes	yes
232	LIHTC QAP and Awards (4)	no	no	yes	yes
243	542(c)/538 Construction/Permanent Loans:				
254	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
265	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
276	Loan Modifications (3) (6)	yes	yes, if workout	no	no
287	Primero Loans/Grants, Energy Saver Awards, State Tax Credit Awards:				
298	Loans/Awards (6)(7)	yes if <= \$50,000	yes if >\$50,000	yes only if > \$500,000	yes only if > \$500,000
3029	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

319	Award and Loan/Grant Modifications (3) (6)	yes	yes, if workout	no	no
324	NMHTF & LTTF Awards	no	yes	yes (8)	yes
332	Gov's Innov. Progr. awards	no	yes	yes	yes
343	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
354	NMHTF, LTTF & Gov's Innov. Prog. modif. (3) (6)	yes	no	no	no
365	Board Reports (Qtrly)	yes	yes	no	yes
376	Board Resolutions (13)	yes	yes	yes (14)	yes
387	Financials (Qtrly)	yes	yes	yes	yes
398	Responses to Audit Findings (Program, Internal and External Audit Findings)	no	yes	no	no
4039	Audit Follow-up & Status (Internal & External Audits only)	no	yes	yes	yes
419	MFA applications for funding (11) (13) (20)	no	yes in all cases	yes only if > \$1,000,000	yes only if > \$1,000,000
424	Awards Under New Loan Programs (6)	no	yes in all cases	yes only if > \$500,000	yes only if > \$500,000
432	Regional Housing Authority monitoring/reviews and required approval activities per statute	no	yes in all cases	no	no
443	Appointment of Regional Housing Authority Board members and Executive Directors and Approval of Annual Report	no	yes	yes	yes
454	Suspension and Debarment (6)	no	yes	no	no
465	New Mexico EnergySmart (20)				
476	Selection of Service Providers (RFP)	yes	yes	yes	yes
487	State Plan Approval and allocation of DOE Funds	yes	yes	yes	yes
498	Allocation of funds using DOE Formula (LIHEAP, Utility, COOP, Etc.) (6) (14) (16)	yes	no	no	no
5049	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
5150	Disposition or Sale of Tangible Goods (6)	yes if FMV ≤ \$10,000	yes if FMV > \$10,000	no	no
524	State Legislature Appropriations				
	Appropriations designated to specific projects or providers (6) (19)	yes if ≤ \$50,000	yes if > \$50,000	no	no
	Other affordable housing funds (6) (19) (21)	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, December 15, 2021.

(2) Policy Committee consists of Executive Director/CEO and Deputy Directors/Chief Officers.

(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 Director/CEO or Chief Officer(s) ~~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

~~(20)~~(21) Activities and programs approved by the Board.

EXHIBIT F

NEW MEXICO MORTGAGE FINANCE AUTHORITY THIRD-PARTY CODE OF CONDUCT

A. Preamble. The New Mexico Mortgage Finance Authority ("MFA"), an instrumentality of the state government, exists to serve the citizens of the State of New Mexico. To maintain the respect, trust, and confidence of the public, and consistent with MFA's commitment to conduct its business in an ethical and legal manner, MFA requires that all Third Parties doing business with MFA comply with this Third-Party Code of Conduct and otherwise uphold the highest standards of ethics and behavior.

B. Purpose. The purpose of this Code of Conduct is to provide general guidelines and a minimum standard of conduct for Third Parties doing business with MFA.

C. Definitions. For the purpose of this Third-Party Code of Conduct, the following words and phrases shall have the following meanings:

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

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

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

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

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

- Engaging in a conflict-of-interest transaction prohibited by Section F of MFA's Code of Conduct, which can be found at: <https://housingnm.org/rfps/rfps-rfq>
- Providing gifts and entertainment to any MFA Employee, MFA Management or MFA Member in an attempt to improperly influence MFA business decisions.

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

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

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

- E. Anti-Discrimination and Anti-Harassment Policy.** MFA is committed to maintaining an employment environment in which all individuals are treated with respect and dignity and expects the same from Third Parties doing business with MFA. MFA expects that Third Parties will maintain a workplace where employment-related decisions are based on performance, ability, or other legitimate, non-discriminatory bases and are never based on race, color, national origin, ancestry, citizenship status, religion, sex, sexual orientation, gender identity, age, physical or mental disability, serious medical condition, marital status, status with regard to public assistance, veteran status, or any other legally-protected status.

MFA also maintains and expects Third Parties to maintain a workplace that is free of unlawful harassment. This includes harassment based upon any of the above legally-protected status (such as age, sex, religion, national origin, etc.) and which creates an intimidating, hostile, or offensive working environment. This also includes sexual harassment which is defined as unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature when submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, submission to or rejection of such conduct by an individual is used as a basis for employment decisions affecting such individual; or such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidated, hostile, or offensive working environment.

MFA will also not tolerate any form of unlawful discrimination or harassment of an MFA Employee by any Third-Party including by its employees, owners, managers, members, directors, agents, or representatives.

- F. Confidential Information and Intellectual Property.** Third Parties doing business with MFA must protect any confidential or proprietary information that belongs either to MFA or any other third party with whom MFA does business, if such other third party has provided MFA with confidential or proprietary information. Confidential or proprietary information includes, but is not limited to, any non-public financial information, business processes and systems, intellectual property, personally identifiable information of MFA's customers, and personally identifiable or private information about any MFA Employee, MFA Member, MFA Management, third party, or customer, such as identity, medical, employment, or financial information.

To the extent necessary for a Third Party to share MFA's confidential or proprietary information with a sub-contractor, MFA expects the Third Party to implement adequate controls at a level no less than those set forth in this Third-Party Code of Conduct with such sub-contractor. Third Parties must not infringe upon the intellectual property rights of other companies or organizations.

Third Parties must return all confidential and proprietary information in their possession to MFA when the contractual relationship between MFA and the Third Party has terminated, unless otherwise specified by contract. The obligation to protect MFA's confidential and proprietary information continues even after any business relationship between MFA and the Third Party ends.

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

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

OFFEROR ACKNOWLEDGMENT

DATE

Tab 6



MEMO

TO: MFA Board of Directors
Through: Policy Committee – January 4, 2022
Through: Finance Committee – January 11, 2022
FROM: Julie Halbig
DATE: January 19, 2022
SUBJECT: MFA Delegations of Authority Revisions

Recommendation: Staff recommends approval of the proposed revisions to the MFA Delegations of Authority.

Background: At least annually and 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 three changes to the delegations.

- Inserting a new line of approval under (51) State Legislative Appropriations – Other Affordable Housing funds. Add footnote that notice must be provided to the Board along with a presentation to the Board for activities and programs approved by the Board.
- Updating the date when the Board last approved Board Committees.
- Inserting a new line of approval for COVID-related and CARES Act programs, specifically grants. The approval thresholds are in alignment with existing federal grant programs.

Summary: At least annually and 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 proposed revisions to the Delegations of Authority.

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/ CEO OR CHIEF OFFICER(S) 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	COVID related or CARES Act programs (Recovery Housing Program, Homeowner Assistance Fund)	yes if <=\$50,000	yes if >\$50,000	yes only if > \$100,000	yes only if > \$100,000
18	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
19	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%
20	HOME, CDBG, N-HTF & NSP Loan/Grant Modifications (3) (6)	yes	yes, if workout	no	no
21	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
22	Consolidated and Action Plans (HOME)	no	yes	yes	yes
23	LIHTC QAP and Awards (4)	no	no		yes
24	542(e)(2)/538 Construction/Permanent Loans:				
25	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
26	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
27	Loan Modifications (3) (6)	yes	yes, if workout		no
28	Primero Loans/Grants, Energy Saver Awards, State Tax Credit Awards:				
29	Loans/Awards (6)(7)	yes if <= \$50,000	yes if >\$50,000	yes only if > \$500,000	yes only if > \$500,000
30	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
31	Award and Loan/Grant Modifications (3) (6)	yes	yes, if workout	no	no
32	NMHTF & LTTF Awards	no	yes	yes (8)	yes
33	Gov's Innov. Progr. awards	no	yes	yes	yes
34	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

3					
35 4	NMHTF, LTTF & Gov's Innov. Prog. modif. (3) (6)	yes	no	no	no
36 5	Board Reports (Qtrly)	yes	yes	no	yes
37 6	Board Resolutions <u>(13)</u>	yes	yes	yes <u>(14)</u>	yes
38 7	Financials (Qtrly)	yes	yes	yes	yes
39 8	Responses to Audit Findings (Program, Internal and External Audit Findings)	no	yes	no	no
40 39	Audit Follow-up & Status (Internal & External Audits only)	no	yes	yes	yes
41 6	MFA applications for funding (11) (13) (20)	no	yes in all cases	yes only if > \$1,000,000	yes only if > \$1,000,000
42 1	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 EnergySmart (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
	Other affordable housing funds (6) (19) (21)	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~~ December 15, 2021.
- (2) Policy Committee consists of Executive Director/~~CEO~~ and ~~Chief Officer(s)~~ 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/~~CEO~~ or ~~Chief Officer(s)~~ 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.
- ~~(20)~~(21) Activities and programs approved by the Board.

Tab 7



MEMORANDUM

TO: Board of Directors

Through: Finance Committee – January 12, 2022
Through: Policy Committee – December 21, 2021

FROM: Dolores Wood

DATE: January 19, 2022

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.

MFA's Attorney reviews the manual annually and last evaluation was performed by Quentin Smith at Stelzner Law Firm in December 2021. Mr. Smith's recommended changes have been incorporated into the manual.

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 12	Equal Opportunity Statement	1. Language added regarding the new federal mandate regarding the CROWN Act 2. Clarify language added to address reasonable accommodation.
Page 15	Types of Employment	Language added to address the State mandate "Healthy Workplace Act" regarding the requirements for paid sick leave. To include part time and temporary staff.
Page 21	Telecommuting	Language added to indicate telecommuting only within the state of New Mexico.

Page 24	Religion in the Workplace	Language changed to conform with language in Title VII.
Page 40	Volunteerism	Drafted Volunteerism Policy to allow staff time off to volunteer for a charitable purpose of their choice. To exclude lobbying projects and political support
Page 45/46	Paid Sick Leave	Policy drafted to address the details of the Healthy Workplace Act.
Page 47	Holidays	Added Juneteenth Holiday and Veterans Day.
Page 49	Parents with School Aged Children	Additional language added to comply with the Healthy Workplace Act.
Page 57	Domestic Abuse Leave	Additional language added to comply with the Healthy Workplace Act.
Page 61	Medical Cannabis	Policy drafted to comply with State Law regarding Medical Cannabis.
Page 66	Anti-Discrimination and Harassment	Language added to comply with the CROWN Act
Page 75	Accrued Vacation, Sick Leave and Personal Day	Language added to outline personal days are not compensable upon termination of employment.

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

JANUARY ~~2021~~2022

Employee Manual

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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~~ Executive Director-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 established as 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 [\(including on the basis of traits historically associated with race, such as hair texture, length of hair, protective hairstyles, or cultural headdresses\)](#), color, religion, sex, national origin, ancestry, age, disability, serious medical condition, sexual orientation, gender identity, marital status, genetic information, status as a veteran, or any other factors identified and protected by federal, state, and local discrimination laws. This Equal Employment Opportunity statement is consistent with the requirements of the Cranston-Gonzales National Affordable Housing Act.

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

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

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. [Such reasonable accommodation may take the form of making existing facilities readily accessible or usable to qualified individuals with a disability, restructuring jobs, modifying schedules, acquiring or modifying equipment, adjusting training materials, adjusting employment policies, and the like.](#) In determining the extent of accommodations to be made, 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, Chief Officer, 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 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 [of employment](#).

HUD-FHA Programs

Any individual, who is debarred, suspended or subject to a Limited Denial of Participation or otherwise restricted from participation in 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, [except for sick leave](#).

Temporary Employee

An employee who is assigned to MFA by a temporary staffing agency. Temporary employees are not eligible for any employee benefits, [except for any benefits to be provided by the staffing agency](#).

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 reviewed by policy committee with final approval 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 obtain signatures on 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-good-faith~~ reports will be protected from discharge, demotion, discrimination, or any other type of retaliation. Allegations of retaliation may be reported to (877)778-5463 or at 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-during~~ business, is considered "sensitive" or proprietary information owned by MFA that must be kept confidential and protected from ~~exposure-disclosure~~ 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-non-exempt](#) employees' working hours.

Work Hours and Flexible Work Schedules

Work Hours – Schedule Options

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

The standard and official hours of business of 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 Chief Officer. 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 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 assignments to ensure full coverage and continuity of operations. Employees may opt into 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 within New Mexico 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 or personal need to work from home, have weather-related safety concerns, or are experiencing a family care emergency. Intermittent telecommuting must be approved in advance and in writing by the respective Chief Officer.
- b) Recurring – can be planned and structured or can be a floating/flexible schedule. Before entering into any recurring telecommuting arrangement, employees and their supervisor, with the assistance of Human Resources, will evaluate the suitability of such an arrangement. Each recurring telecommuting request will be assessed on a case-by-case basis and must be approved in advance and in writing by the employee's immediate supervisor and Chief Officer.

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

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

Specific days shall be determined by the employee's supervisor in consultation with the employee and any other divisions impacted by the employee's work. In accordance with the current telecommuting policy.

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. ~~Employees Lunches and breaks are not to take lunch or breaks 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.

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 Chief Officer 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. [Any employee who requires space to express milk at work should speak to the Human Resources Director.](#)

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, [observations](#), 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.

Discipline

Employees may be disciplined by MFA, up to and including termination of employment, 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 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 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" is defined as being two individuals who live together in a long-term relationship of indefinite duration. There must be an exclusive mutual commitment similar to that of marriage in which the partners agree to be financially responsible for each other's welfare and share financial obligations.

Flexible Spending Accounts

All full-time and part-time employees working 20 hours, or more are eligible to participate in 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~~[Compsych Guidance Resources](#)

Sponsored by ~~The Hartford~~ [Presbyterian](#)

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 Chief Officer 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 Chief Officer's approval and then forward those approvals to the Human Resources Director for final approval. All approvals must be obtained in advance and should be submitted during the budget process.

Tuition reimbursement for college or trade school level courses will not exceed standard semester credit hour rates charged by a state university in New Mexico. Tuition reimbursement for approved courses is limited to the following number of credit hours per fiscal year:

- Following one year of employment, nine (9) credit hours per fiscal year;
- Following three years of employment, twelve (12) credit hours per fiscal year; and
- Following five years employment, fifteen (15) credit hours per fiscal year.

Employees 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, professional development, profession related certifications and associated preparation courses and any testing fees for up to two attempts of the same test. Prior approval from direct supervisor and Chief Officer is required.

Mass Transit

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 Chief Officer. 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 mealtimes are **not** compensable and attendance at a luncheon or social hour by a non-exempt employee is considered voluntary. Therefore, when a non-exempt employee attends a conference or seminar (or a monthly association luncheon or similar activity), his/her time during the lunch or social hour is not compensable.

Exception: If a non-exempt employee’s attendance at a luncheon or social hour or similar activity is required by MFA, then the employee’s time is compensable.

Volunteerism

Eligible full-time employees may take up to four hours of paid time off each fiscal year to volunteer for a charitable purpose. Part-time employees may take up to two hours of paid time off each fiscal year to volunteer for a charitable purpose. Employees may not use volunteer time to support political or lobbying projects.

To be eligible, employees have meets expectations performance or above and must not be on any disciplinary status.

Volunteer time should not conflict with the peak work schedule and other work-related responsibilities, cause a non-exempt employee to need to work overtime, or cause conflicts with other employees' schedules. Interested employees should meet with their managers to discuss their volunteer choice, schedule and to receive approval.

Volunteers must wear MFA logo'd apparel during volunteer event.

INCENTIVE COMPENSATION PLAN

Performance Evaluations

The goal setting and performance evaluation process is intended as a means for discussing, planning and reviewing the performance of each employee. Quarterly coaching and annual performance evaluations are designed to:

- Clearly define responsibilities, provide criteria by which performance will be evaluated, and suggest ways in which performance can be improved.
- Identify employees with potential for advancement.
- Help managers distribute and achieve department and company goals.
- Provide a fair basis for possible Merit Increases and Annual Awards.

Performance evaluations will be conducted on an annual cycle corresponding to the fiscal year end. Employees will receive a performance evaluation and new goals in November of each year. No performance evaluation will change the employment status of any employee which, at all times, shall remain at-will and no evaluation will guarantee that an employee will advance with MFA.

Merit Increases

Merit Increases are *not* guaranteed. They are a compensation tool based on company performance, available budget, and individual performance. Merit Increases, if awarded, will be reflected no later than first payroll cycle of December following the award.

All employees are eligible to be considered for Merit Increases, if they also satisfy the following criteria:

- Employees must have been hired on or before ~~March 31st~~ June 30th 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, Chief Officer, 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 Chief Officer 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 Chief Officers 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 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 Chief Officer, 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 by the last pay date of the fiscal year, they will be forfeited. Personal days are not accrued and therefore are not paid out at time of resignation or termination. Personal days can be taken only with the supervisor's consent. Requests will be considered based on work demands and staffing needs, and consent may be withheld based on those and other factors. Employees on a compressed work week will need to request an additional hour of vacation to complete a 9 (nine) hour workday.

Part-Time Employee with Benefits

All part-time employees with benefits are eligible for a paid personal day. Part-time employees will earn a personal day at a pro-rated amount that is determined based on the number of hours 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 and Temporary Employees ~~with Benefits~~

Sick leave is accrued on a biweekly basis beginning ~~with the first pay period after date of hire~~upon the commencement of employment. All part-time ~~and temporary~~ employees ~~with benefits~~ are eligible for sick ~~time~~leave. Eligible Part-time employees will accrue sick ~~time~~leave at a pro-rated amount that is determined based on the number of hours regularly scheduled to work.

Use of Sick Leave

Employees may begin to use sick leave ~~after one (1) day~~as it is accrued. If an employee is going to be absent because of sickness, except in cases of emergency, 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~~may be used in cases of employee illness or illness ~~in the emp'loyee's immediate family~~of a family member, including (the employee's spouse, domestic partner, or anyone who is related to the employee or employee's spouse or domestic partner as his her child (whether biological, adopted, foster, step, or legal ward), parent or legal guardian (whether biological, foster, step, or adopted), spouse or domestic partner of a family member, or any individual whose close association with the employee or the employee's spouse or domestic partner is the equivalent of a family relationship—children, stepchildren, mother, father, mother-in-law, father-in-law, grandparents, and grandchildren) or anyone residing in the emp'loyee'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. If an employee is rehired by MFA within twelve (12) months of termination, the employee's previously accrued sick leave will be reinstated.

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)~~sixty-four (64) hours of sick leave remaining after the transfer.
- Transfer of sick leave will only be available for use during the waiting period of Short-Term Disability.
- Transfer of sick leave can be transferred to an employee that is experiencing a qualifying event that does not involve the employee. (i.e., taking care of child or parent).
- The donor and the recipient must complete a Sick Leave Donation/Recipient Request form.

- Any unused sick time that was donated will be transferred back to the donor.
- Donated hours will be transferred to the recipient as needed on a per pay period basis.
- The Human Resources Director must approve the transfer request.
- The Human Resources Director will post the request for donations on 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 Jr. Day
- President's Day
- Memorial Day
- Juneteenth
- Independence Day
- Labor Day
- Indigenous Peoples Day
- Veterans 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 Chief Officer 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 Chief Officer 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. 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 may use accrued sick leave in excess of these four \(4\) hours for meeting at the employee's child's school or place of care related to the child's health or disability.\)](#)

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~~[away from the office](#).

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 applicable) 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 in 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 Chief Officer, 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 ~~six~~6-month period or any unused paid parental leave will be forfeited.
- Eligible employees may utilize one term of paid parental leave (up to 12 weeks) per birth or adoption event.
- Employees must take paid parental leave in one continuous period of leave.
- Paid parental leave taken under this policy will run concurrently with leave under the FMLA, any leave taken under this policy will also be counted toward the 12 weeks of available FMLA leave.
- If both parents or domestic partners work for 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.
- Obtain medical or psychological treatment or other counseling, relocate, prepare for or participate in legal proceedings, or obtain services or assist a family member of the employee with any of these activities due to domestic abuse, sexual assault, or stalking suffered by the employee or a family member of the employee.
- ~~Domestic abuse leave is unpaid unless an~~ An employee may chooses to use accrued sick or vacation leave for any domestic abuse leave.

Definition

"Domestic Abuse" for purposes of this policy means an incident of stalking or sexual assault whether committed by a household member or not, or any incident by a household member against another household member consisting of or resulting in:

- physical harm
- severe emotional distress
- bodily injury or assault
- a threat causing imminent fear of bodily injury by any household member
- criminal trespass
- criminal damage to property
- repeatedly driving by a residence or workplace
- telephone harassment
- harassment; or
- harm or threatened harm to children

Notice

In an emergency, employees needing domestic abuse leave must notify MFA within twenty-four (24) hours of starting the leave. Otherwise, employees needing domestic abuse leave must provide as much notice as possible in the circumstances. Notification can be given to the employee's supervisor/manager, the Human Resources Director, respective Chief Officer or Executive Director.

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, [up to and including termination of employment](#).

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 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 ([including medical cannabis and recreational marijuana](#)) or alcohol during work hours or in its workplace, inspection sites, office rental vehicles, and personal vehicles when mileage is reimbursed by MFA. Being under the influence of alcohol/drugs while at work or consuming drugs/alcohol while on breaks or lunch is not permitted. Receiving a DUI (Driving under the Influence) citation will not be tolerated and may result in termination of employment. A full disclosure to immediate supervisor who is required to report to respective Chief Officer or Executive Director and Human Resources Director is required within twenty-four (24) hours of receipt of such violation and or citation.

Disclosure is required for prescription medications ([including medical cannabis](#)) that may cause impairment. Human Resources will maintain the confidentiality of such information on a strict need-to-know basis.

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, [recreational marijuana](#), or prescription drugs not taken in accordance with a prescription given to the employee

Medical Cannabis

Employees shall not use, possess, or be impaired by medical cannabis or marijuana when they report to work or while on duty irrespective of their status as a registered or authorized user of medical cannabis under state law.

Any employee in a safety-sensitive position who tests positive for cannabis components or metabolites may be subject to discipline, up to and including termination of employment, irrespective of the employee's status as a registered or authorized user of medical cannabis or cardholder status. A "safety-sensitive position" is any job designated by MFA that includes duties or tasks that MFA has determined could affect the safety or health of the employee or others, including but not limited to operating a motor vehicle, equipment, machinery, or power tools.

Any employee in a non-safety-sensitive position who tests positive for cannabis components or metabolites will not be disciplined based solely on the positive test if they are a registered or authorized user of medical cannabis. However, if there is a good-faith reason to believe that such an employee was impaired by medical cannabis when the employee reported to work or while on duty, the employee may be subject to discipline, up to and including termination of employment, irrespective of the employee's status as a registered or authorized user of medical cannabis or cardholder status. A good-faith belief that an employee is impaired may be based on any of the following: observed conduct, behavior, or appearance; written, electronic, or verbal statements; video or audio recordings; records of government agencies, law enforcement agencies, or courts; and any other information reasonably believed to be accurate or reliable.

Any employee who has been prescribed medical cannabis or its components by a healthcare provider who is legally authorized to issue such a prescription may request a reasonable accommodation to the Human Resources Director. MFA will make an individualized assessment as to whether the employee can and will be accommodated, which accommodation may include but not be limited to authorizing a medical leave of absence while the employee is actively using medical cannabis or its components, temporarily relieving the employee of safety-sensitive duties while the employee is actively using medical cannabis or its components, and/or permanently reassigning the employee from a safety-sensitive position to an open non-safety-sensitive position for which the employee is otherwise qualified. MFA reserves the right to deny any request for accommodation that is required under federal or state law and/or that would create an undue hardship.

-Drug & Alcohol Testing

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 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 [of employment](#):

- 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 [drugs or](#) 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 the foregoing steps may be required to correct instances of inappropriate employee behavior, poor performance or misconduct, nor are these steps required to be taken in the order in which they are listed. Because of the at-will nature of employment at 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

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 based on an individual's race (including on the basis of traits historically associated with race, such as hair texture, length of hair, protective hairstyles, or cultural headdresses), gender, color, religion, sex, sexual orientation, gender identity, marital status, pregnancy, parenthood, national origin, age, physical or mental disability, serious medical condition, genetic information, status with regard to public assistance, status as a veteran, ancestry, or any other classification protected by applicable federal, state or local law, is strictly prohibited and will not be tolerated by MFA.

This anti-discrimination and harassment policy prohibits 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 (including on the basis of traits historically associated with race, such as hair texture, length of hair, protective hairstyles, or cultural headdresses), gender, color, religion, sex, sexual orientation, gender identity, marital status, pregnancy, parenthood, national origin, age, physical or mental disability, serious medical condition, genetic information, status with regard to public assistance, status as a veteran, ancestry or any other characteristic protected by law.
- Crude/vulgar language, sexual advances or other verbal, visual, or physical conduct of a sexual nature, intimidation, baiting, hazing, bullying, banter/teasing, spreading rumors, sending or posting offensive or lewd materials (including pictures, sayings or cartoons), ridicule, hostility and threats or acts of violence.
- Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:
 - A. submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;

- B. submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting the individual; or
- C. such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

REPORTING DISCRIMINATION OR HARASSMENT

Employee Responsibilities:

- All employees are equally responsible and accountable for maintaining a workplace that respects the dignity and rights of their fellow employees and the customers they serve.
- Employees are encouraged to be supportive of one another and sensitive to remarks and actions that can be personally harmful and/or disruptive to others in the workplace.
- Employees who believe they are being discriminated against or harassed are encouraged to firmly and promptly inform the offender that his/her behavior is unwelcome, harmful, or offensive. Some offenders may be genuinely oblivious to the effect of their words or conduct on other people and might be willing to change if they knew they were hurting or offending someone. However, MFA recognizes that power and status disparities between an alleged harasser and a target or other circumstances may make such a confrontation difficult or impossible in some instances.
- Any employee who is aware of or who has experienced an incident of discrimination or harassment should report the matter immediately to his/her supervisor or any member of Management to minimize the risk of repeat incidents or retaliation by the offender.
- If the supervisor is the offender, report the incident to Management. If Management is the subject of the report, the employee should inform the Human Resources Director.
- Reports of discrimination or harassment, whether oral or written, should include an accurate, detailed description of the objectionable behavior, including date(s), time(s), and place(s) of the alleged discrimination or harassment, and should identify any other individuals who may have witnessed or heard the offensive conduct.

Supervisor, Manager and Management Responsibilities:

- Supervisors, managers and Management must serve as positive role models with respect to proper conduct in the workplace.
- Along with their own conduct, supervisors, managers and Management should always be alert in identifying negative behavior among employees, whether intentional or not, that may affect the work environment.
- Supervisors, managers and Management should also encourage employees to discuss and ask questions to become better informed and to bring concerns and observations to the attention of their supervisors for discussion and follow-up, as appropriate.
- In the event that a supervisor, manager or Management becomes aware of a discrimination or harassment incident or complaint, or potential problem situation, he/she should contact the Human Resources Director immediately for guidance in investigating and addressing the problem.
- Supervisors, managers and Management should cooperate fully with efforts to investigate and resolve any complaints of discrimination or harassment.

Investigation of Reports

Investigation of all reports of discrimination or harassment will be undertaken promptly in as discreet and confidential a manner as possible. Cooperation and discretion by all employees contacted during an investigation is required.

If a complaint of discrimination or harassment is substantiated, appropriate corrective action will be taken, depending upon the circumstances. Employees found to have engaged in discrimination or harassment will be subject to appropriate discipline, up to and including termination [of employment](#).

Retaliation

MFA will not tolerate any retaliation against any employee who makes a report of harassment or discrimination or who participates in an investigation of a report or claim of harassment or discrimination. Any employee found to have retaliated against another employee for reporting harassment or discrimination, or for participating in an investigation of discrimination or harassment, will be subject to disciplinary action, up to and including termination [of employment](#).

Harassment by Non-Employees

All 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 Chief Officer 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 a discreet and confidential manner as possible. Cooperation and discretion by all employees contacted during an investigation is required.

If a complaint of bullying is substantiated, appropriate corrective action will be taken, depending upon the circumstances. Employees found to have engaged in bullying in violation of this policy will be subject to appropriate discipline, up to and including termination.

Retaliation

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 Chief Officer 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:

- Chief Officers
- 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 and Personal Day

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 and personal day is-are 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 8

2022 RENTAL AWARD SUMMARY

Project Name & Address	EMLI at Wells of Artesia 2104 W Richey Ave., Artesia, Eddy County, NM 88210			
Proposed Awards	\$800,000	HOME	Rate	0%
	\$500,000	NMHTF	Rate	1%
	\$500,000	NHTF	Rate	Cash Flow
Borrowers	EMLI Artesia TC I LP , a New Mexico Limited Partnership owned by General Partner EMLI Artesia GP LLC (0.01%) and Limited Partner R4 Capital (99.99%). EMLI Artesia GP LLC is owned 90% by Tyler Weir (Managing Member) and 10% by Richard Ashton (Member).			
Management	Monarch Properties, Inc. is a privately held Texas corporation chartered in 1982. Monarch provides third-party, full-service management of multifamily apartment communities throughout Texas, New Mexico and Oklahoma. The corporate office is located in Albuquerque, New Mexico. The total apartments under management have consistently averaged more than 7,500 with over 280 team members employed.			
Developer	<p>Liberty Multifamily LLC, a Texas limited liability company formed in 2015, is an integrated real estate development and construction firm specializing in the construction and renovation of high quality, energy-efficient affordable multifamily communities. As the development consultant, the firm has completed six LIHTC projects in Texas totaling 1,252 units and is currently involved in three additional affordable housing projects in Texas and Kentucky.</p> <p>Tyler Weir, Managing Member of Liberty Multifamily LLC, has several years managing large civil infrastructure and multifamily construction projects as a developer, construction manager, and/or material supplier. Tyler oversees all aspects of the firm.</p> <p>Richard Ashton, Managing Director of Liberty Multifamily LLC, is a Certified Housing Credit Professional and has been the lead developer on multiple multifamily housing projects across the nation. Richard provides affordable housing development and consulting services to community development corporations, nonprofits, developers, and sponsors as well as accounting and financial consulting services.</p> <p>Liberty Multifamily LLC's internally prepared financials for FYE 12/31/2020 show cash-on-hand of \$768K, total assets of \$1.4M, a net worth of \$1.41M, and net income of \$1.77M. Liberty Multifamily LLC's internally prepared financials for FYE 12/31/19 show cash-on-hand of \$18K, total assets of \$593K, a net worth of \$593K, and a net income of \$500K. The above financials are supported by the company's 2019 and 2020 federal income tax returns.</p> <p>Liberty Multifamily LLC's internally prepared financials for the interim period from 1/1/21-9/16/21 show cash-on-hand of \$2.67M, total assets of \$3.49M, and a net worth of \$3.49M, net income of \$1.41M.</p>			
Project Type & Size	New construction of 198 units to be located on a 17.9-acre site. Fifty units (25% of the project) will serve households with children. Four units will be income restricted to households earning 30% or less of Area Median Income (AMI). Sixteen units will be income-restricted to households earning 50% or less of AMI. One-hundred-seventy-one units are income restricted to households earning 60% or less of AMI. Seven units will be rented at market rate.			
Project Description	Liberty Multifamily LLC is proposing the development and new construction of EMLI at Wells of Artesia; a 198-unit apartment project targeting individuals and families in the northwest area of Artesia, NM. The unit mix will be 88 one bed/one bath units at 750 sf, 58 two-bed/2 bath units at 999 sf, 36 three-bed/two bath units at 1,218 sf, and 16 four-bed/2 bath units at 1,280 sf. The project's gross square footage is approximately 188,270 square feet comprising of 10 two-story residential buildings. The Subject site is located in close proximity to US Highway 82/West Main			


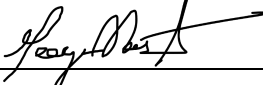
	<p>Street, as well as services, employment and retail. The off-site amenities are appropriate and sufficient for the market and the intended tenants.</p> <p>The Subject's in-unit amenities will include a balcony/patio, blinds, vinyl flooring, central heating and air conditioning, coat closets, exterior storage, ceiling fans, and walk-in closets. Appliances will include a refrigerator, range/oven, dishwasher, garbage disposal, microwave, and washer/dryer hookups. The project's community amenities will include a basketball court, business center/computer lab, carwash area, clubhouse/community room, courtyard, exercise facility, central laundry facility, on-site management, picnic area, playground, recreation area, swimming pool, common area Wi-Fi, library, and service coordinator. In partnership with Rainbow Housing Assistance Corporation (Rainbow), service coordination will include services such as financial classes, ESL, health and nutrition classes, and tutoring. The project will offer 415 surface parking spaces.</p> <p>The Novogradac market study dated 08/24/2021 identified the Subject's Primary Market Area (PMA) as the area that generally encompasses the north-central portion of Eddy County including the cities of Artesia and Carlsbad as well as surrounding rural areas. The significant boundaries of the PMA include the Eddy County Line to the north, State Route 707 to the south, and the Pecos River Valley between Artesia and Carlsbad to the east and west. The PMA has demonstrated it is an area of economic and population growth and is projected to continue to grow through 2025.</p> <p>The market study advises that the Subject is feasible as proposed and will provide good quality affordable housing that is in demand in the area. The property is within close proximity of employment, retail, and related amenities. The Subject's unit mix, unit sizes, and unit amenities are considered competitive. Affordable units are in demand, as evidenced by the rental activity and maintained waiting lists of comparable affordable properties. The market study Demand Analysis illustrates demand for the Subject based on capture rates of size appropriate, income-eligible renter households. When viewing total income-eligible renter households the calculation illustrates an overall capture rate of 3.1 percent, which is considered excellent, and indicative of ample demand for the Subject as proposed. Vacancy rates among the affordable comparables range from zero to 6.7 percent, with an average of 3.8 percent, and the Subject is expected to maintain a vacancy rate of five percent or less upon completion of construction. The market study estimates that the Subject will be absorbed at a rate of 15 to 20 units per month, reaching a stabilized occupancy rate of 95 percent within nine to 13 months.</p> <p>Overall, the Subject, as proposed, will represent excellent quality mixed-income apartments in an area with a significant level of demand for affordable and market rate housing.</p>
Environmental & Site	<p>A Phase I Environmental Site Assessment has not yet been conducted for the site, but one will be required prior to MFA's approval of the construction start. A HUD Part 58 Environmental Review is required for HOME loans and must be completed prior to the acquisition of the property.</p>
Site and Neighborhood Standards (HOME New Construction only)	<p>A Site and Neighborhood Standards will be required for the HOME loan, and approval is required before construction can begin. The project is being sited on several contiguous parcels of land that are located in an area of town that does not prohibit multi-family housing development and are currently zoned C or R-2. Both zoning districts allow single-family and multi-family uses.</p> <p>The Subject site is located in the northern portion of Artesia. The Subject's neighborhood generally consists of vacant land, single-family homes, government uses, and public uses. Land use to the north of the Subject site is currently vacant, undeveloped land. Land use to the east of the Subject site consists of the Federal Law Enforcement Training Center (FLETC). The FLETC is one of three residential training sites in the country and consists of various facilities for conducting both basic and advanced law enforcement training. Further east, along US Highway 285, land use consists of Adobe Rose restaurant in average condition as well as an electric substation, followed by industrial-type uses in average condition. Land use to the southeast of the Subject site, along North 13th Street, consists of various institutional uses including Central Valley Electric Cooperative, Inc., San Pedro Nursing and Rehabilitation Center, Park Junior High School, Mack</p>

	<p>Chase Athletic Complex, Yucca Elementary School, and Artesia General Hospital, all of which range from average to good condition. Land use to the south of the Subject site consists of vacant, undeveloped land. Further south, along US Highway 82/West Main Street, land use consists of commercial/retail uses in average condition. Land use to the west of the Subject site consists of vacant, undeveloped land followed by under construction single-family homes and existing single-family homes in good condition. Further west, along West Richey Avenue, land uses consist of Artesia Country Club in good condition, as well as Canyonstone Apartments, a 282-unit market rate development in excellent condition.</p> <p>The largest employers in Eddy County are concentrated in the administration/support/waste management services, mining, educational services, public administration, and healthcare/social assistance sectors. Waste Isolation Pilot Plant is the largest employer in Eddy County, employing 1,200 workers. It should be noted that four of the major employers in Eddy County are located in Artesia, representing the mining, educational services, healthcare/social assistance, and public administration sectors. The three largest employers are all considered to be in stable industries, which bodes well for the continued need for housing in the immediate area.</p> <p>According to the market study provided by Novogradac, as of 2019, the unemployment rate in the SMA (i.e. Carlsbad-Artesia MSA) was 3.2 percent, which is below the nation's unemployment rate of 3.7 percent. However, in 2020, the SMA unemployment rate increased to 7.0 percent, still below the national rate of 8.1 percent during the same time period. According to the most recent labor statistics, as of April 2021, the unemployment rate in the SMA is 6.9 percent, which is higher than the current national unemployment rate of 5.7 percent. The sudden and sharp contraction as of late is due to the economic fallout from the COVID-19 pandemic.</p> <p>Regardless, the area apartment market is performing well, as reflected by the low rental housing vacancy rates in the area, as indicated within the market study's comparable properties data. Demand for rental housing has remained strong during the COVID-19 crisis.</p>
<p>Project Financials, Projections and Assumptions, and Subsidy Layering Review (HOME only)</p>	<p>Projections and Assumptions: A 7% vacancy (MFA standard) was applied, and operating expenses were estimated at \$3,533 per unit per annum (PUPA) after reducing for Replacement Reserves (\$300 PUPA) and Enrichment Services. Operating expenses are slightly below MFA standards of \$4,300 to \$5,800.</p> <p>The Debt Service Coverage Ratio (DSCR) on all hard debt is projected to start out at 1.15 : 1.00 in year 1, which falls below outside of MFA's underwriting standards of 1.20 to 1.40 : 1.00, however, the project improves to a 1.20 : 1.00 DSCR by year 4 and stays within guidelines for the remainder for the 15-year proforma. The interest rate for R4 Capital's first mortgage loan is assumed to be 4.30%. MFA typically adjusts a first mortgage interest rate at a rate 50 basis points higher than the rate provided in the Letter of Intent (LOI) as a stress test, because it is difficult to forecast where rates might be in the eight to 10 months it takes a typical project to close. However, this project is expected to close on its construction financing within a relatively short timeline (early 2022), thus limiting the likelihood of a large interest rate fluctuation. Instead, MFA has decided to utilize an interest rate based on the current interest rate index (provided in the LOI), to reflect the current interest rate environment (10-yr Treasury rate as of 12/23/21). If, for any reason, the rate increases too much to accommodate required DSCR, then the first mortgage permanent loan can be reduced and that portion of it replaced by a cash flow loan from Liberty Multifamily.</p> <p>Currently, it appears that 60% (i.e. \$2,713,804 of the \$4,477,807) of the developer fee will be deferred. Generally, a deferral in fee could be used to replace a portion of the first mortgage loan and would mitigate any possible interest rate risk that may occur between commitment and inception of the permanent loan. Deferral of the developer fee is usually allowable by the investor, provided that cash flow can repay the deferred fee by the end of the 15-year LIHTC compliance period. Lender projections indicate that the Subject would fully pay the deferred developer fee by the end of the 12th year.</p>

	<p>The developer is assuming that credits can be sold to an investor at 82 cents on the dollar (i.e. below the 2021 MFA guidelines of 88 to 95). Every one-cent drop in that price would create the need for additional \$180,243 in capital to be filled by either deferring additional developer fee or a cash-flow-only loan from Liberty Multifamily LLC.</p> <p>Subsidy Layering Review</p> <ul style="list-style-type: none"> • <u>HOME</u>- MFA's Housing Development Department's underwriting guidelines, performed for the HOME loan request, show this project is not over-subsidized per HUD regulations. • National HTF- MFA's Housing Development Department's underwriting guidelines, performed for the National Housing Trust Fund loan request, show this project is not over-subsidized per HUD regulations.
Affordability Requirements	<p>HOME Requirements: Two 1-bedroom apartments, one 2-bedroom apartment, and one 3-bedroom apartment for households at or below 60% AMI and restricted to High HOME rents; and, one 1-bedroom apartment for households at or below 50% AMI and restricted to Low HOME rents, for which a Land Use Restriction Agreement (LURA) will be filed in Eddy County. The affordability period is 40 years: 20 years as required by HOME standards and 20 years for MFA's extended affordability period (i.e. in concurrence with the loan term). The affordability period starts on the date of acceptance by HUD of a final HOME project completion report and ends 40 years later.</p> <p>NMHTF: One-Hundred-Sixty-Three (183) units income-restricted to households earning 60% or less of AMI for which a Land Use Restriction Agreement (LURA) will be filed in Eddy County. The NMHTF affordability period is 30 years; 20 as required by Affordable Housing Act Rules and 10 for MFA's extended affordability period (i.e., in concurrence with the loan term) and starts on the date the Certificate of Occupancy is issued.</p> <p>NHTF Requirements: One 1-bedroom apartment, one 2-bedroom apartment, and one 3-bedroom apartment restricted to households earning the greater of 30% AMI or the federal poverty level, for which a Land Use Restriction Agreement (LURA) will be filed in Eddy County. The affordability period is 35 years, starting on the date of acceptance by HUD of a final NHTF project completion report and ends 35 years later.</p>
Repayment and Disbursement	<p>HOME: <u>Payments:</u> No payments during construction period, not to exceed 24 months; thereafter 479 equal principal payments (0% interest), based on an 80-year amortization, with a final payment of all outstanding principal due upon its maturity in 40 years. All outstanding principal due at the earlier of maturity, refinance, or sale of the project. <u>Disbursement:</u> Allow three draws, one at construction closing, one during the construction period, and final disbursement upon submission of a HUD project completion report.</p> <p>NMHTF: <u>Payments:</u> Interest only monthly during the construction period not to exceed 24 months; thereafter 360 equal Principal & Interest payments during the permanent loan period. All outstanding principal and interest due at the earlier of maturity, refinance, or sale of the project. <u>Disbursement:</u> Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.</p> <p>NHTF: <u>Payments:</u> No payments during the construction period, which is not to exceed 24 months; thereafter, annual payments, 1) as determined from available cash flow or 2) a fixed principal payment of \$500, maturing in 35 years. <u>Disbursement:</u> Allow up to three draws: two during the construction period, and the third upon submission of a final NHTF project completion report to HUD.</p>

Special Conditions	<ol style="list-style-type: none"> 1. All loans are subject to MFA's final underwriting for project feasibility if needed. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e. interest rate & amortization) may be revised in line with projected cash flow at closing; 2. Any changes or additions to the following development team members listed in the loan application must be approved by MFA: developer, contractor, management company, consultant or architect; 3. Financing commitments acceptable to MFA prior to funding on all funding sources; 4. Acceptance of 2022 award of Low-Income Housing Tax Credits (LIHTC); 5. Approval of plans/construction monitoring/draws by a third party acceptable to MFA (i.e. hired by MFA, investor or primary construction lender) and shared with MFA. Cost to be paid by applicant; 6. Other conditions as may be determined by staff; and 7. Subject to availability of funds. <p>Additional Conditions: HOME Loan</p> <ol style="list-style-type: none"> 8. Loan to be in second lien position; 9. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met; 10. Tyler Weir and Richard Ashton must provide personal guarantees during the construction period; 11. If HOME CHDO (Community Housing Development Organization) funds are to be used, Liberty Multifamily LLC must be approved by MFA as a CHDO, and any transfers of ownership must be in accordance with HUD's CHDO rules. <p>Additional Conditions: NMHTF</p> <ol style="list-style-type: none"> 12. Loan to be in third lien position; and 13. Tyler Weir and Richard Ashton must provide a construction guaranty. 14. If HOME CHDO (Community Housing Development Organization) funds are to be used, the developer must be approved by MFA as a CHDO, and any transfers of ownership must be in accordance with HUD's CHDO rules. <p>Additional Conditions: NHTF Loan</p> <ol style="list-style-type: none"> 15. Loan to be in fourth lien position; 16. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met; and 17. Project building plans must meet NHTF Rehabilitation Standards prior to acquisition and construction start; and 18. Tyler Weir and Richard Ashton must provide personal guarantees during the construction period.
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MFA Commitments to Other Projects	<u>Liberty Multifamily LLC:</u> N/A – EMLI Wells at Artesia will be the developer's first project in New Mexico.
MFA Exposure	\$0.00

<u>Risk Factors</u>	<ol style="list-style-type: none"> 1. Market – Low (Strong demand for proposed property in PMA - low vacancy at comparable properties and waiting lists for affordable properties) 2. Construction – Medium (construction material pricing remains volatile, however, the developer is experienced plus the investor and main construction lender will provide additional oversight and controls) 3. Developer – Medium The principals of Liberty Multifamily LLC have extensive experience in affordable housing, however, this will be their first development in New Mexico 4. Guarantor – Medium (Guarantor demonstrates strong liquidity and has the financial capacity to cover small to medium cost overruns should they occur) 5. General Partner/Managing Member – Medium (i.e. the developer) 6. Community Opposition – Medium (The project is located on vacant, undeveloped land but is sited near single-family uses. Mayor and City Council have not shown support for this project, however, a letter was provided stating that City Council did not have a majority vote to disapprove the project.) 7. Financing – Medium (as long as market conditions for interest rates & LIHTC pricing do not fluctuate too much, the project is feasible. However, in the event of adverse market conditions the project would not move forward. MFA's final underwriting is required before loan closing to ensure viability before final commitment) 		
Summary & Recommendation	The proposed project presents a favorable risk profile and is recommended for approval.		
Prepared by	Tim Martinez, Development Loan Manager 	Date	1/4/2022
Reviewed by	George Maestas, Director of Housing Development 	Date	1/4/2022

PROJECT INFORMATION SUMMARY						
Project Name		City	NC, AR, or NC/AR	Total # Units	Sizes	Target AMIs
EMLI at Wells of Artesia		Artesia				
Total Development Cost	\$ 37,771,490		NC	198	1-BED, 2-BED, 3-BED, 4-BED	30% AMI, 50% AMI, 60% AMI, and Market Rate
Borrower	EMLI Artesia TC I LP - HOME, NMHTF, and NHTF					
Management	Monarch Properties, Inc.		YEAR BUILT (AR)		LIHTC ALLOC	4% or 9%
Developer	Liberty Multifamily LLC		NC		\$ 1,702,421	4%
			NC = New Construction AR = Acquisition/Rehab AMI = Area Median Income MR = Market Rate apartments			
HOME LOAN INFORMATION			NUMBER OF HOME UNITS:			5
Funds Available as of:	12/01/21	\$2,248,764				
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$800,000	\$800,000	Max without 9% LIHTC, non-CHDO			
Rates	0.0% to 3.0%	0.00%				
Loan Fees	NA	NA				
Maximum Loan Term	2 yr construct, 40 yr	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, 1 unit @ 50% AMI				
DSCR	1.2 to 1.4 to 1 on all must-pay debt	Within guidelines years 4-15 of pro forma	1.15 to 1 increasing to 1.39 by year 15			
Scoring Criteria	NA	NA				
NMHTF LOAN INFORMATION			NUMBER OF NMHTF UNITS:			183
Funds Available as of:	12/01/21	\$5,473,403				
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$2,000,000	\$500,000				
Rates	1.0% to 5.0%	1.0%				
Loan Fees	NA	NA				
Maximum Loan Term	2 yr construct, 30 yr perm	2 yr construct, 30 yr perm				
Loan Amortization	Mthly during perm	Mthly during perm				
Lien Position	Subordinate allowed	3rd lien position				
Affordability Requirements	Min 20 years, Max 60% AMI	30 yrs, 183 units @ 60% AMI				
DSCR	1.2 to 1.4 to 1 on all must-pay debt	Within guidelines years 4-15 of pro forma	1.15 to 1 increasing to 1.39 by year 15			
Scoring Criteria	57-112 points	60				

NATIONAL HOUSING TRUST FUND LOAN INFORMATION			NO OF NATIONAL HTF UNITS:	
Funds Available as of:	12/01/21	\$1,012,629	HTF UNITS:	3
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES	
Maximum Loan Amount	Maximum Per Unit Subsidy	\$500,000		
Rates	0%	0.0%		
Loan Fees	NA	NA		
Maximum Loan Term	2 yr construct, no max on perm	2 yr construct, 35 yr perm		
Loan Amortization	cash-flow or forgivable	cash-flow	Borrower will have the option to make annual cash-flow payments or annual fixed payments of \$500.	
Lien Position	Subordinate allowed	4th lien position		
Affordability Requirements	Min 30 yrs; NHTF restricted to at or below the greater of 30% AMI or federal poverty level	35 yrs; 3 units rent-restricted to the greater of 30% AMI or federal poverty level		
DSCR	1.2 to 1.4 to 1 on all must-pay debt	Within guidelines years 4-15 of pro forma	1.15 to 1 increasing to 1.39 by year 15	
Scoring Criteria	40-115 points	40		

TOTAL DEVELOPMENT COST INFORMATION SUMMARY				
Project:	EMLI at Wells of Artesia	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)		\$ 1,425,000	4%	\$ 7.57
Construction Hard Costs		\$ 23,884,369	63%	\$ 126.86
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)		\$ 3,288,056	9%	\$ 17.46
Professional Services/Fees (architect, engineer, real estate legal, etc)		\$ 917,855	2%	\$ 4.88
Construction Financing Costs (interest, insurance, inspections, fees, etc)		\$ 1,322,626	4%	\$ 7.03
Permanent Financing Costs (fees, title/recording, etc)		\$ 915,632	2%	\$ 4.86
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)		\$ 231,219	1%	\$ 1.23
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)		\$ -	0%	\$ -
Reserves (rent-up, operating, replacement, escrows, etc)		\$ 1,308,926	3%	\$ 6.95
Developer Fees (inc consultant fees)		\$ 4,477,807	12%	\$ 23.78
Total Development Costs (TDC)		\$ 37,771,490	100%	\$ 200.62
TDC w/o Land, Reserves & Commercial		\$ 35,037,564	93%	\$ 186.10

*Gross square footage: 188,270

CONSTRUCTION SOURCES				
Project:	EMLI at Wells of Artesia	Total	% of Total	Per Unit
Construct. Lender - 1st Lien	R4 Capital (Tax Exempt Bonds)	\$ 31,552,860	83.5%	\$ 159,358
Deferred Developer Fee	Liberty Multifamily LLC	\$ 2,713,804	7.2%	\$ 13,706
LIHTC Equity	R4 Capital (Tax Credit Equity Provider)	\$ 3,504,826	9.3%	\$ 17,701
Total Construction Sources		\$ 37,771,490	100.0%	\$ 190,765

Check TDC in Development Cost Budget

PERMANENT SOURCES				
Project:	EMLI at Wells of Artesia	Total	% of Total	Per Unit
1st Lien holder	R4 Capital (Tax Exempt Bonds)	\$ 19,299,230	51.1%	\$ 97,471
2nd Lien holder	MFA HOME Loan	\$ 800,000	2.1%	\$ 4,040
3rd Lien holder	MFA NMHTF Loan	\$ 500,000	1.3%	\$ 2,525
4th Lien holder	MFA NHTF Loan	\$ 500,000	1.3%	\$ 2,525
Deferred Developer Fee	Liberty Multifamily LLC	\$ 2,713,804	7.2%	\$ 13,706
LIHTC Equity	R4 Capital (Tax Credit Equity Provider)	\$ 13,958,456	37.0%	\$ 70,497
Total Permanent Sources		\$ 37,771,490	100.0%	\$ 190,765

Appendix A: Development Cost Budget		
EMLI Wells of Artesia	Gross Sq. Footage:	188,270
Artesia	TOTAL COST	COST/GSF
ACQUISITION COSTS		
Land Acquisition	\$ 1,425,000	\$ 7.57
Building Acquisition		\$ -
Other: Closing/Title Costs		\$ -
SUBTOTAL	\$ 1,425,000	\$ 7.57
CONSTRUCTION HARD COSTS		
Demolition	\$ -	\$ -
Accessory Structures	\$ -	\$ -
Site Construction	\$ 2,712,161	\$ 14.41
Buildings and Structures	\$ 21,022,208	\$ 111.66
Off-Site Improvements	\$ -	\$ -
Other:	\$ 150,000	\$ 0.80
SUBTOTAL	\$ 23,884,369	\$ 126.86
OTHER CONSTRUCTION COSTS		
Contractor Overhead	\$ 490,500	\$ 2.61
Contractor Profit	\$ 735,751	\$ 3.91
General Requirements	\$ 640,655	\$ 3.40
Construction Contingency	\$ 1,298,092	\$ 6.89
Gross Receipts Tax (GRT)		\$ -
Landscaping		\$ -
Furniture, Fixtures, & Equipment	\$ 65,000	\$ 0.35
Other: Builder's Risk Insurance, P&P Bond, Building Permits	\$ 58,058	\$ 0.31
SUBTOTAL	\$ 3,288,056	\$ 17.46
PROFESSIONAL SERVICES/FEES		
Architect (Design)	\$ 623,084	\$ 3.31
Architect (Supervision)	\$ 155,771	\$ 0.83
Attorney (Real Estate)	\$ 10,000	\$ 0.05
Engineer/Survey	\$ 98,000	\$ 0.52
Other :	\$ 31,000	\$ 0.16
SUBTOTAL	\$ 917,855	\$ 4.88
Hazard Insurance	\$ 150,000	\$ 0.80
Liability Insurance	\$ 25,168	\$ 0.13
Performance Bond	\$ 127,347	\$ 0.68
Interest	\$ 806,111	\$ 4.28
Origination\Discount Points		\$ -
Credit Enhancement		\$ -
Inspection Fees	\$ 34,000	\$ 0.18
Title and Recording	\$ 55,000	\$ 0.29
Legal	\$ 100,000	\$ 0.53
Taxes	\$ 25,000	\$ 0.13
Other:	\$ -	\$ -
SUBTOTAL	\$ 1,322,626	\$ 7.03

Project: EMLI Wells of Artesia		
PERMANENT FINANCING COSTS		
Bond Premium		\$ -
Credit Report		\$ -
Origination\Discount Points	\$ 306,496	\$ 1.63
Credit Enhancement		\$ -
Title and Recording	\$ 36,000	\$ 0.19
Legal	\$ 10,000	\$ 0.05
Pre-Paid MIP	\$ 362,980	\$ 1.93
Reserves and Escrows		\$ -
Other:	\$ 200,156	\$ 1.06
SUBTOTAL	\$ 915,632	\$ 4.86
SOFT COSTS		
Market Study	\$ 12,750	\$ 0.07
Environmental	\$ 2,500	\$ 0.01
Tax Credit Fees	\$ 145,798	\$ 0.77
Appraisal	\$ 12,750	\$ 0.07
Hard Relocation Costs		\$ -
Accounting/Cost Certification	\$ 37,421	\$ 0.20
Other: Soft Cost Contingency, Constr. Mngm	\$ 20,000	\$ 0.11
SUBTOTAL	\$ 231,219	\$ 1.23
SYNDICATION		
Organization		\$ -
Bridge Loan		\$ -
Tax Opinion		\$ -
Other:		\$ -
SUBTOTAL	\$ -	\$ -
TDC before Dev. Fees & Reserves	\$ 31,984,757	\$ 170
RESERVES		
Rent Up		\$ -
Operating	\$ 922,941	\$ 4.90
Replacement (inc. only if capitalized)		\$ -
Escrows/Working Capital	\$ 385,985	\$ 2.05
Other:	\$ -	\$ -
SUBTOTAL	\$ 1,308,926	\$ 6.95
DEVELOPER FEES		
Developer Fee	\$ 4,477,807	\$ 23.78
Consultant Fee		\$ -
SUBTOTAL	\$ 4,477,807	\$ 23.78
Total Development Cost (TDC)	\$ 37,771,490	\$ 200.62
TDC w/o Land, Reserves & Commercial	\$ 35,037,564	\$ 186.10

Tab 9



MEMO

TO: MFA Board of Directors

Through: Contracted Services/Credit Committee – January 11, 2022

Through: Policy Committee – December 21, 2021

FROM: Robyn Powell, Research and Development Manager

DATE: January 19, 2022

SUBJECT: Approval to Release the Request for Proposals to Provide Foreclosure Prevention Housing Counseling and/or Legal Services as Part of the New Mexico Homeowner Assistance Fund Program

Recommendation:

Staff recommends approval to release the Request for Proposals to Provide Foreclosure Prevention Housing Counseling and/or Legal Services as part of the New Mexico Homeowner Assistance Fund Program.

Background:

MFA will administer Homeowner Assistance Funds allocated by the U.S. Department of the Treasury under the American Rescue Plan Act of 2021 (“ARPA”) passed by Congress on March 10, 2021 and signed into law on March 11, 2021, which provides economic assistance for American workers, families, small businesses, and industries and continues many of the programs started by the CARES Act 2020 and the Consolidated Appropriations Act 2021 by adding new phases, new allocations, and new guidance to address issues related to the continuation of the COVID-19 pandemic. The Homeowner Assistance Fund (HAF) was established to mitigate financial hardships associated with the coronavirus pandemic by providing funds for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020.

Under the HAF program, MFA seeks to provide homeowners who are facing a financial hardship with free of charge access to housing counselors and legal service providers who will work with homeowners to resolve delinquency and achieve sustainable housing costs. The New Mexico Homeowner Assistance Fund program will be in effect until all funding is expended or until the end of the award period on December 31, 2026.

Additionally, HAF guidance provides the eligible uses of funds including the use of funds to provide “counseling or educational efforts by housing counseling agencies approved by HUD or a tribal government, or legal services, targeted to households eligible to be served with funding from the HAF related to foreclosure prevention or displacement, in

an aggregate amount up to 5% of the funding from the HAF received by the HAF participant”.

New Mexico was allocated \$55,772,684 in HAF funding, resulting in a 5% allocation of \$2,788,634 for the services sought through this RFP. Staff is developing guidance and a manual for the Foreclosure Prevention and Defense Program (FPDP), which will direct the housing counseling and legal services program administration.

Discussion:

Staff is seeking to establish a network of relationships through which free of charge housing counseling and legal services will be provided to HAF eligible homeowners. While some of these agencies are currently operating in New Mexico, the HAF program seeks to expand these services to a broader population and those whose incomes exceed the typical eligible homeowner currently being served.

Staff anticipates multiple contracts may be awarded, based on the existing service providers in the state, as published by HUD. If multiple agencies are selected under the RFP, funding will be allocated based on the agency’s ability and capacity to provide the specific services to be performed with a focus on the stated HAF program goals and desired outcomes.

Offerors will be evaluated based on the following Criteria:

Criteria	Point Range	Maximum Points
1. Experience and Capability: Offeror’s skill, knowledge and experience with a. providing housing counseling services and/or providing legal assistance and representation to New Mexico homeowners b. providing support in similar government programs c. adhering to federal program guidelines	0-35	35
2. Program Design and Management: Offeror’s ability to deliver responsive services and Offeror’s availability as evidenced by: a. demonstrated outcomes of HUD-certified housing counseling and/or legal services b. designation of knowledgeable staff to coordinate all aspects of foreclosure prevention and loss mitigation c. innovative strategy to target and assist underserved populations and at-risk low-income families facing foreclosure d. align with MFA’s mission on affordable housing and the stated goals of the HAF programs	0-35	35

3. Fees: a. Offerors proposed fees and fee structure to provide the Services to be Performed described in this RFP. Fees are limited to 5% of the total grant amount allocated to the State of New Mexico under the American Rescue Plan Act Homeowner Assistance Fund ¹ . Proposals should include a description of the proposed billing method such as: Hourly basis—hourly rates and other fees and costs Fixed fee Per file fee (include tiered billing structure and description) Other	0-15	15
4. Geographic coverage a. ability to provide statewide housing counseling/legal services and/or provide services in areas of the state that are typically underserved (i.e. rural and tribal areas, counties of persistent poverty)	0-10	10
5. References	0-5	5
Maximum Points	100	100

Procurement schedule:	
Policy Committee approval to release the RFP and Internal Review Committee recommendation	December 21, 2021
Contracted Services approval to release the RFP	January 11, 2022
Board of Directors approval to release the RFP	January 19, 2022
RFP Released	January 19, 2022
Proposals Due	February 18, 2022
IRC Start Review of RFP	February 18, 2022
IRC Finalization of Scores	February 24, 2022
PC Approval of Award Recommendation	March 1, 2022
Contracted Services Approval of Award Recommendation	March 8, 2022
Board Approval of Award Recommendation	March 16, 2022

The full RFP is incorporated herein as Exhibit A. MFA legal counsel has reviewed the RFP. Offers are contingent on approval of the HAF plan by the U.S. Department of the Treasury.

Summary:

¹ \$55,772,684.00

Staff recommends approval of to release the Request for Proposals to Provide Foreclosure Prevention Housing Counseling and/or Legal Services as part of the New Mexico Homeowner Assistance Fund Program.



NEW MEXICO MORTGAGE FINANCE AUTHORITY

REQUEST FOR PROPOSALS FOR
FORECLOSURE PREVENTION HOUSING COUNSELING AND
LEGAL SERVICES

Contents

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[Part VIII: Principal Contract Terms and Conditions](#)

**New Mexico Mortgage Finance Authority
Request for Proposals
To Provide Foreclosure Prevention Housing Counseling and/or Legal Services
As Part of the New Mexico Homeowner Assistance Fund Programs**

Part I: Background & General Information

Introduction

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

MFA will administer Homeowner Assistance Funds allocated by the U.S. Department of the Treasury under the American Rescue Plan Act of 2021 ("ARPA") passed by Congress on March 10, 2021 and signed into law on March 11, 2021, which provides economic assistance for American workers, families, small businesses, and industries and continues many of the programs started by the CARES Act 2020 and the Consolidated Appropriations Act 2021 by adding new phases, new allocations, and new guidance to address issues related to the continuation of the COVID-19 pandemic. The Homeowner Assistance Fund (HAF) was established to mitigate financial hardships associated with the coronavirus pandemic by providing funds for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020.

Under this program, MFA seeks to provide homeowners who are facing a financial hardship with free of charge access to housing counselors and legal service providers who will work with homeowners to resolve delinquency and achieve sustainable housing costs. The New Mexico Homeowner Assistance Fund programs will be in effect until all funding is expended or until the end of the award period on September 30, 2025.

Purpose

The purpose of this Request for Proposals (RFP) is to solicit proposals, in accordance with the New Mexico Mortgage Finance Authority Procurement Policy, from qualified non-profit agencies who can provide HUD approved housing counseling and/or legal services and/or agencies approved by a Tribal government, who by reason of their skill, knowledge, and experience are able to furnish services which benefit New Mexico homeowners at risk of foreclosure or housing displacement.

Questions and Answers

Questions pertaining to this RFP and application must be submitted via the MFA website at <https://housingnm.org/rfps/rfps-rfqs>. Then under "Current RFP's," select "Foreclosure Prevention Housing Counseling and Legal Services RFP." On the Foreclosure Prevention Housing Counseling and Legal Services RFP page, select the "FAQs" link. Questions will be checked daily. The FAQ will open the day after the RFP issues (January 20, 2022) and will close on February 17, 2022. To submit your questions, scroll down to the "Ask a question" section, enter your name, email address, and type your question in the "Question" box, type in the two (2) words in the CAPTCHA box and click on "Send my question". MFA will make every attempt to answer questions within two (2) business days.

Proposal Submission

Proposal submissions must be received no later than **February 18, 2022 at 5:00 p.m., Mountain Time**. Proposals which are not received by this time will not be accepted.

Proposals should be submitted via email to rpowell@housingnm.org with a subject line of "Proposal to Furnish Foreclosure Prevention Housing Counseling and/or Legal Services." Hard copies are not required.

Proposal Tenure

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

RFP Revisions and Supplements

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

Incurred Expenses

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

Cancellation of Requests for Proposals or Rejection of Proposals

MFA may cancel this RFP at any time for any reason and may reject all proposals (or any proposal) which are/is not responsive.

Offeror's Rights to Withdraw Proposal

Offerors will be allowed to withdraw their proposals by submitting a written withdrawal request via email to

Robyn Powell, Research and Development Manager
New Mexico Mortgage Finance Authority
rpowell@housingnm.org

Evaluation of Proposals, Selection and Negotiation

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

MFA may provide Offerors whose proposals are reasonably likely, in MFA's discretion, to be selected, an opportunity to discuss and revise their proposals prior to award, for the purpose of obtaining final and best offers.

The MFA Board of Directors shall select the Offeror(s) whose proposal(s) is/are deemed to be most advantageous to MFA to enter into contract negotiations with MFA. If a final contract cannot be negotiated, then MFA will enter into

negotiations with the other Offeror(s). The agreed-upon draft final contract will then be referred to the Contracted Services Committee of the MFA Board of Directors for its review and recommendation, with final approval to be made by the full Board of Directors.

Interview

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

Award Notice

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

Proposal Confidentiality

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

MFA will not disclose, discuss or otherwise make available the contents of any proposal to competing or potential Offerors prior to the expiration of the protest period, which in the event a protest is presented, shall not occur until after final determination by the Board of Directors.

Irregularities in Proposals

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

Responsibility of Offerors

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

Protest

Any Offeror who is aggrieved in connection with this RFP or the award of a Contract pursuant to this RFP may protest to MFA. The protest must be submitted via email to

Robyn Powell, Research and Development Manager
New Mexico Mortgage Finance Authority
rpowell@housingnm.org

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

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

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

Confidential Data

Offerors may request, in writing, nondisclosure of confidential information which Offeror includes in its proposal. Such confidential information shall accompany the proposal but shall be readily separable from the proposal so as to facilitate public inspection of the non-confidential portions of the proposal. After the expiration of the protest period, which shall include final determination of any protest by MFA's Board of Directors, all proposals will be open to the public for inspection pursuant to MFA's Request to Inspect Documents Policy. Confidential information shall only include such information as is excepted under Section 14-2-1 NMSA 1978.

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

Part II: Minimum Qualifications and Requirements

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

1. HUD-approved housing counseling agencies with HUD-certified housing counselors on staff are eligible to apply to provide housing counseling services. HAF-funded housing counseling services must be delivered by HUD-certified housing counselors or counselors that are actively working towards HUD counselor certification. Applicants will be required to identify all counselors and their HUD counselor certification status. Housing counseling and education may also be provided by an agency approved by a tribal government.
2. Non-profit legal services providers with demonstrated experience assisting homeowners facing foreclosure are also eligible to apply. Legal services providers must be able to show that they possess the capacity and experience to:
 - Provide loss mitigation assistance to homeowners facing foreclosure,
 - Represent homeowners during foreclosure proceedings,
 - Coordinate with housing counseling agencies and other legal services organizations to assist homeowners resolve their delinquency and exit foreclosure, and
 - Improve housing stability for low- and moderate-income households.
3. All Offerors for housing counseling must submit a concisely detailed foreclosure prevention housing counseling work plan that explains: the needs and problems of the target population¹; how the agency will address one or more of these needs and problems through available program resources; the type of housing counseling services offered; fee structure; the geographic service area to be served; and the anticipated results and outcomes to be achieved.
4. All Offerors for housing counseling must demonstrate that they maintain an accurate record of counselors and their HUD certification and obtain, track and report electronic client level data by services performed and on outcomes by programs or funds to eliminate client duplicate billing.
5. All Offerors must be familiar with federal funding requirements and procedures, specifically the American Rescue Plan Act Homeowner Assistance Fund.
6. All Offerors must provide and maintain adequate staff and all necessary workspace, equipment, supplies, and hardware to provide housing counseling and/or legal services.
7. All Offerors must have the ability to collect and report information related to services provided in accordance with Treasury and/or HUD requirements.

Selected Offerors must also meet the following requirements:

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

¹ Targeted populations are defined by the U.S. Department of the Treasury Homeowner Assistance Fund Guidance published April 14, 2021 and updated August 2, 2021 and November 12, 2021.

Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.

3. A Written certification that Offeror has read and shall at all times conduct itself in a manner consistent with MFA's **Third-Party** Code of Conduct and MFA's Anti-Harassment Policy. A copy of MFA's **Third-Party** Code of Conduct and MFA's Anti-Harassment Policy is posted on the MFA website for review at <https://housingnm.org/rfps/rfps-rfqs>. Upon request by MFA, Offeror shall disclose information MFA may reasonably request relating to conflict or potential conflicts of interest.
4. Offeror shall provide a written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.
5. Offeror shall provide a written certification that Offeror is eligible to participate in any and all federal or state funded housing programs; is not currently facing disciplinary action by any federal, state or local entity; is not suspended, debarred or excluded from participation in any federal or state funded housing program; and is not listed as an excluded party (ies) on the System for Award Management's list of excluded parties accessed at www.sam.gov; and has not been debarred by MFA.
6. Offeror shall provide its authorization to do business in New Mexico and include a copy of relevant documentation evidencing authorization, or, in the event the Offeror is not currently authorized to do business in New Mexico, the Offeror should include the method and timeline for gaining authorization.
7. Offeror must identify and fully explain all third-party agreements, joint venture arrangements, and/or relationships that will result in the provision of any services in whole or in part by outside parties, third-party contractors, affiliates, or subcontractors. Offerors must provide documentation regarding the qualification and experience of all third-party firms, as well as for each staff member proposed to be involved in performing the services described herein. In addition, Offeror must clearly delineate the duties and obligations being assumed by which parties in carrying out the Services to be Performed. In identifying any such parties, Offeror must include each party's full legal name, state of organization (in the case of an entity), and all contact information (e.g. address, phone, email address, primary point of contact, etc.).
8. MFA may deem any proposal as failing to meet these requirements to be unresponsive, resulting in elimination of the proposal from consideration.

Part III: Services to be Performed

MFA may award multiple contracts for housing counseling and/or legal services under this RFP to maximize services to be performed as described herein. As requested by MFA, professional foreclosure prevention housing counseling or legal services required to be provided and to be incorporated into the contract(s) to be awarded pursuant to this RFP include without limitation the following:

1. Provide professional services related to foreclosure prevention including without limitation, meaningful foreclosure prevention counseling, legal representation, housing counseling services, assistance and education to homeowners for accessing loss mitigation information, successfully completing loss mitigation applications, related forms, and providing related documentation to servicers.

2. Provide HAF program information to homeowners and assistance to HAF applicants to successfully complete an HAF application. Educate homeowners on the benefits of HAF in conjunction with loss mitigation.
3. Partner with MFA, financial institutions, servicers, and mortgage groups to identify and reach targeted homeowners facing foreclosure.
4. Represent eligible homeowners free of charge in foreclosure proceedings to include negotiating legal agreements, drafting legal documents and/or reviewing agreements related to any foreclosure process or proceedings.
5. Perform appropriate trainings to increase general knowledge and awareness of foreclosure prevention programs, financial literacy, and/or homeownership preservation strategies.
6. Conduct outreach and marketing to inform New Mexico homeowners of available housing counseling and/or legal services.

Part IV: Program Design and Management

Offerors should provide detailed responses regarding their Program Design and Management and include them with Part VII, subpart 4 of their proposal, addressing without limitation the following:

1. Describe any challenges your organization has experienced in implementing its foreclosure prevention program since the COVID-19 pandemic began in March 2020. Discuss plans or procedures put in place to address these challenges.
2. Describe how your organization has prepared or is preparing for an increased demand in housing counseling and/or foreclosure prevention services. Include a description of your organization's capacity for each year the grant is active (through 2025), including number of households that could be served. Describe how your organization plans to or is providing in-person or virtual services and in what situations your organization will provide in-person versus virtual services.
3. Describe your organization's methods for providing state-wide or regional services, marketing, outreach, training, and education. Include methods for providing services to households with limited or no access to internet service or virtual tools, low- and moderate-income households, households where English is not the primary language, and/or overcoming other barriers to access.
4. Describe your organization's staffing structure and strategy for recruiting, orienting, training, retaining, and compensating any newly hired staff under the HAF program. Explain how and by when your organization will accomplish this. Also describe anticipated caseload size and managerial oversight.
5. Describe the systems your organization has in place to ensure efficient and effective delivery of foreclosure prevention services that adhere to program and grant requirements. Include a description of how your organization will ensure that homeowners are:
 - i. educated about HAF mortgage assistance, and
 - ii. receive assistance with applying for HAF mortgage assistance, or

- iii. receive foreclosure prevention counseling or legal services if they are not eligible for HAF mortgage assistance.
6. Describe your organization's service delivery model for foreclosure prevention services. Provide complete responses to questions 6a – 6f:
- a. Describe your organization's intake and triage procedures, including expected response time to a client's request to initiate services.
 - b. Describe your organization's staff roles relative to foreclosure prevention services (e.g., intake, counseling, follow-up, brief advice, consultation, representation in court proceedings etc.). For each staff role, provide the number of full-time equivalents (FTEs) that will be dedicated to foreclosure prevention services based on HAF grant funds.
 - c. Describe your organization's data collection and reporting procedures. Detail any experience your organization has with reporting to federal programs in the past 24 months.
 - d. Describe your organization's methods of communicating with lenders and/or servicers during the process of assisting foreclosure clients.
 - e. Describe the outcomes your foreclosure prevention clients achieved prior to or during the COVID-19 health crisis, including but not limited to, mortgage refinance, loan modification, forbearance, emergency financial assistance, etc. Where possible, provide specific percentages for each outcome you describe.
7. Describe the client management system (CMS) your organization will use to report HAF results to MFA. Include a description of services provided under each level of a tiered structure, including outcomes where HAF funding was not utilized to achieve resolution².
8. Describe your organization's capacity to track and report client-level data (e.g., client demographics, service outputs, and outcomes achieved) for the HAF program.
9. Describe how your organization stores and disposes of personally identifiable information (PII). Include details for both paper and electronic files and documents.
10. If your organization is a Housing Counseling Agency, complete the chart below.

² The U.S. Department of the Treasury has issued interim reporting guidance that requires Participants to report: "The number of Delinquencies resolved through non-monetary HAF assistance..." For the full interim reporting guidance issued December 8, 2021, click [here](#).

Counselor's First and Last Name	HUD Certification Status	HUD Certified Counselors Only HUD-Certification Exam Pass Date	Non HUD-certified Counselors Only Trainings Attended/Plan to Attend in 2021-2022	Non HUD-certified Counselors Only Future HUD Exam Date
<i>Please use one row per counselor.</i>	<i>Enter Certified or Non-Certified</i>	<i>Enter the date each certified counselor passed the HUD certification exam.</i>	<i>For each Non-Certified Counselor, provide details about training the counselor has/will attend to help achieve certification.</i>	<i>For each Non-Certified Counselor, provide the date the counselor will take the HUD Certification exam.</i>

11. Describe any partnerships your organization has established that are designed to help homeowners facing foreclosure, especially low-income and socially disadvantaged populations, and people for whom English is not their primary language.³
12. Describe your organization's strategy for identifying and marketing foreclosure prevention services to homeowners, especially low-income and minority populations, and socially disadvantaged individuals.
13. If your organization proposes to provide foreclosure prevention services in a specific geographic area(s), please adequately describe:
 - a. The needs associated with each service area; and
 - b. How your organization will address those needs and deliver the proposed services to meet the goals as stated in this application.
14. If your organization receives HAF funding, what percentage of total foreclosure prevention services does it anticipate providing to individuals at or below 150% area median income and at risk of displacement due to foreclosure, and/or socially disadvantaged individuals?
15. If your organization receives HAF funding, what percentage of total foreclosure prevention services does it anticipate providing to minority populations at risk of displacement due to foreclosure?
16. Describe your fee structure including amounts the Offeror intends to charge for completing the Services to be Performed, your organization's ability to cover all or a specific geographic region of the state, and ability to limit services based on geographic need.

Part V: Fees

Describe your fee proposal detailing the structure and describing the manner in which fees will be charged and invoiced to MFA, amounts allocated to administrative costs such as marketing and outreach, and amounts allocated to staffing

³ Only list partnerships that will be in effect throughout the HAF performance period. Examples may include, without limitation, partnerships with homeowner assistance programs and funding providers; partnerships with financial institutions, and mortgage servicers; and partnerships with emergency food or shelter providers, and other social services providers.

costs to provide housing counseling and/or legal services to eligible households. If a tiered billing structure is proposed, describe each tier in detail, and define the structure for each accomplishment.

Proposals should include performance metrics and how the performance metrics are related to the proposed fees (e.g., average dollar amount per household assisted). The fee structure should encompass the entire program term through September 30, 2025.

MFA may ask for additional information from an Offeror as needed to evaluate their fee structure. MFA may ask Offerors to revise or amend their fee structure as needed to evaluate their offer.

Part VI: Evaluation Criteria

MFA shall award the contract(s) for Foreclosure Prevention Housing Counseling and/or Legal Services to the Offeror (s) whose proposal is/are the most advantageous to MFA. MFA may award multiple contracts for housing counseling and/or legal services under this RFP to maximize services to be performed as described herein and in seeking to provide statewide services. Proposals may be awarded additional points for operating in areas or regions of the state where there is a lack of service providers.

Proposals that meet the Minimum Qualifications and Requirements shall be evaluated primarily on experience, program design and management, and fees. Proposals shall be scored on a scale of 1 to 100 based on the criteria listed below. Please note that a serious deficiency in any one criterion may be grounds for rejection regardless of overall score.

Criteria	Point Range	Maximum Points
1. Experience and Capability: Offeror's skill, knowledge and experience with <ul style="list-style-type: none"> a. providing housing counseling services and/or providing legal assistance and representation to New Mexico homeowners b. providing support in similar government programs c. adhering to federal program guidelines 	0-35	35
2. Program Design and Management: Offeror's ability to deliver responsive services and Offeror's availability as evidenced by: <ul style="list-style-type: none"> a. demonstrated outcomes of HUD-certified housing counseling and/or legal services b. designation of knowledgeable staff to coordinate all aspects of foreclosure prevention and loss mitigation c. innovative strategy to target and assist underserved populations and at-risk low-income families facing foreclosure d. align with MFA's mission on affordable housing and the stated goals of the HAF programs 	0-35	35
3. Fees: <ul style="list-style-type: none"> a. Offerors proposed fees and fee structure to provide the Services to be Performed described in this RFP. Fees are limited to 5% of the total grant amount allocated to the State of New Mexico under the American Rescue Plan Act Homeowner Assistance Fund⁴. 	0-15	15

⁴ \$55,772,684.00

Proposals should include a description of the proposed billing method such as: Hourly basis—hourly rates and other fees and costs Fixed fee Per file fee (include tiered billing structure and description) Other		
4. Geographic coverage a. ability to provide statewide housing counseling/legal services and/or provide services in areas of the state that are typically underserved (i.e. rural and tribal areas, counties of persistent poverty)	0-10	10
5. References	0-5	5
Maximum Points	100	100

Part VII: Proposal Format and Instructions to Offeror

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

1. Letter of Transmittal – to include at least the following:
 - a. Name, address and telephone number of Offeror and name of contact person.
 - b. A signature of the Offeror or any partner, officer or employee who certifies that he or she has the authority to bind the Offeror.
 - c. Date of proposal.
 - d. A statement that the Offeror, if awarded the contract, will comply with the contract terms and conditions set forth in this RFP.
 - e. A statement that Offeror shall hold proposed rate during the entire term of the contract.
 - f. A statement that the Offeror's proposal is valid for ninety (90) days after the deadline for submission of proposals.
2. Disclosure and Certifications – Offeror shall provide:
 - a. A written statement disclosing: (1) any political contribution or gift valued in excess of \$250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.
 - b. A written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate

whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.

- c. A Written certification that Offeror has read and shall at all times conduct itself in a manner consistent with MFA's Third-Party Code of Conduct and MFA's Anti-Harassment Policy.
 - d. A written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.
 - e. A written certification that Offeror is eligible to participate in any and all federal- or state funded housing programs; is not currently facing disciplinary action by any federal, state or local entity; is not suspended, debarred or excluded from participation in any federal or state funded housing program; and is not listed as an excluded party (ies) on the System for Award Management's list of excluded parties accessed at www.sam.gov; and has not been debarred by MFA.
4. Proposals must contain a response to all sections required under Part III Services to be Performed and Part IV Program Design and Management and should be organized in the same manner as the individual information requested in the relevant sections.

Offerors are not required to provide both housing counseling and legal services and should indicate in responses which services they propose to provide and in which geographic regions of the state. Exhibits containing additional information may be attached to provide a more detailed response to a question, but only if clearly identifiable as a response to a specific question.

5. Proposals must include a detailed fee proposal describing the manner in which fees will be charged and invoiced to MFA as described in Section V above, amounts allocated to administrative costs such as marketing and outreach, and amounts allocated to staffing costs to provide housing counseling and/or legal services to eligible households.
6. References
- a. Offeror shall provide at least one reference for Offeror's work for financial institutions, governmental entities, and/or mortgage servicers.
 - b. Offeror shall provide at least two references for whom Offeror has provided Foreclosure Prevention Housing Counseling and/or Legal Services.
 - c. Offeror shall provide at least three and no more than five reference contacts on the Reference Contact Form attached hereto as **Exhibit A**. MFA will communicate with references independently to obtain appropriate feedback.
7. Please provide any other relevant information which will assist MFA in evaluating Offeror's ability to provide Foreclosure Prevention Housing Counseling and/or Legal Services to MFA.

Part VIII: Principal Contract Terms and Conditions

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

Appropriations. MFA's performance and liability under this Agreement is contingent upon sufficient authority and appropriations being granted to the Grantor by Treasury, the United States Congress and the New Mexico Legislature.

Anti-Lobbying: To the best of the Contractor's knowledge and belief, the Contractor certifies that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee or any agency, a Member of Congress, an officer or employee of Congress, or any employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
3. It will require that the language of paragraphs (1) and (2) of this paragraph be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Uniform Administrative Requirements: As applicable, Contractor shall comply with applicable uniform administrative requirements, as described in 2 CFR 200.

ARP Act Compliance: Except to the extent Treasury waives any Federal requirement or regulation, Contractor shall abide by all applicable Federal and State laws, regulations and rules, policies, guidelines, and requirements with respect to the use of HAF funds, including but not limited to the following:

1. The ARP Act.
2. The Treasury Guidance.
3. Any laws or regulations cited in the Treasury Guidance.

Equal Employment. Contractor certifies it is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.

Hold Harmless and Indemnification. Offeror shall indemnify, defend, and hold harmless MFA and the State of New Mexico, its officers, directors, agents, employees, successors and permitted assigns (each, a "MFA Indemnitee") from and against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs or expenses of whatever kind, including attorneys' fees, that are incurred by a MFA Indemnitee (collectively, "Losses") arising out of or related to any third party claim alleging (i) breach or non-fulfillment of any provision of this Agreement by Offeror or Offeror's personnel; (ii) any negligent or more culpable act or omission of Offeror or Offeror personnel, including any reckless or willful misconduct, in connection with the performance of Offeror's obligations under this Agreement; (iii) any bodily injury, death of any person, or damage to real or tangible, personal property resulting from willful, fraudulent, or negligent acts or omissions of Offeror or Offeror personnel, or (iv) any failure by Offeror or its personnel to comply with any applicable federal, state or local laws, regulations, or codes in

the performance of its obligations under this Agreement. Offeror shall further defend, indemnify, and hold harmless MFA Indemnitees from and against any and all claims that any of the Services or deliverables or MFA's receipt or use thereof infringes any intellectual property right of a third party.

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

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

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

Insurance. Offeror shall procure and maintain at its expense until final payment by MFA for Services covered by this Agreement, insurance in the kinds and amounts hereinafter provided with insurance companies authorized to do business in the state of New Mexico, covering all operations under this Agreement, whether performed by the Offeror or its agents. Before commencing the Services, and on the renewal of all coverages, the Offeror shall furnish to MFA a certificate or certificates, providing for not less than thirty (30) days' notice to MFA of non-renewal or cancellation, in form satisfactory to MFA showing that it has complied with this Sub-Section. Various types of required insurance may be written in one or more policies. With respect to all coverages required other than workers' compensation, MFA shall be named an additional insured. Kinds and amounts of insurance required are as follows:

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

Equal Opportunity Data. The Offeror will maintain data relative to "Equal Opportunity" as related to Minority Business Enterprises ("MBE") and Women Business Enterprises ("WBE"). At a minimum, such data shall include the number and

dollar value of MBE/WBE contracts and subcontracts awarded. This data is required to be reported to MFA annually in the format prescribed MFA and is due to MFA each year at a time to be determined by MFA in its sole discretion.

Termination for Cause. In accordance with 2 CFR 200.339 and 200.340, MFA shall have the right to suspend or terminate this Agreement, in whole or in part, if Contractor fails to comply with the conditions of the Federal award.

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

Termination for convenience of MFA. MFA, by written notice, may terminate this contract, in whole or in part, when it is in MFA's interest. If this contract is terminated, MFA shall be liable only for payment under the payment provisions of this contract for services rendered before the effective date of termination.

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

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

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

Intellectual Property Rights; Ownership. MFA is, and shall be, the sole and exclusive owner of all right, title, and interest in and to the deliverables provided pursuant to the provision of the Services, including all Intellectual Property Rights therein. Offeror agrees, and will cause its Offeror personnel to agree, that with respect to any deliverables that may qualify as "work made for hire" as defined in 17 U.S.C. §101, such deliverables are hereby deemed a "work made for hire" for MFA. To the extent that any of the Deliverables do not constitute a "work made for hire", Offeror hereby irrevocably assigns, and shall cause the Offeror personnel to irrevocably assign to MFA, in each case without additional consideration, all right, title, and interest throughout the world in and to the deliverables, including all Intellectual Property Rights therein. The Offeror shall cause the Offeror personnel to irrevocably waive, to the extent permitted by applicable law, any and all claims such Offeror personnel may now or hereafter have in any jurisdiction to so-called

"moral rights" or rights of droit moral with respect to the deliverables. Upon the request of MFA, Offeror shall, and shall cause the Offeror personnel to, promptly take such further actions, including execution and delivery of all appropriate instruments of conveyance, as may be necessary to assist MFA to prosecute, register, perfect, or record its rights in or to any deliverables.

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

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

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

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

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

New Mexico Mortgage Finance Authority

Board Members

Chair Angel Reyes – President, Centinel Bank in Taos

Vice Chair – Derek Valdo – Chief Executive Officer, AMERIND Risk

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Jeff Payne, Chief Lending Officer

EXHIBIT A
REFERENCE CONTACT FORM

The New Mexico Mortgage Finance Authority, as part of the RFP process, requires Offerors to submit at least one reference from financial institutions, governmental entities, and/or mortgage servicers and at least two references for whom Foreclosure Prevention Housing Counseling and/or Legal Services have been provided as required within this document. The purpose of these references is to document Offeror's experience relevant to the scope of work to establish Offeror's responsibility.

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

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

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

Tab 10



MEMO

TO: MFA Board of Directors

Through: Contracted Services Committee – January 11, 2022

Through: Policy Committee – January 4, 2022

FROM: Cooper Hall, Finance Manager

DATE: January 19, 2022

SUBJECT: Request for Proposals to Provide Legal Services as Bond Counsel for Single Family and/or Multifamily Housing Programs

Recommendation: Staff recommends the approval of the Request for Proposal (RFP) to Provide Legal Services as Bond Counsel for Single Family and Multifamily Housing Programs. The intent of the selection process is to choose one firm to provide legal services as Bond Counsel for MFA's Single Family Housing program and/or Multifamily Housing Program. Responses will be due to MFA by February 25, 2022 and recommendations for award will be presented at the April Board meeting.

Background:

February 2017- MFA issued a Request for Proposal to Provide Legal Services as Bond Counsel for Single Family and Multifamily Housing programs as well as for Legal Services as Bond Counsel for Tax Exempt Mortgage Backed Securities ("TEMS"). The Bond Counsel contract for Single Family and Multifamily Programs was awarded to Ballard Spahr LLP ("Ballard") and the TEMS contract was awarded to Gilmore & Bell, P.C. ("Gilmore").

April 2020- MFA executed the first of two available one year extensions for both contracts.

April 2021- MFA executed the second and final extension for both Bond Counsel Contracts.

Since the contract for Legal Services as Bond Counsel RFP for TEMS was awarded in 2017, the TEMS program has not been utilized.

Discussion: Staff is recommending issuance of an RFP for Legal Services as Bond Counsel for Single Family and/or Multifamily Housing Programs. Prior to 2017 MFA only issued an RFP to provide Legal Services as bond Counsel for Single Family and Multifamily Housing Programs. In 2017 MFA expanded the RFP to include contracts for "TEMS". In the five years since these contracts were awarded by the MFA board, MFA has not utilized the TEMS program, and staff does not expect to in the foreseeable future. Staff is

recommending returning to only issuing an RFP for Single Family and Multifamily Housing Programs.

Following is a summary of the major changes from the RFP issued in 2017.

Page #	Section	Proposed Change
	Entire Document	Used new request for proposals template developed by General Counsel.
	Entire Document	Removed language regarding the TEMS contract.
6	Part III: Services to be Performed	Added service m. "Provide opinions, advise and assist MFA staff regarding borrower eligibility on unique or complex situations that arise during MFA's Compliance Review or inquiries received."
6&7	Part IV: Evaluation Criteria	References have been added to the evaluation criteria. 5 points have been taken from the offeror fee criteria and assigned to references for both the Single Family and Multifamily programs.
6&7	Part IV: Evaluation Criteria	Interviews have been added as an option scoring criteria. 5 additional points are available if interviews are held.

Summary:

Staff recommends returning to the Legal Services as Bond Counsel contract structure used prior to 2017; issuing an RFP only for the Single Family and Multifamily Housing programs. Responses to the RFP will be due February 25, 2022 and recommendations for award will be presented at the April Board meeting. The term of the contract begins the date the Board approves the award and ends April 30, 2025 with two subsequent one-year extensions at the option of the Policy Committee. Staff recommends approval of the Request for Proposals to Provide Underwriting Services for Single Family Housing Programs.

**New Mexico Mortgage Finance Authority
Request for Proposals
To Provide Legal Services as Bond Counsel for Single Family and/or Multifamily Housing Programs Services**

Part I: Background & General Information

Introduction

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

Purpose

The purpose of this Request for Proposals (RFP) is to solicit proposals, in accordance with the New Mexico Mortgage Finance Authority Procurement Policy, from qualified law firms by reason of their skill, knowledge, and experience are able to furnish legal services as Bond Counsel to MFA in connection with its single family and/or multifamily housing program (“Offerors”).

The intent of this selection process is to choose one firm to provide legal services as Bond Counsel for MFA’s single family housing program and one firm to provide legal services as Bond Counsel for MFA’s multifamily housing program.

Offerors may apply for selection to provide legal services as Bond Counsel to MFA’s single family housing program and/or multifamily program.

Questions and Answers

Questions pertaining to this RFP and application must be submitted via the MFA website at <https://housingnm.org/rfps/rfps-rfqs>. Then under “Current RFP’s,” select “Bond Counsel Services RFP.” On the Bond Counsel Services RFP page, select the “Bond Counsel Services FAQs” link. Questions will be checked on a daily basis. The FAQ will open the day after the RFP issues (January 20th, 2022) and will close on February 25th, 2022. To submit your questions, scroll down to the “Ask a question” section, enter your name, email address, and type your question in the “Question” box, type in the two (2) words in the CAPTCHA box and click on “Send my question”. MFA will make every attempt to answer questions within two (2) business days.

Proposal Submission

Proposal submissions must be received no later than February 25th, 2022 at 4:00 p.m., Mountain Time. Proposals which are not received by this time will not be accepted.

Utilize the following methods for proposal submission:

Via E-mail: Send to chall@housingnm.org with a subject line of “Proposal to Furnish Bond Counsel Services.” This is the preferred method and hard copies are not required.

Proposal Tenure

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

RFP Revisions and Supplements

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

Incurred Expenses

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

Cancellation of Requests for Proposals or Rejection of Proposals

MFA may cancel this RFP at any time for any reason MFA and may reject all proposals (or any proposal) which are/is not responsive.

Offeror's Rights to Withdraw Proposal

Offerors will be allowed to withdraw their proposals by submitting a written withdrawal request addressed to chall@housingnm.org.

Evaluation of Proposals, Selection and Negotiation

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

MFA may provide Offerors whose proposals are reasonably likely, in MFA's discretion, to be selected, an opportunity to discuss and revise their proposals prior to award, for the purpose of obtaining final and best offers. Proposals shall be evaluated on the criteria listed in Part IV Evaluation Criteria, below.

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

Interview

If selected as a finalist, Offerors agree to provide MFA the opportunity to interview proposed staff members identified by the Internal Review Committee. The Internal Review Committee may request a finalist to provide an oral

presentation of the proposal as an opportunity for the Internal Review Committee to ask questions and seek clarifications. All requests for interviews and oral presentations shall be made in MFA's sole discretion.

Award Notice

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

Proposal Confidentiality

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

MFA will not disclose, discuss or otherwise make available the contents of any proposal to competing or potential Offerors prior to the expiration of the protest period, which in the event a protest is presented, shall not occur until after final determination by the Board of Directors.

Irregularities in Proposals

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

Responsibility of Offerors

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

Protest

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

Cooper Hall, Finance Manager
New Mexico Mortgage Finance Authority

344 Fourth Street S.W.
Albuquerque, New Mexico 87102

Or:

chall@housingnm.org

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

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

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

Confidential Data

Offerors may request, in writing, nondisclosure of confidential information which Offeror includes in its proposal. Such confidential information shall accompany the proposal but shall be readily separable from the proposal so as to facilitate public inspection of the non-confidential portions of the proposal. After the expiration of the protest period, which shall include final determination of any protest by MFA's Board of Directors, all proposals will be open to the public for inspection pursuant to MFA's Request to Inspect Documents Policy. Confidential information shall only include such information as is excepted under Section 14-2-1 NMSA 1978.

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

Part II: Minimum Qualifications and Requirements

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

1. All Offerors must be listed in the most recent edition of The Bond Buyer's Municipal Marketplace.
2. All Offerors must have at least three years' experience as bond counsel or underwriters' counsel for single family and/or multifamily bond issues utilizing both a stand-alone and a general (open) indenture of trust.

3. All Offerors must maintain professional liability insurance as outlined in Part VI of this RFP for the duration of the contract.

Selected Offerors must also meet the following requirements:

4. Offeror shall provide a written statement disclosing: (1) any political contribution or gift valued in excess of \$250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.
5. Offeror shall provide a written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.
6. A Written certification that Offeror has read and shall at all times conduct itself in a manner consistent with MFA's Code of Conduct and MFA's Anti-Harassment Policy. A copy of MFA's Code of Conduct and MFA's Anti-Harassment Policy is posted on the MFA website for review at <https://housingnm.org/rfps/rfps-rfqs>. Upon request by MFA, Offeror shall disclose information MFA may reasonably request relating to conflict or potential conflicts of interest.
7. Offeror shall provide a written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.
8. Offeror shall provide a written certification that Offeror is eligible to participate in any and all federal- or state funded housing programs; is not currently facing disciplinary action by any federal, state or local entity; is not suspended, debarred or excluded from participation in any federal or state funded housing program; and is not listed as an excluded party(ies) on the System for Award Management's list of excluded parties accessed at www.sam.gov; and has not been debarred by MFA.

Part III: Services to be Performed

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

- a. Advise the MFA on federal and state tax and securities law, and other legal requirements and issues applicable to previously issued and proposed new issues of mortgage revenue bonds;
- b. Provide legal assistance with respect to MFA programs, including federal programs administered by the MFA, and prepare and review MFA program documents and assist the MFA in evaluating and developing options and alternatives for financing MFA programs, including issuing additional bonds and refunding or redeeming outstanding bonds;
- c. Assist the MFA and its underwriters (including Underwriter's Counsel, Financial Advisor(s), General Counsel and Trustee's Counsel) in connection with the MFA's bond funded programs;

- d. Prepare or assist with the preparation of all legal and other documents required to be prepared and adopted by the MFA to administer any of the MFA's programs, as well as programs designated to the MFA by the State;
- e. Advise the MFA regarding state and federal securities law disclosure requirements in connection with the issuance and sale of mortgage revenue bonds or other obligations;
- f. Prepare or assist with the preparation of all preliminary and final official statements pertaining to the issuance and sale of mortgage revenue bonds or other obligations.
- g. Review and negotiate bond purchase contracts and prepare representation letters, escrow agreements, appropriate certificates and other closing documents in connection with the issuance and sale of bonds;
- h. Prepare or assist with the preparation of all applicable notices pertaining to federal and state hearings required in connection with the issuance of bonds and conduct or assist with the conducting of applicable hearings, including TEFRA hearings;
- i. Prepare and render any and all legal opinions required in connection with the issuance and sale of mortgage revenue bonds including but not limited to opinions relating to the MFA's authority to issue the bonds, the validity and enforceability of the bond obligations, and the tax-exempt status of the bonds;
- j. Conduct all bond closings;
- k. Assemble closing transcripts and related documents with respect to the issuance and sale of bonds(providing one hard copy and 2 CD copies); and
- l. Attend MFA Board of Directors' meetings, Financing Team meetings and conference calls as requested by the MFA.
- m. Provide opinions, advise and assist MFA staff regarding borrower eligibility on unique or complex situations that arise during MFA's Compliance Review or inquiries received.

Part IV: Evaluation Criteria

MFA shall award the contract for Legal Services as Bond Counsel for Single Family and/or Multifamily Housing Programs to the Offeror whose proposal is most advantageous to MFA. Proposals that meet the Minimum Qualifications and Requirements shall be evaluated primarily on experience and fees. Proposals shall be scored on a scale of 1 to 100 based on the criteria listed below. Please note that a serious deficiency in any one criterion may be grounds for rejection regardless of overall score.

A. Single Family Housing Programs Scoring Sheet

Criteria	Point Range	Maximum Points
1. Letter of Transmittal	0	0

2. Experience and Capability:		
a. The Firm	0-10	10
b. Experience	0-25	25
3. Responsiveness to MFA and Technical Capabilities:		
a. Key Personnel & Availability of Key Personnel	0-20	20
b. Technical Capabilities	0-20	20
4. Fees:		
a. Fee Schedule for issuance of mortgage revenue bonds	0-10	10
b. Hourly Rates	0-5	5
c. Other fees and costs	0-5	5
4. References	0-5	5
5. Interviews, if held	0-5	5
Maximum Points	105	105

B. Multifamily Housing Programs Scoring Sheet

Criteria	Point Range	Maximum Points
1. Letter of Transmittal	0	0
2. Experience and Capability:		
a. The Firm	0-10	10
b. Experience	0-25	25
3. Responsiveness to MFA and Technical Capabilities:		
c. Key Personnel & Availability of Key Personnel	0-20	20
d. Technical Capabilities	0-20	20
4. Fees:		
d. Fee Schedule for issuance of mortgage revenue bonds	0-10	10

e. Hourly Rates	0-5	5
f. Other fees and costs	0-5	5
4. References	0-5	5
5. Interviews, if held	0-5	5
Maximum Points	105	105

Part V: Proposal Format and Instructions to Offeror

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

1. Letter of Transmittal – to include at least the following:
 - A. Name, address and telephone number of Offeror and name of contact person.
 - B. A signature of the Offeror or any partner, officer or employee who certifies that he or she has the authority to bind the Offeror.
 - C. Date of proposal.
 - D. A statement that the Offeror, if awarded the contract, will comply with the contract terms and conditions set forth in this RFP.
 - E. A statement describing how long the Offeror can hold the rates and fee schedules with the minimum being three (3) years from date of proposal.
 - F. A statement that the Offeror's proposal is valid for ninety (90) days after the deadline for submission of proposals.
 - G. Indicate the Bond Counsel position(s) your firm is applying for: Bond Counsel services to Single Family Programs and/or Multifamily Housing Programs.
2. Disclosure and Certifications – Offeror shall provide:
 - A. A written statement disclosing: (1) any political contribution or gift valued in excess of \$250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.
 - B. A written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate

whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.

- C. A Written certification that Offeror has read and shall at all times conduct itself in a manner consistent with MFA's Code of Conduct and MFA's Anti-Harassment Policy.
- D. A written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.
- E. A written certification that Offeror is eligible to participate in any and all federal- or state funded housing programs; is not currently facing disciplinary action by any federal, state or local entity; is not suspended, debarred or excluded from participation in any federal or state funded housing program; and is not listed as an excluded party(ies) on the System for Award Management's list of excluded parties accessed at www.sam.gov; and has not been debarred by MFA.

3. Experience and Capability, The Firm

- A. Offeror should provide a detailed description and history of the firm including mergers, acquisitions and staffing level changes from January 2017 to present, areas of law practice and location of the main office and additional offices.
- B. A statement from Offeror that Offeror is listed in the most recent edition of The Bond Buyer's Municipal Marketplace
- C. Evidence submitted by Offeror that Offeror retains professional liability insurance which fulfills the requirements set forth in Part VI Professional Liability Insurance of this RFP. Note that possession of such Professional Liability Insurance coverage shall not limit Offeror's potential liability.
- D. A detailed description of Offeror's policy regarding the resolution of conflicts of interest which arise out of Offeror's representation of clients with adverse or potentially adverse interests and Offeror's mechanism to ensure that such conflicts do not arise and that if such conflicts do arise, how the Offeror intends to assist the MFA in retaining counsel to represent the MFA. Please include examples of the implementation of this policy and information regarding whether Offeror has a computerized management information system in place to track possible conflicts of interest.
- E. The MFA requires that Offeror be an Equal Opportunity Employer. Please state that Offeror complies fully with all government regulations regarding nondiscriminatory employment practices.
- F. For the last ten years, provide a list and description including the current disposition or status, of any litigation or any formal or informal action taken by any bar association, state or federal securities commission, disciplinary board, or other attorney regulatory body against Offeror including Offeror's representatives assigned to this account.
- G. A description of New Mexico state agencies, municipalities, financial institutions, mortgage companies or real estate firms represented by Offeror from January 2017 to present.

4. Experience and Capability, Experience: For single-family bond transactions from January 2017 – Present, provide a detailed description of Offeror’s knowledge and experience with respect to the issuance and sale of tax-exempt and taxable bonds utilizing a traditional or pass-through structure. Discuss any innovative housing transactions in which your firm was involved. In addition, please provide the following:
 - A. At least two examples of new money transactions issued under a general (open) indenture
 - B. At least two examples of new money/refunding transactions with a traditional structure issued under a general (open) indenture
 - C. At least two examples of new money and/or refunding transaction issued under a pass-through structure;
 - D. Include a list of all single family mortgage revenue bond issues for which Offeror has acted as bond counsel since January 2017 to present, including date of sale, issuer and, dollar amount along with the name of the lead attorney. This information may included as an Appendix;
5. Responsiveness to MFA and Technical Capabilities
 - A. Offeror’s proposal for delivering services, including organization of responsibilities, work plan, approach, and the availability of personnel for consultation, discussion and coordination with staff, and for travel both within and outside New Mexico, as necessary, to serve the needs of MFA.
 - B. Names and resumes of the lead attorney, tax counsel and other key personnel including other attorneys, legal assistants and support staff to be assigned to the account. Resumes describing the qualifications of personnel to be utilized in the performance of this contract must show, at a minimum, the person’s name, education, position, office location (city, state) and total years and types of experience relevant to the performance of the contract.
 - C. A detailed description of Offeror’s technical capabilities to provide responsive and professional services to the MFA if the contract were awarded to Offeror (e.g., ability to prepare voluminous documents in a timely manner, expertise of administrative support staff, etc.) Include a discussion of the ability of the lead attorney to have access to other professionals in the firm that have expertise in areas such as tax law, MCC programs, etc.
6. Fees A specific fee schedule for professional legal services for single family transactions must be included in this proposal. Since 2005, MFA has issued fixed-rate mortgage revenue bonds under a general (open) indenture and does not anticipate using variable rate bonds in the future. Loans funded by bond proceeds are securitized. Historically, MFA has issued 3-5 bond issues per year for a total of \$250 million. There is no Guarantee that this historical practice will repeat itself in the future. Please include the following information:
 - A. A fee schedule for the issuance of single family mortgage revenue bonds and whether there would be a charge for Offeror’s services in the event a proposed bond issue is not successfully completed. Provide a fee schedule for each: \$40 million new money issue, \$30 million refunding issue and \$70 million combined refunding and new money issue. Indicate fees for both traditional and pass through structures.

- B. Hourly rates for services relating to advice or representation on legislation, litigation or administrative proceedings not related to the issuance of a specific obligation.
- C. Information regarding Offeror's ability to provide detailed monthly billings, when required, summarized by subject matter and a sample itemized bill.
- D. Offeror's minimum billing unit.
- E. Whether Offeror's proposed rates are the best offered by the firm to any client.
- F. A rate schedule for those matters that could be charged on a flat rate fee basis.
- G. A rate schedule for standard expenses such as per page copying charges, facsimile transmissions, overnight mail expenses and word processing charges and a description of all other charges that would be billed to the MFA under the contract, and a statement as to when such miscellaneous charges would be imposed. Please use table format as illustrated to list out these prices.

Service	Price
Photocopies	
Telephone	
Facsimile Transmission	
Mailing and Express Delivery	
Word Processing	
Proofreading	
Computerized Legal Research	
Other	

- H. A narrative description of the steps routinely taken to ensure that legal representation is provided on a cost-effective basis. Discuss such matters as Offeror's policy with respect to billing for such items as intra-office consultation, research, travel, and unsuccessful attempts to reach people by telephone.
- I. MFA invites the attention of Offeror to MFA's serious concern about the rising cost of legal services. The control and management of legal costs is the mutual concern of the Offeror and MFA. MFA requires quality professional services at a reasonable cost and the performance of only those services necessary. In evaluating bids, MFA will consider the methods used by the Offeror to avoid services which do not materially contribute to the overall success of the engagement.

- J. Lodging and other travel related expenses shall be reimbursed by MFA in accordance with MFA expense reimbursement policies set forth in its Policies and Procedures Manual.
- K. Offeror must absorb the cost of familiarizing itself with MFA programs, policies and procedures, rules, regulations and past bond issues. Program documents and any other relevant information shall be made available for Offeror's review at MFA's office in Albuquerque. MFA will not pay for such work. Indicate how much time Offeror expects to devote to familiarizing itself with MFA programs, policies and procedures, rules, regulations and provide a timetable for doing so.
- L. Offeror must give MFA at least a three (3) year commitment on the rate schedule offered. The contract may be extended for two, one (1) year periods at the option of the MFA Policy Committee.
- M. Offeror is required to submit itemized billing statements on a monthly basis.

7. References

- A. Offeror shall provide at least three references for Offeror's work as bond counsel on single family mortgage revenue bonds. References must be clients managed by the firm's representatives that would be assigned to the MFA account. Information required for each reference is firm name, telephone number, email address, name and title of person to contact, type of service provided and the dates services were provided. By providing this information, Offeror grants permission for the Contact Person to communicate with each reference.
- B. Offeror shall provide the form attached hereto as **Exhibit A** to all references.

8. Experience and Capability- Multi family.

The following are to be answered by Offerors seeking to provide legal services to Bond Counsel to Multifamily Housing Programs:

- A. For multifamily bond transactions from January 2017- present, provide a detailed description of Offeror's knowledge and experience with respect to the issuance and sale of tax-exempt and taxable bonds utilizing a traditional or pass through structure. Discuss any innovative housing transactions in which your firm was involved. In addition, please provide the following:
- B. At least two examples of new money transactions with a traditional structure issued under stand-alone indentures.
- C. At least two examples of a new money transaction with a pass through structure.
- D. Describe your firm's experience with multifamily affordable housing programs including, but not limited to, Low Income Housing Tax Credits, Home, and/or multifamily HUD funding programs such as Section 8 or Section 202. Also describe your firm's experience with workouts of troubled projects finance with housing bonds.
- E. Include a list of all multifamily housing revenue bonds for which Offeror has acted as bond counsel since January 2017 to present, including date of sale, issuer, dollar amount, and the name of the lead attorney.

9. Technical Capabilities

- A. A detailed description of Offeror's technical capabilities to provide responsive and professional services to the MFA if the contract were awarded to Offeror (e.g., ability to prepare voluminous documents in a timely manner, expertise of administrative support staff, etc.) Include a discussion of the ability of the lead attorney to have access to other professionals in the firm that have expertise in areas such as tax law, real estate law, 501(c)(3) entities, etc.
- B. Offeror's proposal for delivering services, including organization of responsibilities, work plan, approach, and the availability of personnel for consultation and discussion as necessary to serve the needs of the MFA.
- C. Names and resumes of the lead attorney and other key personnel including other attorneys, tax counsel, legal assistants and support staff to be assigned to the account. Resumes describing the qualifications of personnel to be utilized in the performance of this contract must show, at a minimum, the person's name, education, position, office location (city, state) and total years and types of experience relevant to the performance of the contract.

10. References

- A. Offeror shall provide at least three references for Offeror's work as bond counsel on multifamily housing revenue bonds and at least one reference for an issuer utilizing the pass through structure. References must be clients managed by the firm's representatives that would be assigned to the MFA account. Information required for each reference is firm name, telephone number, email address, name and title of person to contact, type of service provided and the dates services were provided. By providing this information, Offeror grants permission for the Contact Person to communicate with each reference.
- B. Offeror shall provide the form attached hereto as **Exhibit A** to all references.

11. Fees

A specific fee schedule for professional legal services for multifamily transactions must be included in this proposal. Since 2005, MFA multifamily bond issues are predominately fixed rate transactions issued under a closed indenture. Historically, MFA has issued 1-3 bond issues per year with an average size of \$15 million. There is no guarantee that this historical practice will repeat itself in the future. Note: In general, the fee charged for a multifamily bond issue is a market-competitive fixed rate fee based on the size, complexity and structure of a multifamily transaction. Offeror should anticipate that the sponsor of each multifamily project will pay Bond Counsel's fee rather than the MFA. This fee will be negotiated with Bond Counsel prior to each new multifamily transaction although the fee will be based on the estimated fee schedules as provided below:

Please include the following information:

- A. A fee schedule for the issuance of multifamily mortgage revenue bonds and whether there would be a charge for Offeror's services in the event a proposed bond issue is not successfully completed. Provide a fee schedule for each: \$15 million new money risk share issue, \$15 million new money conduit issue, \$15

million refunding issue, and \$20 million combined refunding and new money issue. Indicate fees for both a traditional and pass through structure.

- B. Hourly rates for services relating to advice or representation on legislation, litigation or administrative proceedings not related to the issuance of a specific obligation.
- C. Information regarding Offeror's ability to provide detailed monthly billings summarized by subject matter and a sample itemized bill.
- D. Offeror's minimum billing unit.
- E. Whether Offeror's proposed rates are the best offered by the firm to any client.
- F. A rate schedule for those matters that could be charged on a flat rate fee basis, if applicable.
- G. A rate schedule for standard expenses such as per page copying charges, facsimile transmissions, overnight mail expenses and word processing charges and a description of all other charges that would be billed under the contract, and a statement as to when such miscellaneous charges would be imposed. Please use table format as illustrated to list out these prices.

Service	Price
Photocopies	
Telephone	
Facsimile Transmission	
Mailing and Express Deliver	
Word Processing	
Proofreading	
Computerized Legal Research	
Other	

- H. A narrative description of the steps routinely taken to ensure that legal representation is provided on a cost-effective basis. Discuss such matters as Offeror's policy with respect to billing for such items as intra-office consultation, research, travel, and unsuccessful attempts to reach people by telephone.
- I. MFA invites the attention of Offeror to MFA's serious concern about the rising cost of legal services. The control and management of legal costs is the mutual concern of the Offeror and MFA. MFA requires quality professional services at a reasonable cost and the performance of only those services necessary.

In evaluating bids, MFA will consider the methods used by the Offeror to avoid services which do not materially contribute to the overall success of the engagement.

- J. Lodging and other travel related expenses shall be reimbursed by MFA in accordance with MFA expense reimbursement policies set forth in its Policies and Procedures Manual.
 - K. Offeror must absorb the cost of familiarizing itself with MFA programs, policies and procedures, rules, regulations and past bond issues. Program documents and any other relevant information shall be made available for Offeror's review at MFA's office in Albuquerque. MFA will not pay for such work. Indicate how much time Offeror expects to devote to familiarizing itself with MFA programs, policies and procedures, rules, regulations and provide a timetable for doing so.
 - L. Offeror must give MFA at least a three (3) year commitment on the rate schedule offered. The contract may be extended for two, one (1) year periods at the option of the MFA Policy Committee.
 - M. Offeror is required to submit itemized billing statements on a monthly basis.
12. Please provide any other relevant information which will assist MFA in evaluating Offeror's ability to provide Bond Counsel services to MFA.

Part VI: Principal Contract Terms and Conditions

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

Contract Term. The term of the Legal Services as Bond Counsel Contract shall begin the date the MFA Board of Directors approves the award and end April 30, 2025. At the option of the MFA Policy Committee, the contract may be extended for two, one-year periods under the same terms and conditions with consideration being given to market conditions which may affect the fee schedule. There will be a transition period for matters in process at the beginning and the end of the contract term.

Hold Harmless and Indemnification. Offeror shall indemnify, defend, and hold harmless MFA and the State of New Mexico, its officers, directors, agents, employees, successors and permitted assigns (each, a "MFA Indemnitee") from and against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs or expenses of whatever kind, including attorneys' fees, that are incurred by a MFA Indemnitee (collectively, "Losses") arising out of or related to any third party claim alleging (i) breach or non-fulfillment of any provision of this Agreement by Offeror or Offeror's personnel; (ii) any negligent or more culpable act or omission of Offeror or Offeror personnel, including any reckless or willful misconduct, in connection with the performance of Offeror's obligations under this Agreement; (iii) any bodily injury, death of any person, or damage to real or tangible, personal property resulting from willful, fraudulent, or negligent acts or omissions of Offeror or Offeror personnel, or (iv) any failure by Offeror or its personnel to comply with any applicable federal, state or local laws, regulations, or codes in the performance of its obligations under this Agreement. Offeror shall further defend, indemnify, and hold harmless the MFA Indemnitees from and against any and all claims that any of the Services or deliverables or MFA's receipt or use thereof infringes any intellectual property right of a third party.

Permitted Subcontractors. Offeror shall obtain MFA's written approval, which approval shall be given in MFA's sole discretion, prior to entering into any agreements with or otherwise engaging any person, including all subcontractors,

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

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

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

Insurance. Offeror shall procure and maintain at its expense until final payment by MFA for Services covered by this Agreement, insurance in the kinds and amounts hereinafter provided with insurance companies authorized to do business in the state of New Mexico, covering all operations under this Agreement, whether performed by the Offeror or its agents. Before commencing the Services, and on the renewal of all coverages, the Offeror shall furnish to MFA a certificate or certificates, providing for not less than thirty (30) days' notice to MFA of non-renewal or cancellation, in form satisfactory to MFA showing that it has complied with this Sub-Section. Various types of required insurance may be written in one or more policies. With respect to all coverages required other than workers' compensation, MFA shall be named an additional insured. Kinds and amounts of insurance required are as follows:

i. Commercial General Liability insuring the activities of Offeror under this Agreement with limits no less than \$750,000 per occurrence and \$750,000 in the aggregate, and with a claim/aggregate deductible in an amount reasonable for a firm of Offeror's size and financial condition, in a form acceptable to MFA.

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

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

Termination. If, in the judgment of MFA, the Offeror, for any cause, fails or omits to carry out the Work in an acceptable manner MFA may give notice in writing of such failure or omission and of a reasonable time within which to cure the deficiency. The Successful Offeror shall take corrective measures within such time. The Successful Offeror's failure to comply with such notice and to cure the deficiency as provided in the notice shall subject this Agreement to immediate termination by MFA. In the event of a for-cause termination, MFA

shall terminate this Agreement by delivering to Architect a written notice of termination. The effective date of termination shall be the date stated in the notice or, if no date is stated, then the date of delivery of the notice. Upon such termination, Successful Offeror shall deliver to MFA all design plans, construction estimates, drawings, documents, survey books, and all other materials developed under this Agreement. MFA shall then have the right to retain the services of other design professionals to complete Successful Offeror's Work under this Agreement, and shall have no obligation to seek bids for that replacement design professional(s). The cost of completing Successful Offeror's Work under this Agreement shall be paid for by applying the balance of the contract amount remaining on this Agreement at the time of termination. If the cost to complete the Work under this Agreement is less than the remaining contract amount, the remaining contract amount shall be paid to Successful Offeror. If the cost of completing the Work under this Agreement exceeds the contract amount, then Successful Offeror shall pay MFA for the difference between the contract amount and the cost to complete Successful Offeror's Work.

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

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

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

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

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

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

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

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

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

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

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

New Mexico Mortgage Finance Authority

Board Members

Chair Angel Reyes – President, Centinel Bank in Taos

Vice Chair – Derek Valdo – Chief Executive Officer, AMERIND Risk
Treasurer Rebecca Wurzbarger – Strategic Planning Consultant
Member Howie Morales – Lieutenant Governor, State of New Mexico
Member Hector Balderas – Attorney General, State of New Mexico
Member Tim Eichenberg – Treasurer, State of New Mexico
Member Patricia A. Sullivan – Associate Dean, New Mexico
State University College of Engineering

Management

Isidoro Hernandez, Executive Director/
Chief Executive Officer
Stephanie Yara, Chief Financial Officer
Donna Maestas-De Vries, Chief Housing Officer
Jeff Payne, Chief Lending Officer

EXHIBIT A

ORGANIZATIONAL REFERENCE QUESTIONNAIRE

The New Mexico Mortgage Finance Authority, as part of the RFP process, requires Offerors to submit at least three references from financial institutions, governmental entities, and/or mortgage servicers and at least one reference for whom Bond Counsel Services have been provided as required within this document. The purpose of these references is to document Offeror's experience relevant to the scope of work in an effort to establish Offeror's responsibility. The Offeror will send the following reference form to each business reference listed in Offeror's proposal.

LEGAL SERVICES AS BOND COUNSEL FOR SINGLE FAMILY AND/OR MULTIFAMILY HOUSING PROGRAMS RFP

ORGANIZATIONAL REFERENCE QUESTIONNAIRE FOR:

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

Name: Cooper Hall
Address: 344 4th St. SW
Albuquerque, NM 87102
Telephone: (505) 767-2284
Fax: (505) 243-3289
E-mail: chall@housingnm.org

No later than **February 25th, 2022 4:00 p.m. Mountain Time**, and must **NOT** be returned to the company requesting the reference.

For questions or concerns regarding this form, please contact the individual first named above.

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

1. How would you rate the timeliness of work conducted and information requested?

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

COMMENTS:

2. How would you rate how the work was planned and executed?

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

COMMENTS:

3. How would you rate the knowledge and technical expertise demonstrated?

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

COMMENTS:

4. How would you rate the value added to your organization through the Offeror's recommendations?

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

COMMENTS:

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

COMMENTS:

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

COMMENTS:

7. Would you recommend this Offeror's services?

COMMENTS:

Tab 11



MFA Board Finance Committee

January 19, 2022

Finance Committee –

**(Audit, Budget, Investments/Personnel, Program Policy & Development, Bond Structures,
Investment Banking Underwriting)**

Angel Reyes (Chair)
Lieutenant Governor Howie Morales
State Treasurer Tim Eichenberg

Tab 12



MEMO

TO: Policy Committee

FROM: Rebecca Velarde, Senior Director of Policy and Planning

DATE: January 4, 2022

SUBJECT: Acceptance of American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (FRF) from the State of New Mexico

Recommendation:

Staff recommends that MFA, acting as Trustee of the New Mexico Housing Trust Fund, accept up to \$15 million in American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (FRF) from the State of New Mexico for expenditure for energy-efficient affordable housing pursuant to the New Mexico Housing Trust Fund Act.

Background:

On March 11, 2021, ARPA was signed into law by President Joseph R. Biden, Jr. This legislation provided additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals and businesses. ARPA included \$350 billion in FRF for eligible state, local, territorial and tribal governments to respond to the COVID-19 emergency and bring back jobs. The State of New Mexico, separate from tribal, county and local governments, received \$1,751,542,835.

Governor Michelle L. Lujan Grisham called the New Mexico State Legislature into a Special Session starting on December 6, 2021 to finalize and approve new legislative district maps and to appropriate outstanding ARPA funds to address the urgent needs of New Mexicans in communities large and small.

On December 21, 2021, the Governor signed into law House Bill 2 that included the following appropriation:

“Fifteen million dollars (\$15,000,000) to the department of finance and administration for disbursement to the New Mexico mortgage finance authority for expenditure for energy-efficient affordable housing pursuant to the New Mexico Housing Trust Fund Act; provided that the funding shall not be used to match federal funds but may be used to match private or local funds.”

Discussion:

Staff expects to be asked to sign a grant agreement with the State of New Mexico Department of Finance and Administration in short order. Any use of the funds must meet the requirements of the ARPA statute, FRF requirements as well as the New Mexico Housing Trust Fund Act statute and rules.

The FRF guidance defines four eligible use categories:

- To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
- For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
- To make necessary investments in water, sewer, or broadband infrastructure.

More specifically, the guidance says the following housing-related items are eligible:

- Homeless shelters
- Rent, mortgage and utility assistance
- Housing counseling and legal aid to prevent eviction or homelessness
- Emergency assistance for home repairs or weatherization
- Remediation of lead paint
- Supportive housing and other services for individuals experiencing homelessness
- Development of affordable housing
- Housing vouchers
- Relocation assistance to neighborhoods with higher levels of economic opportunity
- Case management tied to housing stability

However, these items are subject to specific caveats and situations. For example, MFA must show that any services rendered address disparities and serve populations, communities or geographic areas disproportionately impacted by the pandemic. Further, if FRF funding is used as a short-term loan that matures or is forgiven on or before December 31, 2026, then MFA may use FRF to fund the loan principal. However, if it is a longer-term loan, then MFA can only use FRF for the projected cost of the loan. MFA staff will review all guidance thoroughly prior to making recommendations to utilize FRF for specific activities.

Summary:

Staff recommends that MFA, acting as Trustee of the New Mexico Housing Trust Fund, accept up to \$15 million in ARPA FRF from the State of New Mexico for expenditure for

energy-efficient affordable housing pursuant to the New Mexico Housing Trust Fund Act. The funds can be used for a variety of housing purposes, but FRF guidance has many specific requirements and caveats.

Tab 13



MEMO

TO: MFA Board of Directors

FROM: Robyn Powell, Research and Development Manager
Rebecca Velarde, Senior Director of Policy and Programs

DATE: January 19, 2022

RE: New Mexico Homeowner Assistance Program Update and Grant Acceptance

Recommendation

Staff recommends acceptance of up to \$50,195,415.60 from the state of New Mexico Department of Finance and Administration (DFA) in federal Homeowner Assistance Fund (HAF) funding for administration of homeowner assistance programs intended to resolve mortgage delinquencies and defaults, foreclosures, and displacement of homeowners experiencing financial hardship due to the COVID-19 health crisis.

Background and Discussion

The U.S. Department of the Treasury (Treasury) allocated \$9.9 billion to states and territories through the American Rescue Plan Act of 2021 (ARPA). The Homeowner Assistance Fund (HAF) was established under ARPA to mitigate financial hardships associated with the coronavirus pandemic by providing funds for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities, and displacements of homeowners experiencing financial hardship after January 21, 2020.

New Mexico was allocated \$55,772,684 under HAF via the State Department of Finance and Administration (DFA). MFA, in partnership with the State of New Mexico, will administer homeowner assistance funds for home loan reinstatement, monthly payment assistance, homeowner taxes and homeowner insurance. DFA will administer the Utility Assistance Program.

On May 6, 2021, the Delegates of the MFA Board of Directors approved the staff recommendation to accept an initial HAF allocation of 10% or \$5,577,268 from DFA for (1) the implementation of two HAF pilot programs for housing cost assistance and emergency home repair, and (2) the development of a long-term program plan for approval by Treasury, which is required in order for New Mexico to receive the remaining allocation of \$50,195,415.60.

HAF Pilot Programs

Housing Cost Pilot Program:

The HAF housing cost pilot program was launched on May 18, 2021 and provided up to \$10,000 per household to fund past due mortgage/housing cost payments. The income limit was 100% of area median income (AMI), and the homeowner was required to certify they were financially impacted by the COVID-19 pandemic. Only owner-occupied New Mexico residences were eligible. The program closed on August 16, 2021 because all allowable program funds were expended, a total of \$4,671,917 assisting 1,044 households.

Emergency Home Repair Program:

The Emergency Home Repair Program (ERP) was allocated \$1 million in HAF funding. The intention of the program was to assist homeowners earning no more than 100% of the area median income in the southwestern region of the state, including Dona Ana, Luna, Grant, Hidalgo, Sierra and Otero counties, by providing roof repair or replacement. When the August 2, 2021 guidance was issued, it was determined that the program design was no longer in compliance with the new Treasury requirements. To complete the ERP pilot, funding was requested and received from the New Mexico Housing Trust Fund Advisory Committee, and the ERP funding was reallocated to the HAF housing cost assistance program.

HAF Long Term Program

Development of the longer term or permanent HAF program began in May 2021. Treasury issued initial guidance in April 2021 and updated guidance in [August](#) 2021, specifying eligible program expenses, homeowner eligibility, targeting requirements and outlining the required HAF plan components.

To inform the Plan, MFA convened ten listening sessions with over 90 participants from over 50 organizations that represent or serve eligible homeowners, organized around the following categories:

- Mortgage/homeowner assistance providers
- Emergency home repair providers
- Foreclosure prevention counseling and legal services providers
- Local government housing agencies and Councils of Government
- State government agencies
- Mortgage servicers
- Utility providers

MFA held an initial 7-day public comment period in May 2021 and two virtual public hearings on May 13, 2021. Plan drafts were posted to the MFA website, with paper copies available upon request. The public comment period, public hearings, and information on how to access the draft plan were advertised on MFA's website, in e-mail blasts to nearly 2,500 of MFA's community partners and on social media platforms Facebook, Twitter, Instagram and LinkedIn.

The additional guidance was issued on August 2, 2021 and contained program design elements not contemplated in the initial draft plan. Staff worked to revise the Plan and conform the proposed programs to the Guidance.

The second draft Plan was:

1. Approved by Policy Committee on September 6, 2021;
2. Provided to DFA for final review on September 14, 2021;
3. Posted for public comment on the MFA website on September 17, 2021; including an e-blast to MFA partners and interested parties;
4. Approved by the Delegates of the Board of Directors on September 20, 2021;
5. Submitted to Treasury on September 29, 2021; and
6. Approved by Treasury on January 7, 2022.

Permanent Program Design

There are a total of five (5) program design elements included in the HAF plan and summarized below. All programs will share the same general eligibility requirements and all programs except for the Utility Assistance Program will allow for HAF funds to be used to supplement loss mitigation.

General Eligibility Requirements

Households are eligible to receive reinstatement assistance if they (1) attest that they experienced a financial hardship after January 21, 2020 associated with the COVID-19 pandemic, (2) provide income documentation and have incomes equal to or less than 150% of the area median income or 100% of the median income for the United States, whichever is greater, and (3) currently own and occupy a primary residence in New Mexico.

Household Maximum Award

Each household will be eligible for up to \$20,000 of HAF funding with respect to the applicant's primary residence. If a household is requesting assistance for multiple eligible housing costs such as property taxes or annual homeowner's insurance premiums, whether in conjunction with delinquent payment assistance or separate and apart from a monthly homeownership payment structure, and/or is requesting assistance through other program design elements (with the exception of the utility assistance program), the per household award shall not exceed \$20,000.

Utility assistance has a separate household maximum of \$1,000 and is excluded from the \$20,000 household maximum benefit available for the pilot, homeownership loan reinstatement, homeownership loan payment, and property charge programs.

Documentation Requirements

For all programs, MFA will require a valid form of identification and documentation to verify income, housing costs and delinquent amounts, and to establish homeownership. Certain other requirements may apply, depending on the type of assistance requested.

Homeownership Loan Reinstatement Program

The Homeownership Loan Reinstatement/ Loss Mitigation Program will provide up to \$20,000 per household to eliminate delinquencies, reinstate a homeownership loan, including the current month (delinquency plus one month) and/or provide funds which will assist homeowners achieve housing cost affordability through principal reduction or post-loss mitigation lien extinguishment.

To receive assistance, the applicant(s) will be required provide a self-attestation that the household is able to resume the monthly housing payment following receiving assistance.

Homeownership Loan Payment Assistance

The Homeownership Loan Payment Assistance program will provide payment assistance to homeowner households unable to make mortgage or homeownership loan payments due to financial hardship associated with the Coronavirus pandemic.

For homeowner households to receive monthly housing payments due within a 12-month period following the initial date of approval of the application, the household must also meet the following criteria:

- The household will provide a self-attestation that the household is struggling to sustain their housing payments due to unemployment or zero income.
- The household's contractual homeownership loan payment(s) exceed(s) 40% of the household's gross income, if any.
- One or more household members is unemployed and receiving unemployment benefit.

Property Charge Default Resolution

The Property Charge Default Resolution program will provide up to \$20,000 per household to resolve homeowner insurance and/or delinquent property taxes that threaten a homeowner's ability to sustain ownership of the property.

Each household may receive funding for up to three years for insurance premiums including force placed insurance and/or three years of delinquent property taxes. Funds may also be used to pay property charges coming due in the 90 days following household application approval.

Utility Assistance

The Utility Assistance Program will provide funds to resolve delinquent payments for utility services including electric, gas, home energy, and water and will be administered by DFA. Funds may be used to pay delinquent amounts in full, including interest or reasonably required legal fees, under circumstances in which a delinquency threatens access to utility services and will strive to bring the homeowner's account current.

The program will require an attestation by the homeowner(s) that assistance sufficient to resolve the delinquency is not available from other utility assistance programs and, without HAF assistance, the homeowner is likely to lose services.

Foreclosure Prevention and Defense

The Foreclosure Prevention and Defense Program (FPDP) will be used to fund HUD-certified Housing Counseling Agencies and counseling agencies approved by a Tribal entity (together, HCAs), and Legal Services Providers (LSPs) who will provide housing counseling and legal services to borrowers at risk of foreclosure and those in need of financial counseling services or assistance with loss mitigation negotiations.

If homeowners satisfy the general eligibility requirements, they qualify for FPDP participation. Homeowners will be referred for housing counseling services if they require assistance accessing loss mitigation options and if they indicated in the application that they cannot afford their monthly payment. In addition, homeowners who are facing foreclosure and eviction may receive legal services and/or housing counseling services and leverage homeownership loan and cost assistance programs to pay down delinquent payments.

Budget

The following table represents the amounts currently allocated to each program design element. Treasury guidance allows for reallocation of these amounts when the aggregate reallocations from any qualified expense category unless the reallocation equals or exceeds 10% of the amount allocated to that qualified expense category in the HAF plan approved by Treasury, the HAF participant is proposing to allocate funding to a new qualified expense category or is creating a new program or terminating a previously approved program, or the reallocation redirects 1% or more of the participant's total HAF allocation from program costs to administrative costs.

Budgeting of HAF Funds by Program Design Element	
Mortgage Reinstatement	\$22,155,000.00
Mortgage Payment Assistance	\$12,250,000.00
Payment Assistance for Homeowners Utilities	\$5,270,292.00
Payment Assistance for Homeowner's Insurance	\$105,000.00
Payment Assistance for Delinquent Property Taxes	\$490,000.00
Other measures to prevent homeowner displacement (pilot program)	\$4,671,917.00
Foreclosure Prevention and Defense Counseling or Educational Services	\$2,091,475.50
Foreclosure Prevention and Defense Legal Services	\$697,158.50
Program Administration up to 15%	\$8,041,841.00
Total Allocation	\$55,772,684.00

Summary

Now that MFA has received approval from Treasury, staff will execute a new grant agreement with DFA to administer HAF funds through the programs described above. Staff is working to implement a new software solution, complete the program manual, update the website, communicate with potential applicants and trusted messengers, and prepare to launch the Homeowner Assistance Fund program in February.

Staff recommends acceptance of up to \$50,195,415.60 from the state of New Mexico Department of Finance and Administration (DFA) in federal Homeowner Assistance Fund (HAF) funding for administration of homeowner assistance programs intended to resolve mortgage delinquencies and defaults, foreclosures, and displacement of homeowners experiencing financial hardship due to the COVID-19 health crisis.

Tab 14



MFA Marketing & Comms. Strategic Plan



Paul Dahlgren

Director of Communications and Marketing

Presentation Overview

Comms. and Marketing Dept. Overview

- Department Introduction
- Alignment with Organizational Strategic Plan

Five-Year Strategic Comms. and Marketing Plan

- What it is
 - Overview/Situation Analysis
- What it's based on
 - Key Marketing Research Takeaways
- What it aims to accomplish
 - Goals
- How it will work
 - Approach
 - Implementation Phases I-III

Department Overview

Who we are



Paul Dahlgren

Dir. of Comms. and Marketing



Kait O'Brien

Digital Content Manager

Department Overview

What we do

To communicate our diverse set of services and programming, communications and marketing efforts are built on an informative, educational foundation. This ensures key stakeholders have a clear understanding of what MFA does and how it helps to ensure all New Mexicans have access to safe, quality, affordable housing.

The department distributes information via multiple channels including owned media, earned media, paid media, and experiential marketing. Primary function of the department is two-fold:

- Ensure MFA's key messages, brand, reputation, credibility, and visibility are elevated among key target audiences statewide.
- Provide clear, concise, consistent communications for MFA's internal teams to ensure cohesion and support for strategic partners of the organization and drive outward visibility for MFA programs.

OWNED MEDIA

Website, Collateral, Directories, Social Media, Newsletter

EARNED MEDIA

Public Relations, Broadcast, Print, Radio, Cross Promotional

PAID MEDIA

Digital, Print, Broadcast, Event Sponsorships, Giveaways

EXPERIENTIAL

Open House, Summit, Weatherization Day, Tours, Ribbon Cuttings

PUBLIC RELATIONS

Earned Media (proactive and reactive), Partnership Support

INTERNAL COMMS

Departmental Communications Support

Department Overview

Alignment with Organizational Strategic Plan

Mission

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

Vision

All New Mexicans will have quality affordable housing opportunities.

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.



GOAL 1



Create affordable housing opportunities that support and strengthen New Mexico's communities.

GOAL 2



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

GOAL 5



Foster a healthy, dynamic and team-oriented work environment.



MFA

Housing New Mexico

What is it?

Overview

The five-year strategic marketing plan is a tool that helps focus and strengthen all marketing and communications efforts and resources to work collaboratively towards strategic goals.

- It is a living document, expected to change and adapt over time
- It is based on current and projected resources and conditions
- It was developed by Maggie Sisco with Haven Collective, in collaboration with the Director of Communications and Marketing
- It is designed to be implemented in three phases, each of which build upon the initiatives and achievements from the previous phase

Strategic Plan

Situation Analysis

- MFA has a strong legacy of ensuring that all New Mexicans have access to quality affordable housing opportunities. It is well-positioned to create impactful, lasting change and should be communicating such at every opportunity, both internally and externally.
- MFA has an outstanding local, state, and national reputation that can be leveraged to grow the organization's share-of-voice, presence and perspectives throughout the industry.
- As the agency continues to drive momentum forward during a global pandemic and an ongoing affordable housing crisis, proactive communications and marketing are increasingly more important.
- Strategically, MFA has an opportunity to implement organization-wide efficiencies in its approach to communications and marketing. Streamlining both internal and external communications activities will allow MFA grow not only recognition and visibility, but also deepen and sustain the impact of its work.

Strategic Plan

Situation Analysis

STRENGTHS

- Longevity in the marketplace
- Well-positioned as quasi governmental agency
- Established foundation of respect and trust among stakeholders
- Agility of service not regularly seen at federal/state levels
- Solid marketing partnerships, assets and channels
- MFA's work has broad economic impact and data to support
- Ample opportunity for strategic storytelling
- Deeply engaged leadership

OPPORTUNITIES

- Institutional memory loss with staff turnover
- Technological challenges in terms of operational processes
- Could leverage statewide reach of partnerships more
- Traditionally lean marketing department and budget
- Complexity of process/product for end user and partners
- Must rely on third party advocates to advance product placement
- Better tell the story of MFA's economic impact

WEAKNESSES

- Low name recognition within the marketplace
- Confusion in the marketplace between NMFA and MFA
- Deprioritized issue of affordable housing within local communities
- Barrier to entry in accessing MFA products: not available to public directly from MFA, must access via third party
- Dynamic federal, state and regulatory changes
- Knowledge and experience gaps among new employees-not a deep bench of qualified candidates

THREATS

- Expense of housing construction impacting developments of affordable housing
- COVID-19 impacts on supply chains
- Lack of available, qualified service providers slows the pace of programs like weatherization/rehab
- Lack of service providers in geographically rural/socio-economically diverse areas of New Mexico
- Stigma of affordable housing locally and nationally

What is it Based On?

Key Takeaways from Marketing Research

Below are top trends in perception identified throughout the course of the 20 interviews conducted among MFA stakeholders.

- MFA is transparent, resourceful, and credible
- Confusion in the marketplace between NMFA and MFA
- A high level of trust exists between MFA and all stakeholders
- It is clear to stakeholders that MFA staff is growing, and some institutional knowledge is being lost
- MFA has established a high standard of excellence in service
- Accessibility to information and leadership is high
- Leadership is incredibly responsive
- Opportunities exist to leverage technology better to create efficiencies for partners

What is it Based On?

Key Takeaways from Marketing Research

Below are more top trends identified throughout the course of the 20 interviews conducted among MFA stakeholders.

- Opportunity for leadership alignment on what it means for MFA to be a “household name”
- Clarity needed internally around who MFA’s top stakeholders/audiences are
- Ample opportunity to tell the economic impact story of MFA
- Great desire among MFA leadership for more storytelling about MFA case studies and successes
- Partnership with local governments are important to advance potential development opportunities
- Lenders and REALTOR engagement is critical

What does it Aim to Accomplish?

Strategic Communication Goals

GOAL I:

Align all communications and marketing efforts internally, clarify “MFA as a household name”, establish processes/procedures/KPIs

GOAL II:

Generate deeper levels of engagement across all MFA-owned media platforms with key stakeholders

GOAL III:

Better position MFA, it’s programs, offerings and leadership as thought leader both regionally and nationally

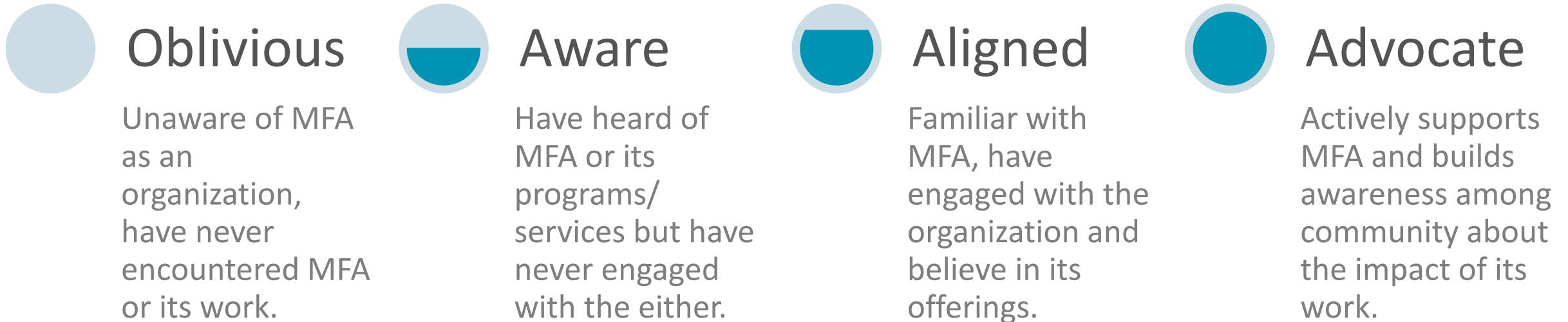
GOAL IV:

Reframe the affordable housing narrative in New Mexico to favor affordable housing developments and programs

How Will it Work?

Approach

Part of the goal of all communications and marketing is to connect the right people, at the right time, with the right messages, in the right places. When identifying to do accomplish that with a target audience/key stakeholders, it's important to remember that when communicating, audience members will align with one of the following levels of alignment with MFA and its work.



How Will it Work?

Approach (continued)

MFA interacts with several audiences ongoing. As the organization continues to deepen its strategic approach to both proactive and reactive communications and marketing, understanding the nuance of communication between stakeholder groups is important. That begins first with identifying the main stakeholder groups for the organization.

INTERNAL STAKEHOLDERS

- MFA employees & contractors
- Housing Development
- Homeownership
- Servicing
- Community Development
- Asset Management

EXTERNAL STAKEHOLDERS

- Lenders & REALTORS
- Developers
- Service Providers
- Regulatory Agencies
- Legislators
- Donors & Potential Donors
- Vendors
- Customers & Potential Customers
- Potential Employees
- Potential Partners

How Will it Work?

Approach (continued)

Content is key. No matter how much there is, it needs to be quality content with clear, compelling language and high-quality visuals at a frequency that is impactful and sustainable. Quality over quantity is key, on every platform.

Quality, consistent storytelling takes planning and forethought, and cannot be purely reactionary. To allow for the highest level of intention and strategy, it is important to understand what content categories are relevant to audiences and how to plan for them.

Understanding these categories and planning evergreen content 4-6 weeks in advance, offers an opportunity to get strategic with words. It's important to monitor the content strategy and modify as audience needs may change or evolve with time.

How Will it Work?

Approach (continued)

An established and clear brand voice is critical to ensuring understanding of an organization and its work among key stakeholders. Below is a list of adjectives that describe MFA, its programs, leadership and current brand perception in the marketplace. These adjectives should help inform the voice and tone of all MFA communications.

- Trusted
- Leader
- Reliable
- Resourceful
- Experienced
- Committed
- Qualified
- Supportive
- Accessible
- Mission-driven
- Invested
- Community-driven
- Engaged
- Deeply knowledgeable
- Transparent
- Flexible when possible
- Approachable
- Friendly
- Responsive
- Caring

How Will it Work?

Approach (continued)

Engagement drives connection, visibility and community. A combination of both **proactive and reactive engagement** is paramount to growing organic, well-qualified digital audiences across platforms. Building an engaged digital community requires organizations to participate as valuable community members as well, contributing content rich with interesting and useful content that resonates with audiences where they are and does not speak above or below them.

An important note is that proactive, outbound engagement from the social profiles of any brand is the #1 driver of inbound engagement from audiences.

Analytics are also important in helping drive quality engagement among target audiences. When regularly monitored social media, website, newsletter, blog and other analytics begin to show what narrative and visual storytelling is performing well and what is not. This helps adapt content strategies and stay connected with audiences. Content relevance is not static, times change, needs change, audiences change which is why reviewing audience activity is so important.

How Will it Work?

A Three-Phased Approach

Phase I

Stabilize & Align

Short Term
2022/2023

Phase II

Establish & Position

Near Term
2023/2024

Phase III

Broadcast & Amplify

Long Term
2024+

Strategic Plan Phases

Phase I: Stabilize & Align

Given the rapid changes MFA experienced in Q1 of FY 21/22 and the ongoing affordable housing crisis, Phase I of this plan focuses specifically on rebuilding the communications and marketing department while aligning the internal communications needs of the organization.

To stabilize the organization's communications and marketing efforts, it will be important to first establish departmental processes and procedures like:

- Secure CRM software that allows for integrations of master contacts list, newsletter program, social media scheduling & analytics
- Finalize ticketing process for Communications & Marketing support and website requests
- Meet individually with departmental leadership re: ID spokespeople, comms needs and proactive planning
- Align all executive staff, leadership and board members on MFA talking points
- Meet with both Ripe & Xynergy to discuss ongoing communications needs
- Create all evergreen digital outbound communications content 4-6 weeks in advance
- Departmental reporting on digital media performance and growth
- Departmental reporting on earned media efforts
- Begin to address confusion in the marketplace between NMFA and MFA by first aligning internally on the nuances of communicating MFA mission and successes

Strategic Plan Phases

Phase I: Stabilize & Align (continued)

- Ensure Search Engine Optimization (SEO) campaigns are active in close partnership with Xynergy
- Create an inventory management system and secured storage area for promotional items, envelopes, letterhead, and marketing collateral
- Perform a marketing material audit
 - a. Identify efficacy of current marketing collateral
 - b. Outline gaps or perceived gaps in materials
- Development of a media training program for leadership staff
 - a. Presenting key messages in conversation
 - b. Answering questions succinctly
 - c. Addressing questions honestly when answers are unclear
 - d. Engaging the public
 - e. Conversational competence in key messaging
- Provide ongoing educational initiatives to help staff members learn about all the programs MFA offers.
- Compile a digital media asset library for staff and partners to readily access photos, logos, marketing materials and reports

Strategic Plan Phases

Phase I: Stabilize & Align (continued)

It is also critical that all outbound proactive & reactive communications be created in partnership and alignment with the communications and marketing department. This ensures brand cohesion, clarity of voice and creates consistency in how MFA communicates its work and impact locally, regionally and nationally.

To align messaging internally during Phase I, it is critical to clarify:

- 2022 Housing Summit: What is the direction and what are the programming tracks?
- MFA name/tagline use: How is MFA different than NMFA?
- Based on market research conducted by MFA, the organization's tagline "Housing New Mexico" there had more brand recognition and alignment among key stakeholders. Increased opportunity to bring tagline more forward in messaging
- Messaging around MFA's role in the statewide affordable housing crisis: including current and potentially new programs
- MFA's stance on the importance of affordable housing from all members of the executive leadership team

Strategic Plan Phases

Phase II: Establish & Position



Isidoro "Izzy" Hernandez
Executive Director/CEO



Jeff Payne
Chief Lending Officer



Donna Maestas-De Vries
Chief Housing Officer

With their combined knowledge base and expertise, MFA's Executive Leadership Team is well-positioned to speak as thought leaders about all aspects of the organization and on matters concerning affordable housing throughout New Mexico and the West. Elevating MFA's presence in the marketplace as a trusted, resourceful leader will require proactive positioning of the executive team who will also be aligned and solidified key messages as they relate to the organization.

Strategic Plan Phases

Phase II: Establish & Position (continued)

As MFA's processes and procedures are implemented, it should create more additional opportunity for increased strategic and proactive communications. Establishing MFA's platform and positioning the organization will require the use of earned, owned and paid media. To more deeply establish and position MFA and its leadership to a wider audience communications and marketing efforts should:

- Create data visualizations about the economic impact of MFA's work in the communities it serves to position the impact of the organization's work
- Draft informational campaign plan targeting donors for the Charitable Housing Trust Fund
- Provide detailed data about how MFA is leading industry change through collaboration and innovation
- Ensure MFA's platform/position on affordable housing and the crisis are clear among Executive Leadership
- Define MFA's perspective on the current state of the industry nationally and in New Mexico
- Identify industry trends MFA leadership sees and what their impact on people in New Mexico and nationally
- Outline tangible opportunities and innovations that are creating industry wide change
- Plan two key advertising and marketing campaigns per year aimed at addressing NIMBYism

Strategic Plan Phases

Phase II: Establish & Position (continued)

- Establish ongoing content creation opportunities with executive leadership team to Agree with establishing help generate earned media and deepen relationships with partners and other stakeholders
- Create infographics, data visualizations and commentary on pressing issues to keep MFA in the broader industry conversations and could offer national media exposure.
- Develop outreach plan to new service providers In partnership with department leadership to help expand MFA services .

Strategic Plan Phases

Phase III: Broadcast & Amplify

Once MFA's thought leadership platforms are established, campaigns are developed, messaging is clarified and tested, and there's internal alignment and preparedness the next step is to increase proactive communications and marketing activities.

- Create opportunities for collaborative, public discussions with partners and key stakeholders, these could take the form of editorial boards, roundtables, town halls, and more
- Determine growth trajectory for Communications & Marketing department in line with organizational growth goals
- Audit the new MFA website & Intranet to determine if capacity & functionality meet demand
- Establish sourcing relationships with national trade publications focused on community development, housing development, urban planning, economic development, houselessness advocacy
- Identify national journalists who are reporting proactively on issues that impact MFA's work
- Ensure MFA is digitally connected to all allies and partners across all platforms
- Define what paid media opportunities will position MFA within and among industry colleagues and partners
- Begin targeted Google advertising that geotarget areas in the state where MFA's has a vested interest in grow its presence
- Stay proactive and vigilant for ongoing opportunities to position MFA proactively within the marketplace
- Create cohesive digital campaigns with "partner promo packs" that provide MFA partners easy access to images and verbiage to encourage cross promotional activities

Thank you!

Questions? Comments?



Paul Dahlgren

Comms. and Marketing Director

pdahlgren@housingnm.org

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Tab 15

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be a presentation
during the meeting.

Tab 16

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

Department and Program	Project	Action Taken	Comments / Date Approved
Community Development-WAP	Approval to amend the contract between MFA and PNM for an \$8,003.69 increase	An \$8,003.69 increase to MFA's 2021 contract with PNM was approved, so that CNMHC can continue providing PNM services through December 31, 2021. Of the \$8,003.69 increase, \$7,603.51 will be awarded to CNMH (\$7,203.32 to Program Operations and \$400.19 to Admin) and \$400.18 will be used for MFA Admin expenses.	Approved by Donna Maestas-De Vries on December 6, 2021
Servicing-- REO	Final Disposition of a Single-Family residence 1509 West 6 th St. Tularosa, NM 88352	REO Property: Gain of \$13,772.78 Sale date December 9, 2021-- Foreclosure and REO disposition managed and completed by MFA. Habitat for Humanity property.	Sale date December 9, 2021
Housing Development	Bella Vista HOME Loan (HM010) Modification, Placed in Service April 10, 2000	HOME Loan modification to modify the terms of the Bella Vista HOME loan (HM010) to forgive all unpaid accrued, deferred interest upon the full repayment of the original principal balance (\$385,000). This approval is conditional provided that the payoff is received within 6 months of the MFA approval letter and that the owner agrees that the project will remain in full compliance with all HOME loan LURA requirements for the duration of the restriction period.	Approved by Jeff Payne on December 17, 2021
Community Development-YHDP	Request for Approval to Fully Expend the Duty to Serve Funding	Approval to increase Native Community Capital's contract by \$1,676.13 for a total balance of \$11,426.13 and extend the contract expiration date to June 30, 2022.	Approved by Donna Maestas-De Vries on December 29, 2021

COVID-19
Staff Actions Requiring Notice to Board
During the Period of December 2, 2021 - present

Department and Program	Project	Action Taken	Comments / Date Approved

Tab 17

New Mexico Mortgage Finance Authority

Combined Financial Statements
and Schedules

November 30, 2021

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the two-month period ended November 30, 2021

COMPARATIVE YEAR-TO-DATE FIGURES (Dollars in millions):		2 month 11/30/2021	2 month 11/30/2020	% Change Year / Year	Forecast 11/30/2021	Actual to Forecast	Forecast/Target 9/30/22
PRODUCTION							
1	Single family issues (new money):	\$99.9	\$55.0	81.6%	\$99.9	0.0%	\$225.0
2	Single family loans sold (TBA):	\$20.2	\$50.9	-60.3%	\$20.2	0.0%	\$150.0
3	Total Single Family Production	\$120.1	\$105.9	13.4%	\$120.1	0.0%	\$375.0
4	Multifamily issues (new money):	\$11.0	\$0.0	0.0%	\$0.0	0.0%	\$20.0
5	Single Family Bond MBS Payoffs:	\$33.4	\$25.8	29.5%	\$19.6	70.3%	\$117.7
STATEMENT OF NET POSITION							
6	Avg. earning assets:	\$1,515.2	\$1,415.7	7.0%	\$1,548.4	-2.1%	\$1,548.4
7	General Fund Cash and Securities:	\$93.3	\$91.1	2.4%	\$69.0	35.2%	\$69.0
8	General Fund SIC FMV Adj.:	\$0.03	(\$1.1)	102.8%	\$0.0	N/A	\$0.0
9	Total bonds outstanding:	\$1,245.2	\$1,147.9	8.5%	\$1,298.9	-4.1%	\$1,298.9
STATEMENT OF REVENUES, EXPENSES AND NET POSITION							
10	General Fund expenses (excluding capitalized assets):	\$3.8	\$4.0	-5.0%	\$4.4	-13.6%	\$24.9
11	General Fund revenues:	\$5.0	\$5.2	-3.8%	\$4.8	4.2%	\$30.0
12	Combined net revenues (all funds):	(\$1.3)	\$1.8	-171.7%	\$1.2	-210.7%	\$7.0
13	Combined net revenues excluding SIC FMV Adj. (all funds):	(\$1.1)	\$3.1	-135.9%	\$1.2	-195.4%	\$7.0
14	Combined net position:	\$284.6	\$265.1	7.4%	\$278.7	2.1%	\$278.7
15	Combined return on avg. earning assets:	-0.51%	0.76%	-166.9%	0.45%	-213.6%	0.45%
16	Combined return on avg. earning assets exluding SIC FMV Adj. (all funds):	-0.44%	1.29%	-134.2%	0.45%	-198.0%	0.45%
17	Net TBA profitability:	1.42%	2.24%	-36.6%	0.50%	184.0%	0.50%
18	Combined interest margin:	0.48%	0.70%	-31.5%	0.54%	-10.9%	0.54%
MOODY'S BENCHMARKS							
19	Net Asset to debt ratio (5-yr avg):	27.39%	28.21%	-2.9%	27.77%	-1.4%	27.77%
20	Net rev as a % of total rev (5-yr avg):	5.56%	7.30%	-23.8%	10.75%	-48.3%	10.75%
SERVICING							
21	Subserviced portfolio	\$1,740.5	\$1,512.8	15.0%	\$2,011.0	-13.5%	\$2,011.0
22	Servicing Yield (subserviced portfolio)	0.43%	0.48%	-11.3%	0.40%	6.4%	0.40%
23	Combined average delinquency rate (MFA serviced)	8.39%	9.11%	-7.9%	9.00%	-6.8%	9.00%
24	DPA loan delinquency rate (all)	8.60%	9.43%	-8.8%	N/A	N/A	N/A
25	Default rate (MFA serviced-annualized)	0.24%	0.48%	-50.0%	2.00%	-88.0%	2.00%
26	Subserviced portfolio delinquency rate (first mortgages)	13.30%	18.52%	-28.2%	N/A	N/A	N/A
27	Purchased Servicing Rights Valuation Change (as of 9/30/21)	\$3.6	(\$0.4)	1000.0%	N/A	N/A	N/A

Legend:

Positive Trend	Caution	Negative Trend	Known Trend/Immaterial
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NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the two-month period ended November 30, 2021

SUMMARY OF BOND ISSUES:

Single Family Issues:

\$99.99 mm Series 2021D (November)

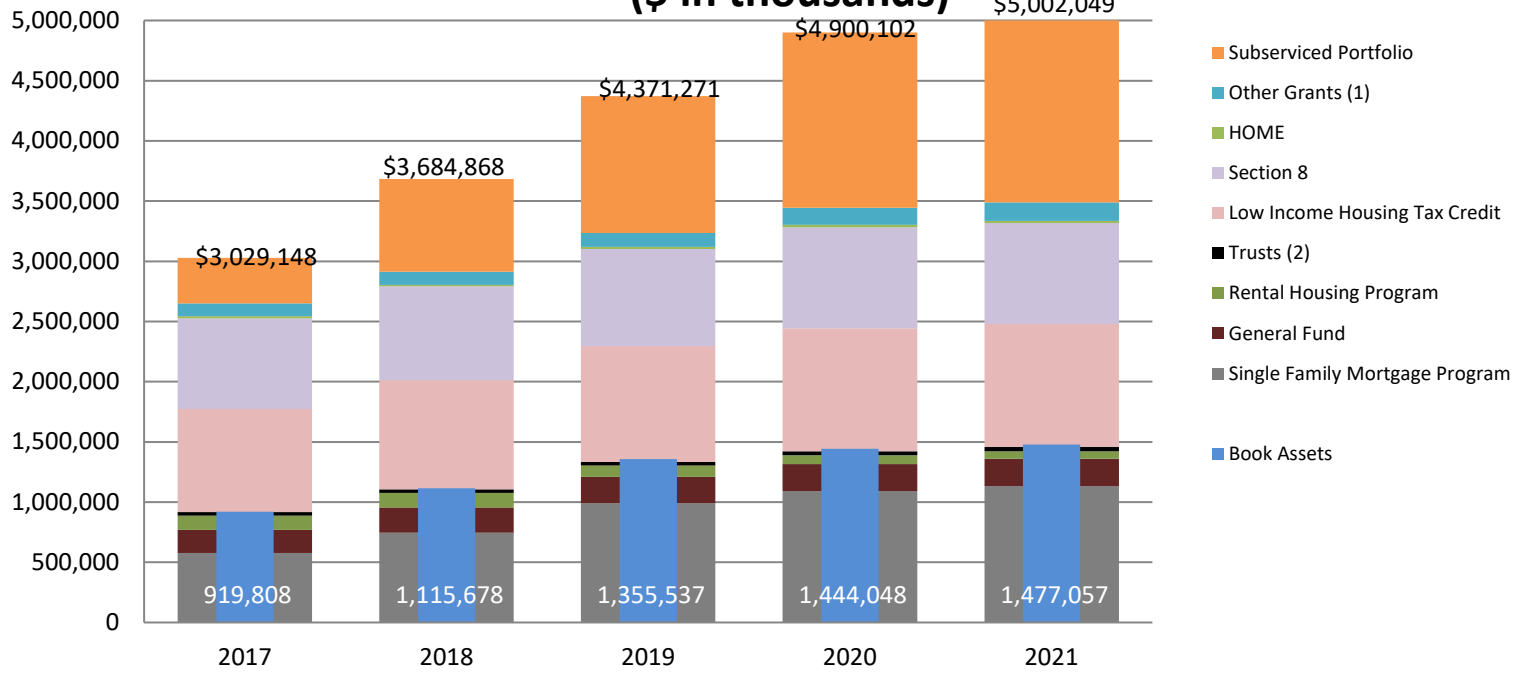
Multi-family Issues:

\$11.0 mm Series 2021 JLG Central (October)

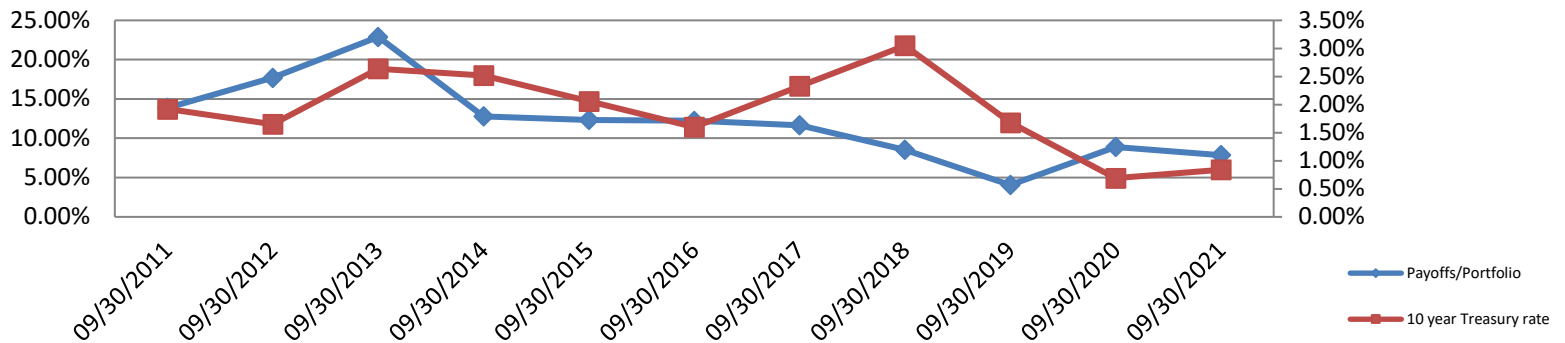
CURRENT YEAR FINANCIAL TRENDS & VARIANCES:

- There has been some slowing of loan production & refinancing activity due to normal seasonal trends, but single family production through November was 13.4% higher than the same period last year. TBA loans sold to date were 60.3% lower than last year since the Bond execution was more favorable than it was at the beginning of FY21, and MFA issued 2021D Series for \$99.9 million this month. Payoffs remain stronger than this time last year, a 29.5% increase; although less than the year over year change for the end of FY21 of 78.9%. MFA will continue to reserve loans for an anticipated Series 2022A Bonds targeted for issue in February, which has been approved for up to \$100 million. MFA continues to make funding decisions on a case by case basis, given current market conditions (Bonds vs. TBA).
- The multifamily JLG Central bond issue closed in October for \$11 million. This was the first MF issue since the 2019 Series JLG North & South totaling \$18.7 million.
- With two months of activity, the Return on Average earnings assets was at a *negative* 0.51%, mostly due to the continued effect of HAF awards made through the NM Housing Trust Fund on consolidated revenues. This, along with seasonal trends and lower TBA profitability resulting from market changes, has also affected general fund revenues and the Moody's net revenue benchmark.
- Interest margins are still down in comparison to last year at this same time; but volatility in market conditions continues to remain stable for the month. The combined interest margin of 0.48% is a decrease from the FY21 year end mark of 0.62%. The State Investment Council (SIC) General Fund portfolio valuation decreased \$537.6K in November. While the FMV changes are non-operating, they do impact General Fund revenues, combined net revenues and Return on Average Earning Assets.
- The Servicing Department continues to monitor delinquencies and defaults to identify reduction strategies, and refer borrowers to available loss mitigation programs. Of the 13.30% Sub-serviced Portfolio delinquency rate, 5.66% represents loans in forbearance; and of these 5.16% are delinquent forbearance loans. The subserviced portfolio is approximately 85% FHA insured loans. The Mortgage Bankers Association quarterly survey as of June 30, 2021 indicates that the delinquency rate for FHA loans nationally is 11.34% and for New Mexico 10.06%. FHA Single Family Loan Performance Trends for October 2021 show 14.78% delinquency (for purchase loans only) down from 18.97% in October 2020.
- The fair market value for purchased servicing rights as of September 2021 is \$21.0 million, an increase of about \$3.6 million over cost. GASB requires MFA to record the value of servicing rights at the 'lower of cost or market'. Decreases in FMV related to the pandemic have been recovered. Current recorded cost of the asset is \$17.5 million. Valuations are obtained on a quarterly basis.
- Based on Moody's issuer credit rating scorecard, MFA's 27.39% net asset to debt ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA's creditworthiness under stressful circumstances (> 20 %). The net revenue as a percent of total revenue measures performance and profitability; we take caution as MFA's 5.56% ratio (5-year average) is below the optimal range (10-15%) due to the effects of the NMHTF activity on consolidated revenues, and note that this reflects only two months of activity.
- Moody's Investor Services completed an updated credit opinion on MFA's Issuer Rating 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 April 2021, noting a growing asset to debt ratio and stabilizing profitability.

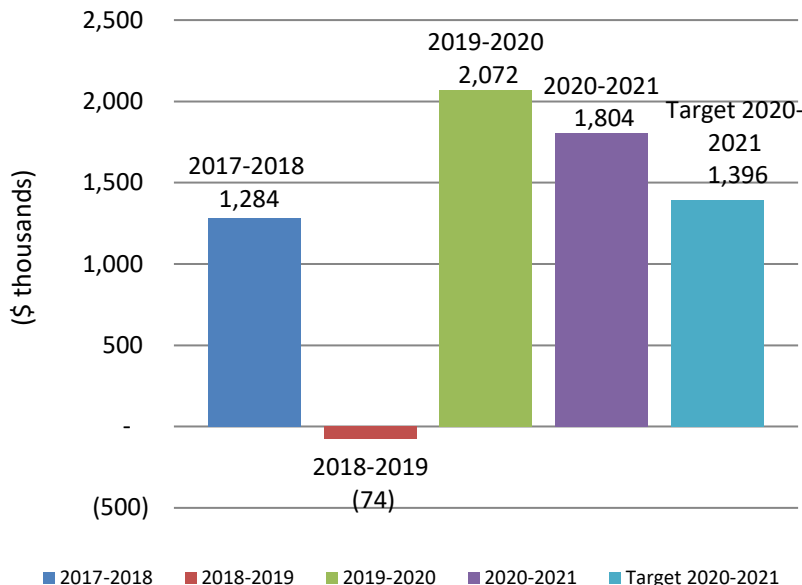
Assets Under Management as of 9/30/2021 (\$ in thousands)



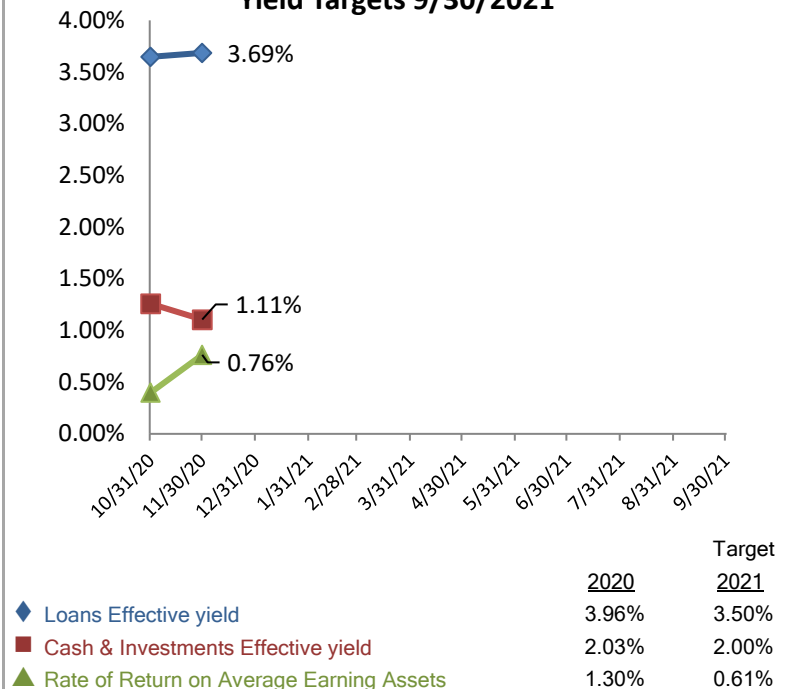
YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2021



YTD Excess Revenues over Expenses as of 11/30/2020



Yield Targets 9/30/2021



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

NEW MEXICO MORTGAGE FINANCE AUTHORITY
COMBINED STATEMENT OF NET POSITION
NOVEMBER 2021
(THOUSANDS OF DOLLARS)

	<u>YTD 11/30/21</u>	<u>YTD 11/30/20</u>
<u>ASSETS:</u>		
<u>CURRENT ASSETS:</u>		
CASH & CASH EQUIVALENTS	\$44,842	\$41,960
RESTRICTED CASH HELD IN ESCROW	9,348	9,499
SHORT-TERM INVESTMENTS	-	-
ACCRUED INTEREST RECEIVABLE	4,092	4,380
OTHER CURRENT ASSETS	3,385	3,893
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	(0)
INTER-FUND RECEIVABLE (PAYABLE)	-	0
TOTAL CURRENT ASSETS	<u>61,667</u>	<u>59,732</u>
 CASH - RESTRICTED	 156,427	 74,262
LONG-TERM & RESTRICTED INVESTMENTS	66,593	67,481
INVESTMENTS IN RESERVE FUNDS	11,001	-
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,076,287	1,056,985
MORTGAGE LOANS RECEIVABLE	204,692	207,522
ALLOWANCE FOR LOAN LOSSES	(9,003)	(6,252)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	1,867	1,517
OTHER REAL ESTATE OWNED, NET	2,463	662
OTHER NON-CURRENT ASSETS	-	-
INTANGIBLE ASSETS	<u>17,737</u>	<u>14,875</u>
TOTAL ASSETS	<u>1,589,732</u>	<u>1,476,784</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
REFUNDINGS OF DEBT	195	273
 TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u><u>1,589,926</u></u>	<u><u>1,477,057</u></u>
 <u>LIABILITIES AND NET POSITION:</u>		
<u>LIABILITIES:</u>		
<u>CURRENT LIABILITIES:</u>		
ACCRUED INTEREST PAYABLE	\$12,179	\$12,159
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	12,785	8,947
ESCROW DEPOSITS & RESERVES	<u>9,058</u>	<u>9,335</u>
TOTAL CURRENT LIABILITIES	34,022	30,441
 BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	 1,245,222	 1,147,865
MORTGAGE & NOTES PAYABLE	25,941	33,509
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	132	150
TOTAL LIABILITIES	<u>1,305,317</u>	<u>1,211,966</u>
 <u>NET POSITION:</u>		
NET INVESTED IN CAPITAL ASSETS	1,867	1,517
UNAPPROPRIATED NET POSITION (NOTE 1)	67,241	66,544
APPROPRIATED NET POSITION (NOTE 1)	<u>215,501</u>	<u>197,030</u>
TOTAL NET POSITION	<u>284,610</u>	<u>265,091</u>
 TOTAL LIABILITIES & NET POSITION	<u><u>1,589,926</u></u>	<u><u>1,477,057</u></u>

NEW MEXICO MORTGAGE FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE SECOND MONTHS ENDED NOVEMBER 2021
(THOUSANDS OF DOLLARS)

	<u>YTD 11/30/21</u>	<u>YTD 11/30/20</u>
<u>OPERATING REVENUES:</u>		
INTEREST ON LOANS	\$6,946	\$7,846
INTEREST ON INVESTMENTS & SECURITIES	284	329
LOAN & COMMITMENT FEES	577	539
ADMINISTRATIVE FEE INCOME (EXP)	1,334	2,595
RTC, RISK SHARING & GUARANTY INCOME	122	58
HOUSING PROGRAM INCOME	248	14
LOAN SERVICING INCOME	1,354	1,315
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	<u>10,866</u>	<u>12,696</u>
<u>NON-OPERATING REVENUES:</u>		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	(70)	(920)
OTHER NON-OPERATING INCOME	0	-
GRANT AWARD INCOME	7,882	11,024
SUBTOTAL NON-OPERATING REVENUES	<u>7,812</u>	<u>10,103</u>
TOTAL REVENUES	<u>18,678</u>	<u>22,799</u>
<u>OPERATING EXPENSES:</u>		
ADMINISTRATIVE EXPENSES	4,901	3,563
INTEREST EXPENSE	6,019	6,517
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(446)	(369)
PROVISION FOR LOAN LOSSES	148	2
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	22	24
AMORT. OF SERV. RIGHTS & DEPRECIATION	618	401
BOND COST OF ISSUANCE	814	494
SUBTOTAL OPERATING EXPENSES	<u>12,074</u>	<u>10,632</u>
<u>NON-OPERATING EXPENSES:</u>		
CAPACITY BUILDING COSTS	13	14
GRANT AWARD EXPENSE	7,882	10,350
OTHER NON-OPERATING EXPENSE	-	-
SUBTOTAL NON-OPERATING EXPENSES	<u>7,895</u>	<u>10,363</u>
TOTAL EXPENSES	<u>19,969</u>	<u>20,996</u>
NET REVENUES	(1,291)	1,804
OTHER FINANCING SOURCES (USES)	-	-
NET REVENUES AND OTHER FINANCING SOURCES(USES)	<u>(1,291)</u>	<u>1,804</u>
NET POSITION AT BEGINNING OF YEAR	<u>285,900</u>	<u>263,288</u>
NET POSITION AT 11/30/21	<u>284,610</u>	<u>265,091</u>

NOTES TO FINANCIAL STATEMENTS

(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 .
<u>\$ 66,544</u>	Total unappropriated Net Position

APPROPRIATED NET POSITION: GENERAL FUND

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

\$ 116,629	for use in the Housing Opportunity Fund (\$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.
<u>\$ 19,507</u>	for the future General Fund Budget year ending 9/30/21 (\$24,495 total budget less \$4,988 expended budget through 11/30/20.)
<u>\$ 182,453</u>	Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

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

\$ 16,094	for use in the federal and state housing programs administered by MFA.
\$ 16,094	Subtotal - Housing Program
<u>\$ 198,547</u>	Total appropriated Net Position
<u>\$ 265,091</u>	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%